LABORATORY ON INTERNATIONAL
LAW AND REGULATION

ILAR Working Paper

#24

FEBRUARY 2018

# America's International Human Rights Policy:

# The Corporate Lobby

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The Laboratory is part of School Global Policy and Strategy at the University of California, San Diego. ILAR gratefully acknowledges anchor funding from the nonpartisan Electric Power Research Institute, BP, plc, the Norwegian Research Foundation and from UC San Diego's School of Global Policy and Strategy

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**America's Global Human Rights Policy:**
**The Corporate Lobby**

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January 26, 2018

Forthcoming in Human Rights Quarterly, February 2019

**Abstract:** Interest groups take an active stance on America's human rights policy, with implications for countries around the wrld. Today, publicly traded companies are responsible for the majority of all lobbying dollars spent on the issue. This article leverages a unique dataset on congressional lobbying from 2007-2010 to map and explain variation in corporate lobbying on America's human rights-related legislation. We substantiate and explain why large oil, defense, and technology companies have greater representation in terms of dollars spent trying to influence America's approach to managing human rights around the globe than any other lobbying group. Rarely do these companies publically explain their interests or intentions when lobbying a policy. Moreover, Congressional efforts to link human rights to other areas of legislation (such as trade) has incentivized certain firms—some likely without any direct interests in human rights—to weigh in to the human rights policymaking process. Whether this is good or bad news for the promotion of human rights around the world is an open—and pressing—question.

Human rights became a central part of the American foreign policy agenda in the early 1970s for geopolitical reasons, largely in isolation from the interest group struggles characteristic in other domains of politics.[1] Today, by contrast, a large number of interest groups take an active stance on America's human rights-related policy, and by many accounts, their prevalence and importance have grown over time.[2] For example, between 2007 and 2010, special interests spent over 186 million dollars lobbying human rights-related legislation before Congress, including laws to join and implement international human rights agreements, monitor U.S. compliance with human rights treaties, limit America's participation in certain global human rights endeavors, and link human rights to preferential trade, aid, investment and security-related agreements with countries around the world.[3]

The interests of the pro-human rights lobby, itself a diverse group of advocates, are often contrasted against those of business lobbies that historically have sought commercial opportunities unconditioned by ethical or humanitarian considerations.[4] Yet publicly traded companies—not civil society organizations—are now responsible for the majority (approximately 60 percent) of all lobbying dollars spent on America's human rights related legislation. Proportionate to other interest groups, they spend more on bills to regulate this issue than on most other foreign policies. This flow of private money into the human rights policymaking process raises important questions about which corporate interest groups seek political influence over legislation regulating this issue, and why: while lobbying campaigns are not automatically translated into political influence, when lobbyists are successful, they win significant policy changes .[5]

This article leverages a unique dataset that details all congressional lobbying activity from 2007-2010 to systematically map and explain variation in corporate lobbying on America's human rights-related legislation. We substantiate that—and explain why—corporate incentives to lobby derive from their form of global economic integration. Specifically, within the business community, it is firms predominantly in manufacturing sectors with strong economic ties to human rights abusing countries that are most likely to lobby Congress on rights-related legislation. Some of these politically active firms have economic interests that appear at odds with what might be considered humanitarian aspirations, while others have interests that sync more readily with a global human rights agenda. While those policy preferences are not systematically observable—interest groups must legally report their spending on lobbying efforts but not their intent—it is apparent that there are trends in which companies lobby on this issue, and that these firms rarely make their lobbying intentions publicly transparent.[6]

These activities have significant implications for international relations generally, and human rights specifically. It has long been argued that firms exert a significant influence on trade and economic policy—certainly, firms lobby heavily on these issues.[7] While there is ample evidence that firms can influence human rights directly in the way they do business,[8] this article explains why a very narrow swath of corporate interests infuses a lot—in fact, the majority—of money into the Congressional human rights policy process. A potential implication is that corporate interests may have influence on America's approach to the promotion of human rights globally.[9] Our research thus complements debates about the representativeness and responsiveness of government,[10] and the worry that an "unheavenly chorus" of wealthy interest groups may bias policy outcomes—in our case, a foreign policy making process that affects both America's international relations and human rights and security around the world.[11] Whether or not companies get the specific policies they ask for—a subject on which we make no systematic claims in this article—it is well established that their pervasive lobbying shapes the policymaking environment in ways that inform lawmakers and their staffers, frames issues, and builds coalitions.[12] Money shapes the political process if not always the policy outcome.

This article also contributes to longstanding efforts to understand how non-state actors vie for influence over the global human rights agenda.[13] While much of that literature explores the role of civil society organizations in shaping government policy through persuasion, networking and litigation,[14] we describe an additional channel of influence—congressional lobbying—that is particularly utilized by corporate actors. This potential channel of influence has implications for debates over the role of corporate actors in shaping international relations more broadly and suggests that their efforts to influence government policy stretch well beyond areas of trade and economic policy into social issues of great importance to civil society.

**The Incentives to Lobby**

In the early 1970s, when human rights became a central part of the American foreign policy agenda, very few companies had a D.C. presence and corporate lobbying generally was thin, reactive, and not very influential.[15] Labor unions and public interest groups were the more significant actors.[16] Writing in 1971, future Supreme Court Justice Powell proclaimed, "As every business executive knows, few elements of American society today have as little influence in government as the American businessman… One does not exaggerate to say that, in terms of political influence with respect to the course of legislation and government action, the American business executive is truly the 'forgotten man'."[17] By many accounts during this period, firms rarely sought to influence America's political system—to the extent they did seek influence on any policy, the business lobby was "sharply limited" in opportunity.[18] Reflections on this era once led scholars to propose that "it is inappropriate to study corporate lobbying on the issue of United States policy toward human rights violations in order to assess the impact of business upon decision makers."[19]

Today's landscape looks different. Firms that once saw government as something to avoid now see regulation and a strong D.C. presence as a necessity. According to one historical account, the private sector now accounts for more than three quarters of all lobbying dollars in the American political system—a new high—and business contributions over time have steadily grown. This growth has far outpaced the general increase in spending by any other interest group. The private sector's average lobbying presence more than doubled between 1981 and 2004; in 2012, firms spent $86 for every $1 spent by diffuse interest groups and $56 for every $1 spent by organized labor.[20]

For better or worse, firms are now squarely in the business of America's foreign politics, and human rights is no exception. It is the big economic interests in America today that account for the majority of all interest group lobbying on human rights-related bills. This fact raises the question of why firms now spend more money than any other interest group on human rights-related legislation. Certainly, firms have more money to dispense in an effort to influence the political process than do most other interest groups. But given that protecting human rights is almost never the central mission of companies, why spend any money at all on this issue, let alone the majority of the money spent by all interest groups? As we observe human rights lobbying predominantly from a handful of manufacturing sectors, it follows that there must be something unique about the economic incentives of the firms in these sectors that prompts their attentiveness to America's human rights commitments, or at least to the type of legislation human rights provisions tend to be attached to. The question we explore here is: what are those incentives?

***Direct Incentives***

Firms may, in principle, support human rights policy in an effort to improve the stability of their overseas trade and investment relationships or to create new, more secure markets for selling or manufacturing their products. Human rights violations—especially if they are systemic and political in nature—can destabilize local governance systems and generate uncertainty for companies that seek to trade or invest.[21] For instance, in Myanmar recent outbreaks of communal violence have inhibited tourism and foreign investment, both of which have sharply declined in growth since the country began opening to the West in 2010. Political instability in countries like Myanmar could incentivize firms to lobby in favor of human rights promotion in order to support their own business operations in these locations, or to accrue the benefits of providing 'human rights-friendly' goods or services.

The "Enhanced Partnership with Pakistan Act of 2009" is one example. Central to this bill's plan for building a better relationship between the United States and Pakistan are stipulations enhancing the lives of women and children, supporting education and public health, encouraging democratization and reinforcing the rule of law—all components of a broader human rights agenda. The Act authorized 7.5 billion dollars in non-military aid to Pakistan to support these goals. In return, Pakistani President Zardari agreed to take action against terrorist militants harbored within Pakistan. This bill had substantial economic implications for U.S. defense contractors such as Boeing, Lockheed Martin, and Raytheon, all of whom lobbied heavily. It not only authorized funding for contracts they were qualified to fill—such as for improved border security systems—but also strengthened relations between the United States and the Pakistani governments, making Pakistan a more amenable market for American products. This improved relationship led to the state-owned Pakistan International Airlines signing a multi-billion dollar contract for 777-330ER airplanes with Boeing. Boeing's lobbying on this bill was motivated by their belief that the creation of public-private capacity-building initiatives, such as those outlined by this legislation, would offer financial benefits.[22] Alongside Boeing were seven other organizations that lobbied on the bill, all of them either major corporations or the government of Pakistan.[23]

Firms moreover have increasingly become the target of public shaming, and even consumer boycotts, for human rights violations committed in their global supply chains in overseas facilities.[24] In 2012 for example, Apple was publicly criticized for the harsh labor conditions in its Chinese-based factories, where workers who assembled iPads and other devices toiled in inhumane conditions.[25] In response, Apple began a public campaign in support of "supplier responsibility" to treat workers with dignity and respect.[26] In principle, firms trading in goods easily associated with public shaming campaigns may choose to lobby on human rights legislation as a way to signal their support for human rights and allay a negative consumer response. This potential signal is likely muted by the fact that interest groups are not legally required to publicly disclose their lobbying positions.

Unquestionably, certain types of human rights violations can benefit firms by creating a "race to the bottom" in standards that create access to cheap inputs and labor.[27] Denying workers their freedom of association or the right to collective bargaining are practices that can reduce the costs of manufacturing products. Such conditions, in turn, can motivate corporate demand for trade and investment with nations that permit violations of internationally recognized rights. It is no accident that Apple chose to outsource the assembly of its devices overseas to Chinese factories where the costs of labor are much lower than in the U.S. Large public companies the likes of Walt Disney, Nike and Reebok have similarly been exposed for relying upon underage and underpaid workers in foreign countries to minimize their costs.[28] U.S. legislation that seeks to improve these conditions—such as the labor protections clause associated with America's recent slate of free trade agreements—have thus potentially been a subject of lobbying by U.S. firms seeking to remove, or water down, the human rights provisions that may affect their bottom line.

The "Global Online Freedom Act" is one example of a bill that companies actively sought to fight out of concern for its effects on business. While collaborating with countries such as China and Iran to censor Internet searches, Google, Microsoft, and Yahoo! successfully lobbied to kill this 2013 Act, which would have made it U.S. policy to promote the freedom to seek, receive, and impart information and ideas through any media.[29] The free flow of information on the Internet has become a critical tool used by human rights activists in recent years to disseminate information. Censoring the Internet has thus become a prominent strategy of oppressive regimes. By supporting a free and open Internet, this legislation would have made it illegal for U.S. companies to share personal user information with Internet-restricting countries, and by doing so threatened the agreements which companies such as Google, Microsoft, and Yahoo! had made with repressive governments.

These examples illustrate anecdotally some of the various ways in which economic interests in human rights-abusing states can directly incentivize corporations to purposively lobby—either in support of, or against—human rights-related legislation. Yet economic interests can provide another motivation for firms to lobby on human rights issues, sometimes by coincidence.

***Indirect Incentives***

Congress recently changed its approach to foreign policy, linking human rights and humanitarian concerns to a growing range of political issues. One reason for this shift is a growing demand for government protection, driven by policymakers who want to appease domestic interest groups seeking to suppress international competition and soften the perceived blows from globalization. Another is the growing effort by civil society to pressure policymakers to take up the human rights agenda and tie it to understandings about the appropriate way to conduct business and politics. Still another reason is that these policies can at times provide the U.S. with leverage to affect human rights in other countries.

Trade policy is one prominent example of this shift in legislative strategy. In the 1980s, the U.S. negotiated and signed free trade agreements with Israel and Canada that aimed to eliminate all duties and virtually all other restrictions on trade in goods between the countries but said nothing about human rights. In the 2000s, by contrast, the U.S. signed trade agreements with Jordan, Chile, Singapore, Morocco, Bahrain, Oman and Peru (among others) that again sought to remove tariffs and quotas on goods but also obliged governments to protect worker and children rights in domestic law. Today, the U.S. has similar agreements in force with nearly 20 countries. Under these agreements, all members can be fined for violating their human rights commitments. These agreements—while not centrally focused on human rights—have the potential to affect regulation of the issue by requiring America's trade partners to undergo international scrutiny of their human rights commitments and practices.[30]

In many ways, human rights are secondary issues in these agreements. The central provisions of these agreements—to reduce trade barriers and open markets—clearly affect the economic interests of certain segments of the American business community that stand to gain, or lose, from the negotiation and passage of the legislation. An example is the U.S.-Oman Free Trade Agreement, negotiated in 2005 and in force since 2009. The agreement would provide a wide range of benefits to certain sectors of the U.S. business community. Tariff reductions and enhanced market access would make U.S. goods more competitive in the Middle East. The agreement would grant U.S. firms enhanced rights to establish local service operations and financial institutions in Oman, as well as provide greater market access for certain U.S. consumer, industrial and agricultural products.[31] The proposed legislation to enact this deal thus attracted significant support from many sectors of the U.S. business community, including 24 of the 27 U.S. trade advisory committees; criticism came from the advisory committees representing the environment, intergovernmental affairs and labor. 42 organizations lobbied on this bill, the vast majority of them large multinational corporations such as Chevron, Citigroup, JPMorgan Chase and Co, PepsiCo, and Texas Instruments, which far outspent public interest groups or unions.

Alongside the bill's market expansion provisions was an ancillary condition on human rights, committing all parties to "strive to ensure" that internationally recognized labor rights are established and protected by law.[32] This provision—largely disregarded or opposed by the business community at the time the agreement was negotiated[33]—reflected Congressional efforts to appease American labor unions concerned about the potentially negative effects of free trade. By many accounts, the trade deal has had some positive effects on the protection of worker rights in Oman, and most of these improvements took place after the agreement was signed and came into effect.[34] The U.S.-Oman trade agreement suggests that while certain firms had clear economic incentives to lobby in support of the trade agreement they may not have supported the human rights conditions associated with the agreement. In effect, they may have weighed in on a foreign policy that has had real implications for human rights without any direct or spoken interest in the issue at all.

This recent shift in approach to foreign policy spans not only America's trade policy, but also legislation relating to a host of other salient issues including investment, foreign aid, and security related matters, some of which clearly produce economic benefits for companies. For better or worse, corporate voices on America's human rights legislation are the loudest among interest groups in terms of dollars spent. And possibly, the key lobbying voices on some of the most influential human rights related bills do not actually care one way or the other about the human rights content of the legislation they are attempting to influence. Congressional efforts to link human rights to other areas of legislation has incentivized certain firms—some likely without any direct interests in human rights, but that are invested in human rights abusing countries subject to legislation—to weigh in to the policymaking process.

Regardless of the humanitarian implications of their preferences, or the actual extent to which the main focus of legislation is human rights, *we expect that firms with deep-vested economic ties to rights-abusing countries will be more likely to anticipate the potential effects of America's human rights-related legislation on their business and thus be more likely to lobby Congress on the issue*. Specifically, (Hypothesis 1) we expect to find a positive relationship between lobbying on human rights policy and high amounts of foreign direct investment (FDI) with human rights-abusing countries when a high percent of that firm's FDI is conducted with such countries. By our logic, firms that invest large amounts in human rights-abusing states, but whose investment in non-abusing states far overshadows their assets in abusing states, should not be as determined to protect relations with rights-abusing countries. Furthermore, firms that invest mainly in abusing states, but that do not invest very much overall, will have few economic resources with which to lobby. It is therefore the combination of these two factors that should lead to a higher share of lobbying on human rights policy—whether firms care about human rights, or simply the rules for engagement. Firms must invest a lot and much of that investment must be with human rights abusing states in order for there to be ample incentives—and resources—to overcome the challenges to lobbying. A similar relationship should also be evident in trade patterns (Hypothesis 2).[35] Firms with a substantial trade volume, when a large portion of that trade is conducted with human rights abusing states, should also have greater resources and incentives to lobby on human rights-related policy.

**The Data**

To illustrate the extent to which corporate interests have recently dominated the human rights lobby, we leverage information collected by Hafner-Burton, Kousser and Victor (2018) on lobbying activity on all foreign policy bills before Congress (2007-2010, the period for which data were available) and the attributes of the interest groups that lobbied. Data on lobbying filings come from the now-defunct "First Street," which was a subscription service operated by CQ Press.[36] First Street accumulated information on Lobbyist Disclosure Act (LD-1 and LD-2) filings and information on legislation provided by the Library of Congress' "Thomas" web archive. The universe of bills categorized by the Congressional Research Service (CRS) as "International Relations and Trade" related were selected.[37] The CRS tags most bills with multiple codes, signifying the issue areas to which they relate. The codes are of two varieties—issue areas, such as "Foreign Relations," and proper nouns, such as "France." Because quarterly lobbying filings identify all of the bills that an interest group lobbied, the data identify all filings that targeted at least one foreign policy bill.

A bill that touches on at least one foreign policy issue may also affect other policy areas, and be combined on the same lobbying report with other bills that have nothing to do with foreign policy. There is therefore no direct way to measure the exact amount of money an interest group spent on a specific bill in a given quarter. Thus, to generate the universe of relevant bills, all proper noun CRS codes were eliminated. Then, for each bill, the total number of CRS codes that fall into the foreign policy realm was counted and divided by the total number of CRS codes attached to the bill altogether to calculate a *foreign policy index*. For example, the Ethiopia Democracy and Accountability Act of 2007, which specified that the Secretary of State should take direct actions to support human rights and democratization in Ethiopia, has a foreign policy index of 0.206, suggesting that approximately 20 percent of its CRS codes relate to foreign policy. The *foreign policy index* for each bill was used to generate an estimate of the amount of money an interest group spent lobbying on foreign policy in each filing. For example, if a bill was one of five included in a group's quarterly lobbying filing of $10,000 and had a foreign policy factor of .4, only $800 (($10,000/5)*.4) would be attributed to that group's foreign policy lobbying. While an imperfect estimate, this procedure provides a first estimate of the money spent by an interest group lobbing foreign policy.

To ensure that the bills identified by the CRS actually contain significant foreign policy content, 100 bills were sampled at random. Each bill was assigned a four-point scale subjectively determining whether the bill was squarely within the realm of foreign policy (code 1) or peripheral (code 4) and plotted against the *foreign policy index*. This approach showed a clear break point at a *foreign policy index* of 0.1, with most bills below 0.1 judged to be peripheral to actual foreign policy, while the vast majority of bills above 0.1 were in some capacity centrally related to foreign policy. All bills with a *foreign policy index* below 0.1 were screened out. Similar to the congressional lobbying totals reported by the Center for Responsive Politics (2014)—total foreign policy lobbying during this period in our data represents about 10 percent of the total amount spent inside the beltway on all legislation.

In this article we leverage the subset of the foreign policy data that includes bills tagged by the CRS as relating to human rights. The main content of most bills is centrally and explicitly related to human rights concerns, and most of these bills propose concrete legal changes to U.S. policy. An example is the "Convention Against Torture Implementation Act," which instructs the Secretary of State to submit to the appropriate congressional committees an annual list of countries where torture is known to occur and prohibits the transfer of people by the United States to these countries where there are grounds for believing a person would be in danger of torture if transferred. A second example is the "Human Rights Commission Act of 2007," which forms a congressional commission tasked with monitoring U.S. compliance with its international human rights treaty obligations and reporting their findings to Congress. A third example is the "UN Human Rights Council Funding Reform Act of 2007," which prohibits U.S. contributions to international organizations from going to the United Nations Human Rights Council unless the President specifically certifies to Congress that the funds are being spent in the national interest of the United States or that the United States is a member of the Human Rights Council.

Some bills considered by Congress propose no formal changes to U.S. law but take a clear position on an international human rights issue. These bills are nonbinding resolutions supporting an ideological position that may hold significant symbolic power in international and domestic communities, but do not directly impact U.S. law. For example, House Resolution 252 in the 111th Congress affirmed the existence of the Armenian Genocide; however, it did not dictate specific actions that the United States must take against Turkey. These bills offer human rights rhetoric without any clear enforcement mechanism or linkage to other forms of policy.

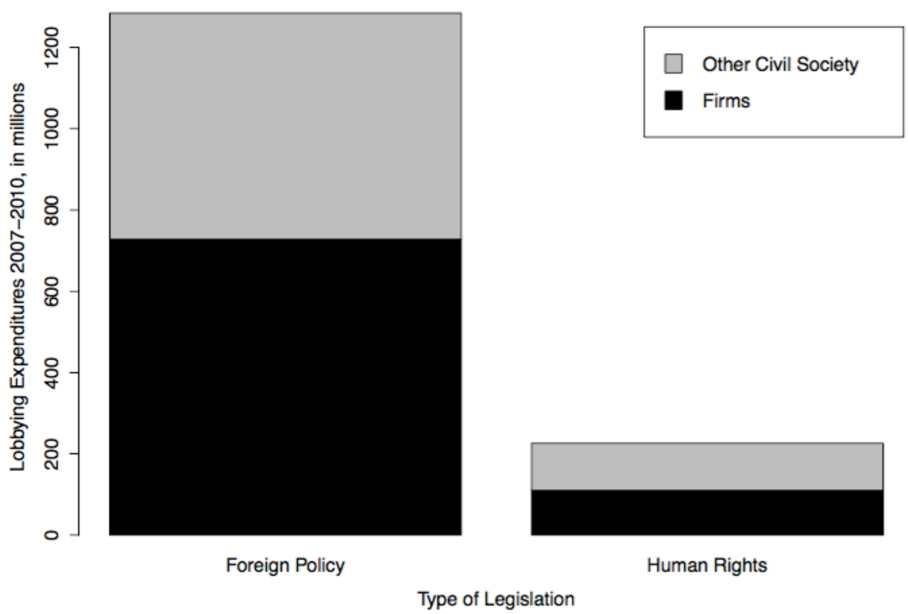
Other legislation includes bills that are primarily about other issues related to America's international relations for which Congress has annexed human rights as an important secondary matter, signaling concerns over the protection of rights in partnering countries. An example of such a bill is the "Dominican Republic-Central America-United States Free Trade Agreement Implementation Act" which primarily concerns free trade issues but has binding legal implications for human rights and particularly worker rights in Central America. Specifically, the act would bring into force a trade agreement with special provisions to afford to workers internationally recognized human rights, including a review of the Dominican Republic's domestic human rights legislation. Human rights are by no means the central element of this bill; the fate of this bill, however, would have important implications for human rights policy in the Dominican Republic, and for future trade agreements.

Using content analysis of every human rights bill—conducted with the help of two legal experts—we then identified and excluded the few bills (6 percent of the data) that were clearly not about human rights.[38] For example, the "Inclusive Home Design Act of 2009" required new homes built in the United States to meet minimum standards for accessibility for persons with disabilities, but did not impact U.S. foreign human rights policy.

Because many of these bills relate to multiple issues—and indeed, many are formally linked to other policies—we cannot determine whether firms seek specifically to influence the human rights components of legislation. Based on their motivations for lobbying, it is likely that they in some cases care more about other aspects of the legislation. Regardless of their intentions, however, if their lobbying activities have any effect on either legislation or the legislative process, firms' support or opposition for a bill may influence the U.S. government's approach to promoting human rights around the world, with the potential to affect the operation of many international institutions as well as the policies of other countries.

Although human rights-related legislation accounts for a relatively small proportion of overall foreign policy lobbying efforts in recent years (as shown in Figure 1), a lot of money has been infused into the political system in an effort to shape legislation regulating this issue. Of the 186.3 million dollars spent by all interest groups lobbying Congress on human rights between 2007 and 2010, firms spent nearly 60 percent, outspending any other interest group including labor unions, non-governmental organizations and civil society organizations.

**Figure 1. Lobbying Expenditures by Interest Group and Policy Area, 2007–2010**




## The Lobbying Landscape

Having established that firms are the central interest groups infusing money into the human rights-related legislative process, here we establish—in Figure 2—that a narrow range of sectors dominates these lobbying activities.[39] Between 2007 and 2010, nearly 85 percent of all public corporations' lobbying expenditures—and thus the majority of all lobbying—on human rights-related bills was spent by firms in only five sectors: Metal and Electronic Manufacturing, Information, Petrochemical Manufacturing, Holding Companies, and Mining/Oil/Gas. This monopolization of human rights lobbying primarily by manufacturing companies is even more exaggerated in some years; in 2010 those same five sectors were responsible for 97 percent of all corporate-sponsored human rights lobbying.

**Figure 2. Public Firms' Lobbying Expenditures by Sector**

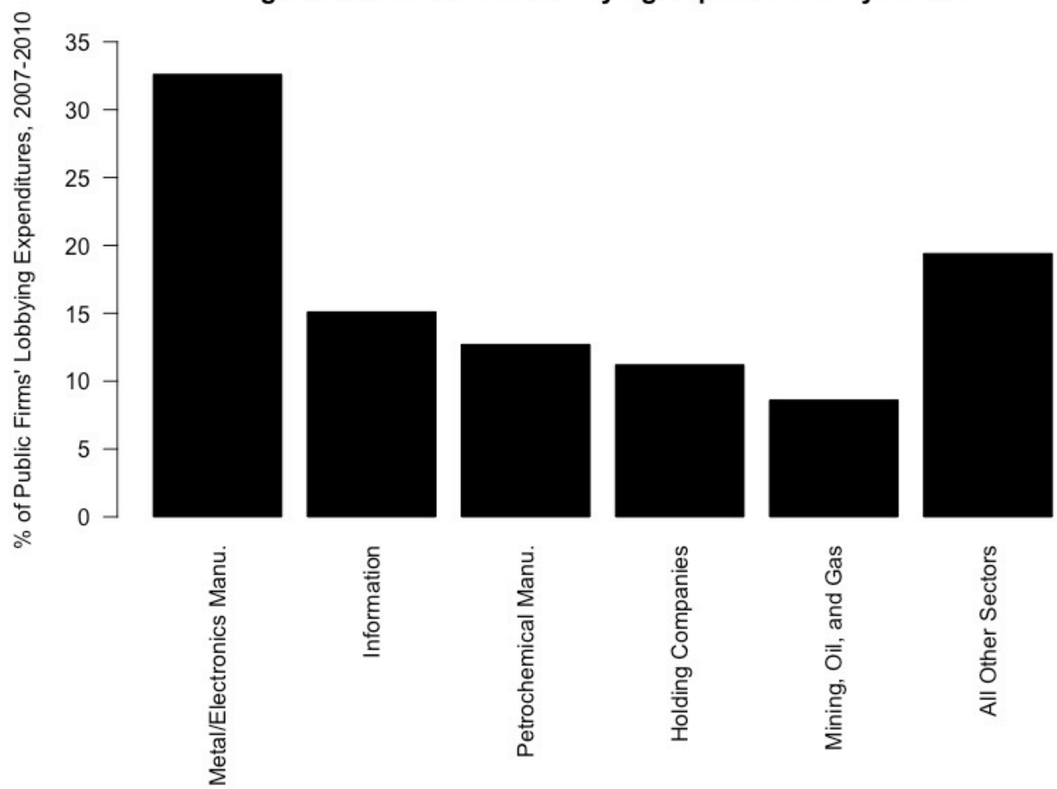



Table 1 highlights the top 20 public firms that lobbied human rights policy in 2010. All 20 are from the five main sectors identified above. They are primarily large, multinational firms with a broad array of economic interests. There is a great deal of variation, however, in how much firms spent; ConocoPhillips alone is responsible for more than five million dollars worth of human rights lobbying expenditures in 2010. Much of their lobbying activity that year focused on H.R. 2194, the "Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010". This legislation had human rights implications for the Middle East and terror targets globally by directing the President to "take measures to respond to violations of human rights and religious freedom in Iran" and increasing economic sanctions against the Iranian government.[40] These sanctions would be automatically revoked if the President certifies to Congress that Iran has made improvements on a variety of human rights-related policies. By sanctioning the exportation and production of petroleum, this legislation threatened ConocoPhillips' ability to develop oil extraction capacities in Iran. By conditioning the restrictions to commerce on Iran's human rights record, Congress made human rights relevant to petroleum extracting firms, such as ConocoPhillips, and their economic prospects. Although we do not officially know the nature of ConocoPhillips' lobbying activity on this bill, they have a clear economic incentive to resist a policy of sanctions against Iran. Despite Conoco's likely objections, Congress passed—and President Obama signed—the bill into law in 2010.

Other firms, by contrast, have seen their lobbying efforts come to fruition. One example is Chevron, which saw its preferences reflected in the final passage of the Tom Lantos Block Burmese JADE (Junta's Anti-Democratic Efforts) Act of 2008. Responding to alleged human rights abuses—including forced labor and land confiscation to construct and operate a natural gas pipeline from Burma to Thailand—the Act would impose sanctions on Burmese trade while exempting humanitarian assistance from United States sanctions on Burma. Early drafts of the bill would have required Chevron—which spent millions of dollars lobbying the legislation—to relinquish its nearly 30% stake in the Yadana natural gas field,[41] which has long been associated with the violation of human rights in support of resource extraction and funded the repressive regime.[42] The bill that finally passed was watered down to a non-binding recommendation for the company's divestment, while maintaining strict sanctions for activities in other sectors that did not lobby as heavily. Chevron remains active in the country.[43]

Table 1: Summary of Top 20 Public Firms Lobbying Human Rights Policy in 2010

| **Firm** | **Sector** | **Amount Spent Lobbying HR** | **# of Employees** | **Ebit (millions)** | **Sector Concentration** |
|---|---|---|---|---|---|
| ConocoPhillips | Mining/Oil/Gas | $5,420,287 | 29,700 | $13,974 | -0.291 |
| Boeing | Metal/Electronic Manuf. | $3,179,090 | 160,000 | $4,913 | -0.32 |
| Lockheed Martin | Metal/Electronic Manuf. | $3,021,228 | 132,000 | $4,056 | -0.32 |
| General Electric | Holding Company | $2,582,762 | 287,000 | $29,040 | -0.16 |
| Siemens | Holding Company | $2,466,615 | 405,000 | $9,615 | -0.16 |
| Verizon | Information | $2,356,228 | 194,400 | $19,208 | -0.296 |
| Raytheon Company | Metal/Electronic Manuf. | $1,783,891 | 72,400 | $3,002 | -0.32 |
| News America (FOX) | Information | $1,518,103 | 51,000 | $4,459 | -0.296 |
| Textron | Metal/Electronic Manuf. | $1,433,841 | 32,000 | $546 | -0.32 |
| AT&T | Information | $1,287,100 | 266,590 | $19,573 | -0.296 |
| ExxonMobil | Petrochemical Manuf. | $842679 | 83,600 | $40,122 | -0.248 |
| Google | Information | $822,421 | 24,400 | $10,381 | -0.296 |
| Chevron | Petrochemical Manuf. | $803,170 | 62,000 | $25,619 | -0.296 |
| Microsoft | Information | $798,309 | 89,00 | $24,157 | -0.296 |
| Hewlett-Packard | Metal/Electronic Manuf. | $662,218 | 324,600 | $12,916 | -0.32 |
| Amgen Inc. | Petrochemical Manuf. | $545,393 | 17,400 | $5,662 | -0.248 |
| Yahoo! | Information | $461,538 | 13,600 | $830 | -0.296 |
| Time Warner Cable Inc. | Information | $407,384 | 47,500 | $3,741 | -0.296 |
| Harris Corporation | Metal/Electronic Manuf. | $394,981 | 15,800 | $938 | -0.32 |
| Marathon Oil Corporation | Mining/Oil/Gas | $390,962 | 29,677 | $4,017 | -0.291 |

Having briefly explored the landscape of corporate human rights lobbyists, we now evaluate our explanation for why it is these specific firms that predominantly lobby the U.S. government on its global human rights policies.

**Empirical Analysis**

This section utilizes our new dataset to explore empirically the relationship between firms' foreign economic interests, alongside their size and productivity, and their human rights lobbying expenditures. Our first dependent variable is a binary indicator of whether a firm conducted any lobbying on human rights legislation.

*Any Lobbying*

To evaluate the relationship regarding foreign direct investment and lobbying activity, we rely on publicly available data from the Bureau of Economic Analysis.[44] These data are limited to the two-digit NAICS sector level and include investment information for 57 countries. This sample is skewed toward European and South American countries and is lacking coverage of many African and Asian countries; however, it is the best publicly available data on American firms' FDI. By offering less comprehensive coverage of severe rights-abusing countries, these data likely underestimate the amount of FDI sectors have in human rights abusing countries. This should bias against finding evidence in support of our hypothesized relationship.

We measure FDI in the billions of U.S. dollars at the two-digit NAICS sector level by year. The data are then coded based on whether the investments were made in a state that respects or abuses its citizens' human rights. We created a proportion of investment with states that fell below the mean CIRI Human Rights indicator for respect for physical integrity and that sector's total foreign investment with all states.[45] The CIRI physical integrity indicator is an aggregate indicator measuring states' respect for their citizens' rights to be free from political and other extrajudicial killings, disappearance, torture, and political imprisonment. The indicator ranges from zero to eight, with eight representing full respect for all four rights.[46]

Having determined the proportion of each firm's sector's investment in human rights abusing states, for ease of interpretation, we generated a dichotomous measure indicating sectors with higher than average investment in abusing states. This variable, *High FDI with Abusers,* is coded 1 for firms in sectors with greater than 35.6 billion dollars in total FDI (the mean within our dataset) in human rights abusing states in year *t*. *High Percent FDI with Abusers* is a dichotomous indicator of firms in sectors where more than 17 percent of the sector's total FDI (the mean within our dataset) is invested in abusing countries.

The first key independent variable is the interaction between the sector's investment in abusing countries and the percent of their total FDI this investment represents (*HighFDI*HighPercent*). This indicator will equal one when the firm is in a sector that has high investment levels in human rights abusing countries *and* where that investment with abusers represents a higher than average proportion of their overall FDI. We expect (Hypothesis 1) that making substantial investments in human rights abusing countries and having these investments represent a large portion of the sector's total FDI will lead a firm to be more likely to lobby human rights policy in Congress. Though we find the dichotomous variables most intuitive to interpret, we also re-estimate our analyses with continuous versions of the variables reported in the appendix (Tables 4 and 5).

Because of data limitations we can only evaluate our second hypothesis about trade ties using data on manufacturing sectors, which is where we expect the most substantial effects—we do not have access to individual firm-level trading data. These data come from the U.S. Census and track imports and exports by U.S. manufacturing sectors at the six-digit NAICS level.[47] These data offer the added advantage that they cover any U.S. trade with all of the 195 countries included in the CIRI dataset, a much broader array of countries than represented by our FDI data.

We created measures at each firm's six-digit NAICS sector level for each year of the sector's total amount of bilateral trade (in billions) with human rights abusing countries. The variable "*High Percent Trade with Abusers*" is a dichotomous measure of whether or not the firm's sector conducts more than 38 percent of its trade (the mean within our dataset) with human rights abusing states. The variable "*High Trade with Abusers*" is a dichotomous measure that takes a value of one when the firm's sector conducts more than 29.8 billion dollars of trade per year (the mean within our dataset) with human rights abusing states. Our key trade variable (*High Trade*High Percent*) is an interaction between the two terms, which will take a value of one when a firm's sector trades an above average amount with human rights abusing states *and* when that trade makes up an above average amount of their total trade. Similar to above, we also report results from analyses with the continuous versions of these variables in the appendix (Tables 4 and 5).

While overseas economic relationships are likely important explanations, trade and investment behaviors are certainly not the only—or even the central—determinants of a firm's inclination or ability to lobby. There are primary costs to lobbying, including the dollar amount spent to influence any given piece of legislation and the upfront costs to establishing a lobbying presence, which create barriers to entry and economies of scale.[48] While there is a substantial literature on lobbying, widely recognized among the most important explanatory factors are firm size, productivity and the capacity to solve the collective action problem associated with lobbying.[49] Large, productive firms also lobby more. We thus build our human rights lobbying analysis upon Hafner-Burton, Kousser and Victor's (2018) model of foreign policy lobbying more generally in order to take into consideration the role of each of these factors, which have been derived from the existing literature.

We account for a firm's economic capacity to lobby by measuring their earnings before interest and taxes (*Ebit*) using data from Compustat on all publicly traded firms. We also measure the natural log of a firm's *Sales Rank* within their sector.[50] All publicly traded firms are ranked by sales, with "1" being the largest within its two-digit sector code as determined by the North American Industry Classification System (NAICS). A negative coefficient on this variable suggests that the larger a firm's sales within its sector, the more that firm should lobby. These variables control for the possibility that firms with the financial resources may be more politically engaged on foreign policy.

We account for a firm's productivity using *Tobin's Q*—the ratio of what the stock market thinks a firm is valued (total market capitalization) versus the booked value of the firm's assets, adjusted for debt and other accounting assets and liabilities. *Tobin's Q* is a measure of whether stockowners see value in a firm beyond what the accountants estimate is the firm's value if broken up and sold tomorrow.[51]

To account for a firm's capacity to overcome the collective action problem, we include a measure of *Sector Concentration*. For each sector, a regression is estimated with the log of each firm's *Sales Rank* (plus 0.5) as the dependent variable and the log of the firm's *Sales* as the sole independent variable. The estimated coefficient of *Sales* for each sector is the measure of *Sector Concentration*, with larger (less negative) coefficients indicating that the most highly ranked firms account for larger proportions of a sector's sales. *Sector concentration* and *sales rank* are interacted (*Rank*Concentration*) because concentration accentuates the impact of a firm's ranking—top-ranked firms within a sector should be even more likely to lobby when they operate in highly concentrated industries.[52]

Table 2 reports estimates from rare events logistic regression analysis.[53] We calculate 110$^{th}$ Congress fixed effects during our time period. Because some of the key independent variables are measured at the industry level we cannot include industry fixed effects. The first column of Table 2 predicts the effects of FDI while the second predicts the effects of trade.

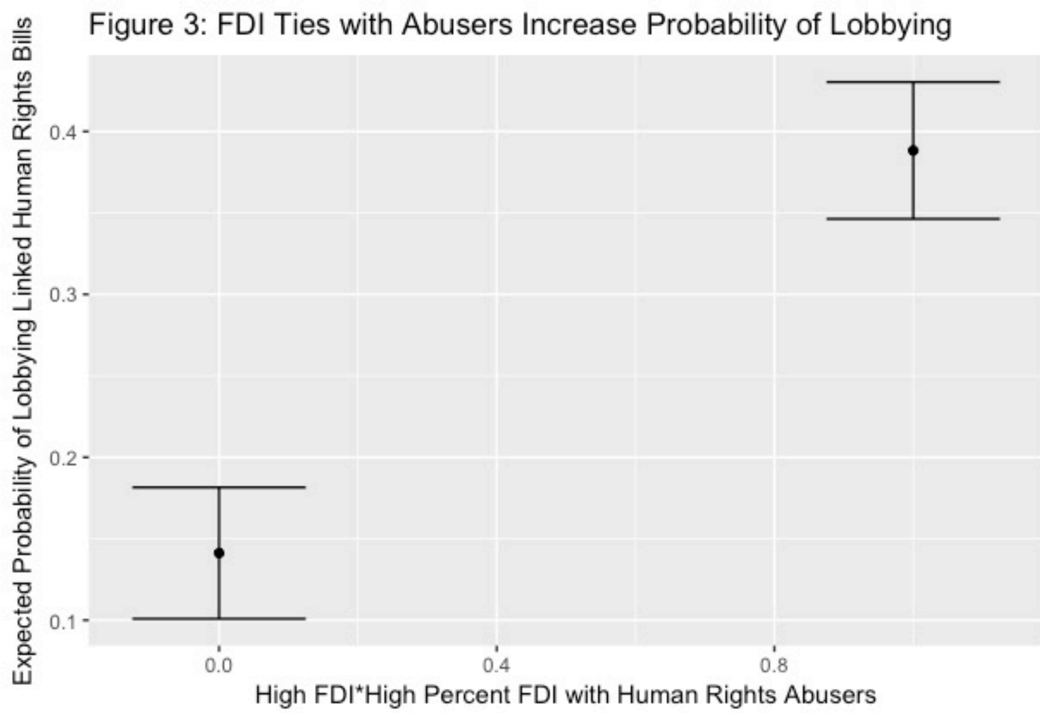
Table 2: Rare Events Logistic Regression: Firms' probability of lobbying human rights policy

| | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI | 1.384*** | |
| | (0.339) | |
| High Percent FDI with Abusers | −0.640** | |
| | (0.296) | |
| High FDI with Abusers | −1.038*** | |
| | (0.339) | |
| High Trade*High Percent Trade | | 1.235** |
| | | (0.553) |
| High Percent Trade with Abusers | | −0.362** |
| | | (0.177) |
| High Trade with Abusers | | −1.105** |
| | | (0.521) |
| Employees | 0.002*** | 0.001 |
| | (0.000) | (0.001) |
| Tobin's Q | 0.042 | 0.006 |
| | (0.036) | (0.009) |
| Ebit | 0.000 | 0.00004*** |
| | (0.000) | (0.00001) |
| Sales Rank | 0.000 | 0.000 |
| | (0.000) | (0.000) |
| Sector Concentration | 2.056 | −8.443*** |
| | (3.560) | (2.406) |
| Sales Rank*Concentration | −0.001 | −0.001 |
| | (0.001) | (0.0007) |
| 110th Congress | 0.252* | 0.491*** |
| | (0.132) | (0.129) |
| Constant | −0.438 | −3.577*** |
| | (0.924) | (0.665) |
| Observations | 1,359 | 1,200 |

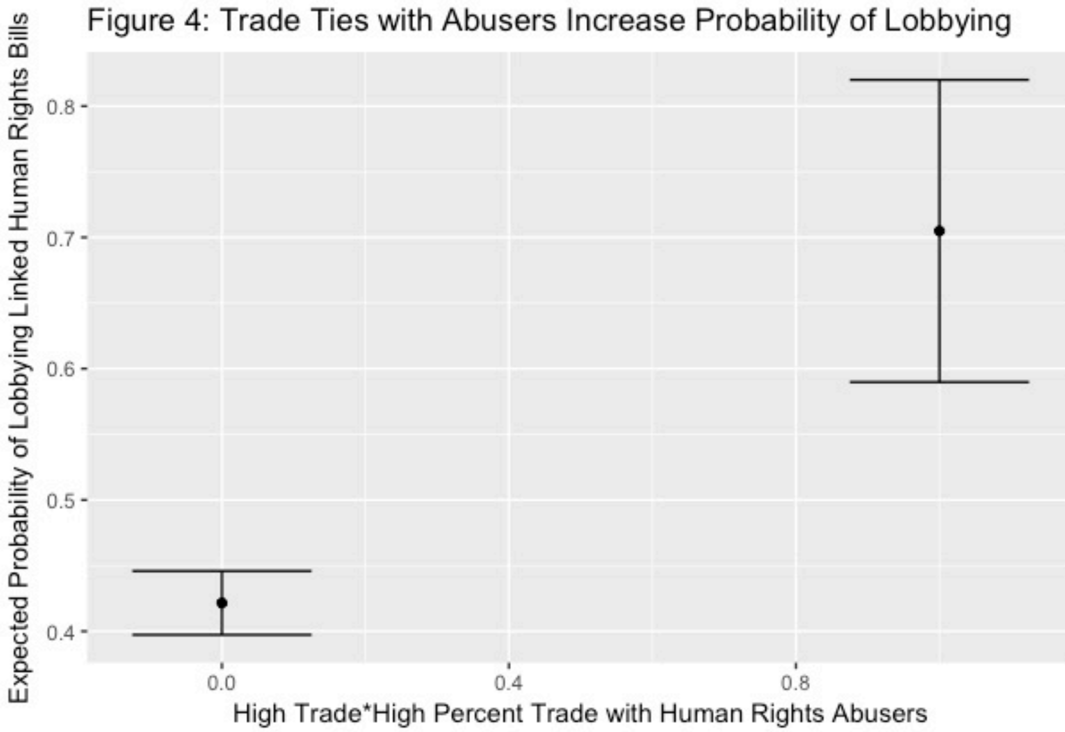
Note: Table entries are rare event logistic regression estimates, with standard errors in parentheses. The dependent variable is a dummy variable indicating any lobbying on human rights policy, from 2007 to 2010. *p<0.1; **p<0.05; ***p<0.01

Table 2 reports estimates that are consistent with the idea that a firm's overseas relationships are important predictors of lobbying. Controlling for other potential predictors of lobbying activity, firms whose sectors have large investments in human rights abusing countries, where this investment represents a substantial percent of the sector's total FDI, are significantly more likely to lobby Congress on human rights legislation than are firms in sectors with lower levels of investment in abusing countries. In other words, firms with strong economic ties to human rights abusers are more likely to dedicate resources to shaping U.S. policies that link the issue of human rights around the world to America's international relations more broadly. This result holds strongly for both investment (Column 1) and trade relationships (Column 2).

To understand this effect more tractably, holding all else equal, a firm in a sector that has higher than average investment in human rights abusing countries, where that investment represents more than 18 percent of the sector's total FDI, is about 24 percent more likely to lobby on human rights legislation before Congress than a firm that is not from a heavily invested sector. This effect is visually represented in Figure 3 which plots the expected probability of lobbying human rights legislation as it varies by a firm's degree of investment in rights abusing countries.




A strong trade relationship with human rights-abusing states is similarly impactful. Holding all else equal, a firm from a sector with higher than average trade flows to abusive countries, where that trade represents more than 37 percent of the sector's total trade, is about 28 percent more likely to lobby human rights legislation before Congress than a firm from a sector that does not trade as heavily with human rights abusers. This effect is similarly visualized in Figure 4.




*Amount of Lobbying*

Perhaps more important than whether a firm lobbies at all is how much they spend in their efforts to influence the political process. In Table 3, we display OLS regression estimates of the natural log of total lobbying expenditures (in US$) on human rights bills.[54] We again estimate Congress fixed effects and include the same controls for size, productivity and capacity to solve the collective action problem associated with lobbying. Table 3 reports on the dichotomous versions of our trade and investment variables—continuous specifications are again reported in the appendix.

A firm's economic incentives are predictive of how much they spend lobbying human rights-related legislation. Controlling for barriers to entry, firms in industries with strong investment (Column 1) and trade (Column 2) ties to human rights abusing countries spend more money lobbying human rights legislation. Though these effects are substantively small, which is likely driven by the rarity of this type of lobbying in our dataset, they are highly statistically significant. This suggests that firms with strong economic ties to human rights-abusing countries have particular incentivizes to lobby on human rights-related legislation and to spend more than other firms doing so. These foreign ties play an important role not only in determining *if* a firm lobbies on policy linked to human rights but also *how much* they spend on the legislation.

Table 3: Firms' human rights lobbying expenditures

| | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI | 4.190*** | |
| | (1.017) | |
| High Percent FDI with Abusers | −2.160** | |
| | (0.901) | |
| High FDI with Abusers | −3.901*** | |
| | (1.096) | |
| High Trade*High Percent Trade | | 4.148** |
| | | (1.649) |
| High Percent Trade with Abusers | | −1.104** |
| | | (0.555) |
| High Trade with Abusers | | −3.824** |
| | | (1.538) |
| Employees | 0.011*** | 0.007 |
| | (0.003) | (0.005) |
| Tobin's Q | 0.170 | −0.004 |
| | (0.112) | (0.024) |
| Ebit | 0.00002 | 0.0001*** |
| | (0.00003) | (0.00004) |
| Sales Rank | 0.002 | 0.0002 |
| | (0.001) | (0.001) |
| Sector Concentration | 10.583 | −25.598*** |
| | (11.649) | (7.503) |
| Sales Rank*Concentration | −0.006 | −0.002 |
| | (0.005) | (0.003) |
| 110th Congress | 0.451 | 1.306*** |
| | (0.420) | (0.410) |
| Constant | 1.935 | −8.439*** |
| | (3.021) | (2.030) |
| Observations | 1,359 | 1,200 |
| $R^2$ | 0.044 | 0.042 |
| Residual Std. Error | 6.905 (df = 1348) | 6.923 (df = 1189) |
| F Statistic | 6.203*** (df = 10; 1348) | 5.184*** (df = 10; 1189) |

Note: Table entries are OLS regression estimates, with standard errors in parentheses. The dependent variable is the natural log of firms' lobbying expenditures (+0.01) on human rights bills from 2007 to 2010. *p<0.1; **p<0.05; ***p<0.01

Together, these findings provide support for our argument. While we can say with some confidence that these types of firms are both more likely to lobby legislation and to spend more doing so, we cannot infer that they actually care about influencing the human rights components of the legislation—any eventual influence on human rights may be unintentional.

*Robustness Checks*

We provide a large series of robustness checks in the appendix. First, we offer continuous specifications of our FDI and trade variables using both rare events logistic regressions (Table 4) and OLS regressions (Table 5). Second, we re-estimate our analyses using logistic regression (Table 6). Third, we re-estimate our analyses using a more stringent definition of a human rights abusing country (Tables 7 and 8). Fourth, although our time period (2007-2010) approximates a cross-section because it contains only four years and lobbying is sticky over time, we also include cross-sectional analyses for the first year in our data: 2007 (Tables 9 and 10). Finally, we replicate our OLS models using a box cox transformation instead of a natural log on our dependent variable to ensure that we adequately correct for the skew in our data (Table 11). Our main results for investment hold under each of these specifications, while our trade results remain consistent in the logistic specification of any lobbying, OLS specification of lobbying expenditures, OLS estimations of 2007 expenditures and Box Cox adjusted specification of expenditures.[55]

**Intent**

Lobbying disclosure law requires interest groups to disclose the bills they lobby and their quarterly expenditures, but not the position they took on any policy. We therefore cannot infer lobbying intent.[56] Indeed, we have provided a theoretical explanation for, and anecdotal evidence of, corporate lobbying efforts both in support and against the passage of human rights legislation. We thus can make no substantive or systematic claims about the nature of corporate intent or their effects on human rights particular policy.

While we cannot speak to intent, we can speak to the tendency to formally reveal information about the intent behind lobbying efforts. Anecdotal evidence suggests that companies are more prone to secrecy than other interest groups with regards to their policy positions on this type of legislation. Our analysis of the record of public hearings before Congress—one formal method to publicly articulate preferences over a bill—suggests that firms typically do not use hearings as a means to signal a position on human rights. Strikingly, Congress did not hold a single public hearing on any of the bills in our universe that attracted corporate lobbying. It is also suggestive that human rights bills that were lobbied by advocacy groups such as Human Rights Watch occasionally did receive public hearings—for example, the Child Soldiers Accountability Act of 2008, which elicited formal testimony by the organization.[57] This indicates that public hearings, while not the norm, are available to proponents who seek to establish a public record. Instead, firms seem to prefer to lobby Congress behind closed doors—whether for or against a bill—and avoid public testimony as to their positions on legislation, while human rights groups are more often willing to make public declarations of intent.

**Conclusion**

This paper systematically explores the drivers of congressional lobbying on America's human rights policy affecting countries around the globe. It establishes that it is corporate interests that now spend the most money trying to influence America's human rights legislation. Moreover, lobbying on these bills corresponds to a firm's economic stakes—including their foreign investment and trade risks—in human rights abusing countries. This trend of corporate interest in human rights policy suggests that a powerful group of firms from a handful of sectors—mainly in manufacturing—are making the connection between their business strategy and human rights-related legislation. However, a preference for (or against) human rights policies may not always be at the center of those calculations. One potential implication is that the purportedly beneficial strategy of linking human rights to binding economic and security policy generates opportunities for corporations to weigh in on America's human rights agenda without necessarily caring about the actual humanitarian content of the law or its effects on rights.

We make no claims that corporate lobbying necessarily translates directly into policy—it is difficult to causally trace this relationship, a large debate in the field of American Politics,[58] and beyond the scope of this article. However, it is generally understood that lobbying can have some influence on the political process in Congress at least some of the time.[59] Corporate lobbying on the U.S. Oman Free Trade Bill and the Enhanced Partnership with Pakistan Act very likely influenced both the legislative process and the successful passage of these bills into law, while lobbying by major energy companies such as Chevron almost certainly had the effect of watering down the final 2008 JADE Act on U.S. sanctions against Burma.

What is certain is that the economic interests of large oil, defense, and technology companies have greater representation in terms of dollars spent trying to influence America's approach to managing human rights around the globe than the interests of any other lobbying group. Rarely do they articulate their preferences over a policy through formal public channels such as hearings or formal statements. Moreover, Congressional efforts to link human rights to other areas of legislation has incentivized certain firms—some likely without any direct interests in human rights—to weigh in to the policymaking process. Whether this is good or bad news for the promotion of human rights around the world is an open—and pressing—question.

## Appendix: Robustness Checks

### ***Continuous specification of independent variables***

We re-estimate our main models from the body of the article with continuous versions of the independent variables to replace the dichotomous measures. *% FDI with Abusers* represents the percent of a firm's sector's foreign direct investment that is made in human rights abusing states. *Total FDI with Abusers* represents the total dollar amount, in billions, that the firm's sector invests in abusing states. *%FDI*Total FDI with Abusers* is the interaction of these two terms. *% Trade with Abusers* represents the percent of a firm's sector's trade that is conducted with human rights abusing states. *Total Trade with Abusers* represents the total dollar amount, in billions, of trade a firm's sector conducts with abusing states. *%Trade*Total Trade* is the interaction of these two terms and takes on higher values the more a firm's sector trades with abusers and the higher the proportion this trade represents when compared to the sector's total trade. Table 4 displays coefficients for rare events logistic regression models using these continuous variables to predict whether firms do any lobbying on human rights policy. Table 5 displays coefficients from OLS regressions predicting firm's expenditures on human rights policy lobbying. The effects of FDI are consistent, while trade falls out of conventional levels of significance.

Table 4: Rare Events Logistic Regression: Firms' probability of lobbying human rights policy

| | (1) | (2) |
|---|---|---|
| Percent FDI*Total FDI with Abusers | 0.305*** | |
| | (0.079) | |
| Percent FDI with Abusers | −10.440*** | |
| | (3.143) | |
| Total FDI with Abusers (billions $) | −0.047*** | |
| | (0.010) | |
| Percent Trade*Total Trade with Abusers | | 0.024 |
| | | (0.019) |
| Percent Total Trade with Abusers | | −1.000* |
| | | (0.553) |
| Total Trade with Abusers (billions $) | | −0.016 |
| | | (0.0112) |
| Employees | 0.002*** | 0.0002 |
| | (0.0008) | (0.001) |
| Tobin's Q | 0.036 | 0.007 |
| | (0.035) | (0.009) |
| Ebit | 0.000 | 0.00004*** |
| | (0.000) | (0.00001) |
| Sales Rank | 0.000 | 0.000 |
| | (0.000) | (0.000) |
| Sector Concentration | 3.900 | −8.238** |
| | (3.497) | (2.540) |
| Sales Rank*Concentration | −0.0005 | −0.001 |
| | (0.001) | (0.0007) |
| 110th Congress | 0.266** | 0.449 |
| | (0.126) | (0.129) |
| Constant | 1.483 | −3.232*** |
| | (1.026) | (0.699) |
| Observations | 1,359 | 1,200 |

Note: Table entries are rare event logistic regression estimates, with standard errors in parentheses. The dependent variable is a dummy variable indicating any lobbying human rights bills from 2007 to 2010. $^{*}$p<0.1; $^{**}$p<0.05; $^{***}$p<0.01

Table 5: OLS Regression: Firms' human rights lobbying expenditures

| | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI | 0.889*** | |
| | (0.247) | |
| High Percent FDI with Abusers | −30.740*** | |
| | (9.685) | |
| High FDI with Abusers | −0.150*** | |
| | (0.031) | |
| High Trade*High Percent Trade | | 0.092 |
| | | (0.063) |
| High Percent Trade with Abusers | | −3.551** |
| | | (1.778) |
| High Trade with Abusers | | −0.060 |
| | | (0.038) |
| Employees | 0.010*** | 0.003 |
| | (0.003) | (0.004) |
| Tobin's Q | 0.152 | −0.001 |
| | (0.112) | (0.024) |
| Ebit | 0.00002 | 0.0002*** |
| | (0.00003) | (0.00004) |
| Sales Rank | 0.001 | 0.001 |
| | (0.001) | (0.001) |
| Sector Concentration | 14.531 | −25.102*** |
| | (11.324) | (7.987) |
| Sales Rank*Concentration | −0.002 | −0.003 |
| | (0.004) | (0.003) |
| 110th Congress | 0.604 | 1.162*** |
| | (0.397) | (0.410) |
| Constant | 7.559** | −7.211*** |
| | (3.275) | (2.165) |
| Observations | 1,359 | 1,200 |
| $R^2$ | 0.044 | 0.040 |
| Adjusted $R^2$ | 0.037 | 0.032 |
| Residual Std. Error | 6.905 (df = 1348) | 6.929 (df = 1189) |
| F Statistic | 6.203*** (df = 10; 1348) | 4.949*** (df = 10; 1189) |

Note: Table entries are OLS regression estimates, with standard errors in parentheses. The dependent variable is the natural log of firms' lobbying expenditures (+0.01) on human rights bills from 2007 to 2010. $^{*}p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$

### *Logistic regressions*

We estimate logistic regressions with dichotomous measures of any lobbying on each of our categories of human rights legislation as the dependent variables. Results are displayed in Table 6 and conform with the rare events logistic regression results presented in the article.

Table 6: Logistic Regression: Firms' probability of lobbying human rights policy

| | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI | 1.408*** | |
| | (0.339) | |
| High Percent FDI with Abusers | −0.654** | |
| | (0.296) | |
| High FDI with Abusers | −1.055** | |
| | (0.339) | |
| High Trade*High Percent Trade | | 1.304** |
| | | (0.553) |
| High Percent Trade with Abusers | | −0.372** |
| | | (0.177) |
| High Trade with Abusers | | −1.171** |
| | | (0.521) |
| Employees | 0.003*** | 0.001 |
| | (0.0009) | (0.001) |
| Tobin's Q | 0.048 | −0.002 |
| | (0.035) | (0.009) |
| Ebit | 0.000 | 0.00003*** |
| | (0.000) | (0.00001) |
| Sales Rank | 0.000 | 0.000 |
| | (0.000) | (0.000) |
| Sector Concentration | 2.031 | −8.522*** |
| | (3.560) | (2.406) |
| Sales Rank*Concentration | −0.001 | −0.001 |
| | (0.002) | (0.0007) |
| 110th Congress | 0.252* | 0.495*** |
| | (0.132) | (0.129) |
| Constant | −0.467 | −3.592 |
| | (0.924) | (0.665) |
| Observations | 1,359 | 1,200 |

Note: Table entries are logistic regression estimates, with standard errors in parentheses. The dependent variable is a dummy variable indicating any lobbying human rights bills from 2007 to 2010. *p<0.1; **p<0.05; ***p<0.01

***More Stringent Definition of a Human Rights Abuser***

We restrict our definition of what counted as a human rights abusing country. Our main analysis in the body of the paper counts any country with a CIRI Physical Integrity score below the mean (five) as an abuser. Tables 7 and 8, below, restricts this definition to the bottom quartile of countries. Under this more stringent cutoff, any country with a CIRI Physical Integrity Score less than or equal to three is counted as a human rights abuser. Examples of states with CIRI Physical Integrity scores less than or equal to three include Azerbaijan, Bangladesh, and Iran. Examples of states that are included in our main analysis as human rights abusers, but not included in this more restrictive analysis (i.e. states with Physical Integrity scores of four or five) include Jamaica, Liberia, and Malawi. When firms invest in states that have terrible human rights records, they are more likely to lobby Congress on human rights issues and they tend to spend more money on these endeavors.

Table 7: Rare Events Logistic Regression: Firms' probability of lobbying human rights policy

| | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI with Severe Abusers | 1.329*** | |
| | (0.364) | |
| High Percent FDI with Severe Abusers | −0.417 | |
| | (0.286) | |
| High FDI with Severe Abusers | −0.381 | |
| | (0.259) | |
| High Trade*Percent Trade with Severe Abusers | | 0.481 |
| | | (0.324) |
| High Percent Trade with Severe Abusers | | −0.311* |
| | | (0.162) |
| High Trade with Severe Abusers | | −0.472* |
| | | (0.262) |
| Employees | 0.002** | 0.000 |
| | (0.0001) | (0.001) |
| Tobin's Q | 0.046 | 0.007 |
| | (0.036) | (0.009) |
| Ebit | 0.000 | 0.00004** |
| | (0.000) | (0.00001) |
| Sales Rank | −0.0004 | 0.000 |
| | (0.0003) | (0.000) |
| Sector Concentration | 0.058 | −6.553** |
| | (3.528) | (2.768) |
| Sales Rank*Concentration | 0.001 | −0.001 |
| | (0.001) | (0.0007) |
| 110th Congress | 0.359 | 0.440** |
| | (0.126) | (0.135) |
| Constant | −0.720 | −3.035*** |
| | (0.937) | (0.783) |
| Observations | 1,359 | 1,096 |

Note: Table entries are rare event logistic regression estimates, with standard errors in parentheses. The dependent variable is a dummy variable indicating any lobbying on human rights bills from 2007 to 2010. *p<0.1; **p<0.05; ***p<0.01

Table 8: OLS Regression: Firms' human rights lobbying expenditures

| | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI with Severe Abusers | 3.813*** | |
| | (1.074) | |
| High Percent FDI with Severe Abusers | −1.249 | |
| | (0.858) | |
| High FDI with Severe Abusers | −1.181 | |
| | (0.755) | |
| High Trade*Percent Trade with Severe Abusers | | 1.682* |
| | | (0.994) |
| High Percent Trade with Severe Abusers | | −1.085** |
| | | (0.521) |
| High Trade with Severe Abusers | | −1.638** |
| | | (0.782) |
| Employees | 0.009*** | 0.003 |
| | (0.003) | (0.005) |
| Tobin's Q | 0.184 | −0.001 |
| | (0.112) | (0.024) |
| Ebit | 0.00001 | 0.0002*** |
| | (0.00003) | (0.00004) |
| Sales Rank | −0.001 | 0.001 |
| | (0.001) | (0.001) |
| Sector Concentration | 2.431 | −19.044** |
| | (11.646) | (8.643) |
| Sales Rank*Concentration | 0.004 | −0.003 |
| | (0.004) | (0.003) |
| 110th Congress | 0.875** | 1.131*** |
| | (0.400) | (0.425) |
| Constant | 0.756 | −6.523*** |
| | (3.084) | (2.406) |
| Observations | 1,359 | 1,096 |
| $R^2$ | 0.037 | 0.041 |
| Residual Std. Error | 6.931 (df = 1348) | 6.882 (df = 1085) |
| F Statistic | 5.144*** (df = 10; 1348) | 4.681*** (df = 10; 1085) |

Note: Table entries are OLS regression estimates, with standard errors in parentheses. The dependent variable is the natural log of firms' lobbying expenditures (+0.01) on human rights bills from 2007 to 2010. *p<0.1; **p<0.05; ***p<0.01

***Robustness Check: Single Year Cross Section***

We estimate a single year cross section to evaluate whether our results are driven by multi-year dependence. Results for 2007 are displayed in Tables 9 and 10 and are broadly consistent.

Table 9: Rare Events Logistic Regression: Firms' probability of lobbying human rights policy in 2007

| | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI | 2.068*** | |
| | (0.695) | |
| High Percent FDI with Abusers | −0.661 | |
| | (0.574) | |
| High FDI with Abusers | −0.393 | |
| | (0.697) | |
| High Trade*High Percent Trade | | 1.369 |
| | | (0.872) |
| High Percent Trade with Abusers | | −0.468 |
| | | (0.314) |
| High Trade with Abusers | | −1.121 |
| | | (0.806) |
| Employees | 0.003** | 0.003 |
| | (0.001) | (0.003) |
| Tobin's Q | 0.113 | 0.119 |
| | (0.084) | (0.096) |
| Ebit | −0.000 | 0.000 |
| | (0.000) | (0.000) |
| Sales Rank | −0.001 | 0.000 |
| | (0.0007) | (0.000) |
| Sector Concentration | −11.791 | −7.679* |
| | (7.278) | (4.181) |
| Sales Rank*Concentration | 0.003 | −0.002 |
| | (0.003) | (0.001) |
| Constant | −3.342* | −2.993** |
| | (1.961) | (1.164) |
| Observations | 399 | 357 |

Note: Table entries are rare event logistic regression estimates, with standard errors in parentheses. The dependent variable is a dummy variable indicating any lobbying on human rights bills in 2007. *p<0.1; **p<0.05; ***p<0.01

Table 10: OLS Regression: Firms' human rights lobbying expenditures in 2007

| | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI | 7.171*** | |
| | (2.113) | |
| High Percent FDI with Abusers | −2.540 | |
| | (1.738) | |
| High FDI with Abusers | −2.173 | |
| | (2.191) | |
| High Trade*High Percent Trade | | 5.448* |
| | | (2.891) |
| High Percent Trade with Abusers | | −1.690 |
| | | (1.069) |
| High Trade with Abusers | | −4.707* |
| | | (2.650) |
| Employees | 0.013** | 0.011 |
| | (0.006) | (0.010) |
| Tobin's Q | 0.334* | 0.324 |
| | (0.201) | (0.251) |
| Ebit | −0.00001 | 0.0001* |
| | (0.00004) | (0.0001) |
| Sales Rank | −0.003 | 0.001 |
| | (0.003) | (0.001) |
| Sector Concentration | −36.397 | −26.878* |
| | (22.985) | (14.230) |
| Sales Rank*Concentration | 0.008 | −0.005 |
| | (0.009) | (0.004) |
| Constant | −8.292 | −7.983** |
| | (5.995) | (3.905) |
| Observations | 399 | 357 |
| $R^2$ | 0.069 | 0.050 |
| Residual Std. Error | 6.990 (df = 389) | 7.080 (df = 347) |
| F Statistic | 3.219*** (df = 9; 389) | 2.029** (df = 9; 347) |

Note: Table entries are OLS regression estimates, with standard errors in parentheses. The dependent variable is the natural log of firms' lobbying expenditures (+0.01) on human rights bills from 2007. *p<0.1; **p<0.05; ***p<0.01

***Robustness Check: Box Cox Transformation***

Because few of our observations participate in human rights lobbying, our dependent variables are highly skewed. In our main analysis we use the natural log of our dependent variables to help account for this skew. However, the concern remains that the lingering skewed nature of our variables bias our results. Here, we transform each dependent variable using a Box Cox transformation,[1] which scales the variable x by a manually determined λ, using the following formula:

$$x'_\lambda = \frac{x^\lambda - 1}{\lambda}.$$

As λ approaches zero, this formula approaches the log(x). Using the boxcox call in R's MASS package, we calculated the appropriate λ for each of our dependent variable and transform our data. Table 11 displays the results of our analysis using these transformed dependent variables. The transformation reverses the distribution of our data. In other words, non-lobbyers are designated a larger value than lobbyers. As such, a negative coefficient signifies an increase in lobbying. Our key independent variables—the interaction between investing a lot in human rights abusing states and having that investment be a high percent of ones overall FDI, and the interaction between trading a lot with human rights abusers and having that trade be a high percent of ones trade—remain highly significant.

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[1] Box and Cox 1964.

Table 11: OLS Regression: Firms' human rights lobbying expenditures (Box Cox Adjusted)

| | (1) | (2) |
|---|---|---|
| High FDI*High Percent FDI | $-0.250^{***}$ | |
| | (0.060) | |
| High Percent FDI with Abusers | $0.124^{**}$ | |
| | (0.053) | |
| High FDI with Abusers | $0.213^{***}$ | |
| | (0.065) | |
| High Trade*High Percent Trade | | $-0.241^{**}$ |
| | | (0.097) |
| High Percent Trade with Abusers | | $0.066^{**}$ |
| | | (0.033) |
| High Trade with Abusers | | $0.219^{**}$ |
| | | (0.091) |
| Employees | $-0.001^{***}$ | $-0.0003$ |
| | (0.0002) | (0.0003) |
| Tobin's Q | $-0.010$ | 0.0002 |
| | (0.007) | (0.001) |
| Ebit | $-0.00000$ | $-0.00001^{***}$ |
| | (0.00000) | (0.00000) |
| Sales Rank | $-0.0001$ | $-0.00001$ |
| | (0.0001) | (0.00003) |
| Sector Concentration | $-0.475$ | $1.545^{***}$ |
| | (0.686) | (0.443) |
| Sales Rank*Concentration | 0.0003 | 0.0002 |
| | (0.0003) | (0.0001) |
| 110th Congress | $-0.038$ | $-0.087^{***}$ |
| | (0.025) | (0.024) |
| Constant | $0.649^{***}$ | $1.234^{***}$ |
| | (0.178) | (0.120) |
| Observations | 1,359 | 1,200 |
| $R^2$ | 0.041 | 0.040 |
| Residual Std. Error | 0.406 (df = 1348) | 0.408 (df = 1189) |
| F Statistic | $5.833^{***}$ (df = 10; 1348) | $5.018^{***}$ (df = 10; 1189) |

Note: Table entries are OLS regression estimates, with standard errors in parentheses. The dependent variable is firms' lobbying expenditures (+1) on human rights bills from 2007 to 2010 normalized using $\lambda = -0.21$ in a Box Cox adjustment. $^{*}p<0.1$; $^{**}p<0.05$; $^{***}p<0.01$

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[1] Forsythe 1980; Cingranelli and Pasquarello 1985; Donnelly 1993.
[2] Wiarda and Skelley 2006.

[3] For analysis of the effects of these policies, see Hafner-Burton 2012, 2013 and 2014.
[4] Apodaca 2006, 145; Schoultz 1981.
[5] Lobbyists are successful about 40 percent of the time according to Baumgartner et al. (2009).
[6] Lobbying disclosure law requires firms to disclose the bills they lobby and their quarterly expenditures, but not the position they took on any policy.
[7] Jacobs and Page 2005; Keohane and Milner 1996; Milner 1997.
[8] Mosley 2008; Mosley 2011; Mosley and Uno 2007; Ruggie 2013.
[9] Though no existing work, to our knowledge, looks explicitly at corporate influence over human rights policy, firms have been shown to be effective at shaping other types of policy. For example, Richter et al. 2009 show that firms gain considerable tax benefits from lobbying.
[10] Bartels 2008; Gilens 2005.
[11] Schlozman, Verba, and Brady 2012.
[12] Drutman 2015; Fordham 2008.
[13] Tsutsui and Wotipka 2004.
[14] Chandler 2001; Carpenter 2011; Goodman and Jinks 2013.
[15] Forsythe 1980; Cingranelli and Pasquarello 1985; Donnelly 1993.
[16] Drutman 2015.
[17] Cited in Ibid., p. 9., quoting Lewis Powell, "Confidential Memorandum: Attack on the Free Enterprise System," August 23, 1971.
[18] Dexter, Baurer, and de Sola Pool 2007.
[19] Schoultz 1981, 98.
[20] Drutman 2015.
[21] Poe and Tate 1994.
[22] U.S. Chamber of Commerce and U.S.-Pakistan Business Council 2009.
[23] Center for Responsive Politics. 2009.
[24] Spar 1998.
[25] Duhigg and Barboza 2012.
[26] Apple 2015
[27] Drezner 2006; Vogel and Kagan 2004.
[28] Spar 1998.
[29] We infer intent to kill legislation from news reports citing the companies' change in position: Mark 2010; Hart 2010.
[30] For examples, see Hafner-Burton 2005, 2009 and Hafner-Burton et al. 2018.
[31] Oman American Business Center 2005.
[32] Office of the United States Trade Representative 2005.
[33] The U.S. Chamber of Commerce has repeatedly denounced the policy of linking worker rights to American trade policy and specifically to ILO standards. See: Burtless 2001; U.S. Chamber of Commerce 2010.
[34] The USTR led a mission in 2009 to hold discussions on worker rights and labor reform and is now funding a project run by the International Labor Organization (ILO) to increase the effectiveness of labor inspections in Oman. See: https://ustr.gov/trade-agreements/free-trade-agreements/oman-fta
[35] On investment and human rights more generally, see Mosley 2011.
[36] This information is all public record, but typically available in separate documents for each of the many hundreds of thousands of quarterly filings.
[37] This categorization is the standard for identifying a bill's purview within both the Washington community and Congressional scholars.
[38] We thank John Porten and Lee Dionne for their invaluable research assistance.

[39] We separate firms into two-digit sectors based on the North American Industry Classification System. These broad categories place every industry in the American economy into 23 distinct sectors.
[40] U.S. Congress 2010.
[41] Schor 2008.
[42] Human Rights Watch. 2007.
[43] Schor 2008.
[44] U.S. Department of Commerce 2015. Alternative firm-level measures such as Orbis are too high in missing data to be employed in this analysis.
[45] Cingranelli, Richards, and Clay 2014. As a robustness check, we re-ran our analyses with a more restrictive definition of an abusing country. Our findings hold with this more constrained cutoff. See Tables 7 and 8 in the Appendix for more details.
[46] The mean for all states is five.
[47] Schott 2008.
[48] Kerr, Lincoln, and Mishra 2014.
[49] See Hansen and Mitchell (2000); they also identify the importance of government sales, for which we do not have an empirical measure.
[50] The raw distribution of ranks is skewed so we use the natural log of the firm's rank within its sector to conform more closely to the assumptions of OLS.
[51] Chung and Pruitt 1994; Lindenberg and Ross 1981.
[52] Hafner-Burton, Kousser and Victor 2018.
[53] A small percent of firms in our sample lobbied human rights related legislation. In light of this skew in the data, we estimate a rare events logistic regression to correct for potential bias. The results of these models are consistent with logistic regression analyses, which are displayed in Table 6 in the Appendix.
[54] The natural log is used to normalize the distribution of observations. Most observations in our dataset conducted zero lobbying on human rights policy so the distribution of the original data is highly skewed. 0.01 was added to each observation before transformation.
[55] Trade results fall just out of conventional levels of statistical significance for our continuous specification, rare events estimation and 2007 cross section.
[56] This limitation is consistent with a very large literature on lobbying in American politics more broadly. See: de Figueiredo and Richter 2014, Richter et al. 2009, Smith 1995.
[57] United States Senate Committee on the Judiciary. 2007.
[58] Notable efforts include Baumgartner et al. 2009 and Drutman 2015.
[59] Baumgartner et al. 2009, Cutrone and Forham 2010; Drutman 2015.