Johns Hopkins University
School of Government and Policy

University of Chicago Harris School of Public Policy
Center for Effective Government

DEMOCRACY REFORM PRIMER SERIES

Banning Ex-Officials from Corporate Boards

Maxwell Palmer Boston University

Published November 18, 2026 · sgp.jhu.edu/primers

Summary

Promise of the Reform

Banning former government officials from serving on corporate boards of directors after they leave office will reduce conflicts of interest and corporate power in American politics. Corporate boards are lucrative positions, and preventing officeholders from seeking these positions will reduce their incentives to make decisions that may benefit future potential employers.

Key Takeaways from the Research

- Many former lawmakers and government officials serve on corporate boards of directors after they leave office, or in between stints in government.
- Winning office to the Senate or a governorship increases the probability of later serving on a corporate board.
- Corporate board seats are a substitute for lobbying; stronger lobbying regulation increases board service.
- Corporations with former government officials on their boards may benefit from reduced government scrutiny, such as SEC investigations and tax audits.

Important Questions that the Research Does Not Answer

- Career Concerns: How does the possibility of serving on a corporate board affect an individual's decision to run for office, or, for a current official, their decision to leave office?
- Corporate boards are just one of many positions a former official can take. Are advisory boards, consulting positions, or other roles a substitute that equally benefits both the official and the corporation?
- How does the opportunity to later serve on corporate boards distort the policymaking of current elected officials?

Introduction

> *This primer examines one mechanism that corporations may use to influence policy, and that former officeholders may use to profit from their government experience: service on corporate boards of directors.*

How do corporations advance their interests in Washington? How do they lobby lawmakers and regulators, win government contracts, shape policies and regulations, avoid investigations, and protect their reputations? The demand for this work makes people well-positioned to do this, including former lawmakers and government officials and their staff, valuable to these corporations when they leave public service. This primer examines one mechanism that corporations may use to influence policy, and that former officeholders may use to profit from their government experience: service on corporate boards of directors. Should former officeholders be able to serve on corporate boards, or does this create opportunities for corruption and give corporations too much influence in government?

The question of if officeholders should be able to serve on corporate boards sits at the intersection of two different areas of political science. On one side is the study of interest groups, and if they are able to influence policymakers to achieve their goals, such as favorable regulations, tax benefits, and other policy decisions. On the other side is the study of the careers of candidates and public officeholders. How are their financial prospects altered by holding office, and how does that affect their decisions to run for office or seek government employment and their decisions to leave government (or revolve in and out of government as partisan control shifts)?

Theoretical Basis for the Reform

A seat on a corporate board of directors is an attractive position. The average S&P 500 company director in 2024 earned $327,096 in salary, stock grants, and stock options, with additional retainers for some positions, such as independent chair or committee chair.[1] Such a role is a part-time job, such that directors can serve on multiple boards at the same time, or individuals with a full-time job can also serve on a board. For example, many CEOs, university presidents, or other leaders of organizations also sit on the corporate boards.

For politicians and government officials (including members of Congress, ambassadors, cabinet secretaries, and executive branch officials), serving on a board after leaving government is attractive not only because it is lucrative, but because it is a way to capitalize on their government experience without the stigma of lobbying. Politicians who may want to return to office after a few years in the private sector may find working as a lobbyist to be a hindrance, but serving on corporate boards is perceived differently. The opportunity to engage in profitable private-sector employment, while preserving the option to run for office or accept a future appointment, can shape career decisions.[2]

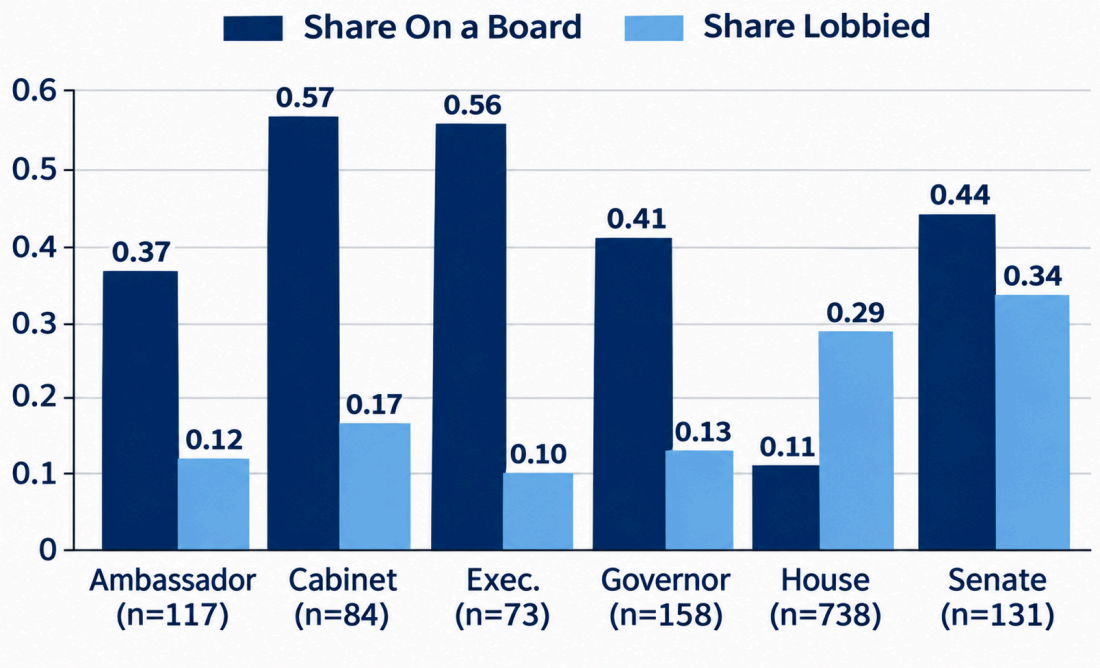
For companies, former politicians and officeholders on their board may bring connections to current policymakers, inside knowledge, and deep expertise about how to navigate the policy, regulatory, or contracting process. Many high-level military officers serve on the boards of military contractors after retirement. After retiring from the Marine Corps in 2013, Jim Mattis served on the board of aerospace and defense contractor

General Dynamics for four years, until he was appointed Secretary of Defense by President Trump. After leaving that position two years later he returned to the General Dynamics board. Lawmakers may be employed by companies in industries regulated by their prior committees. For example, Mike Johanns, who served as Governor of Nebraska, U.S. Secretary of Agriculture, and U.S. Senator, joined the board of John Deere, Inc. one week after he retired from the Senate in 2015.

Empirical Evidence on the Reform

There is significant empirical evidence that corporations desire directors with government experience:

- From 1992 to 2014, more than half of former cabinet secretaries and executive branch officials, and more than 40 percent of former senators and governors, served on a corporate board.[3]



- Winning election to the U.S. Senate or a state governorship increases the opportunity to join boards after leaving office. Using a fuzzy regression discontinuity design comparing winners and losers in Senate and gubernatorial elections from 1992 to 2012, winning office increased the probability of later serving on a corporate board by roughly 30 percentage points.[4]
- The speed at which politicians can join boards, relative to registering as lobbyists, makes board positions an attractive substitute. When Congress passed the Honest Leadership and Open Government Act in 2007, extending the waiting period to register as lobbyists for senators but not House members, the percentage of former senators serving on boards increased.[5]
- Another study looking at the adoption of the Honest Leadership and Open Government Act found that more ideologically extreme senators, as measured by the votes they cast in Congress, were less likely to receive board seats after leaving office than ideological moderates.[6] Future employment prospects may incentivize lawmakers towards moderation.

There is mixed evidence that corporations benefit from having former politicians on their boards:

- Event studies for the effects of the appointment or unexpected departure of former politicians on stock returns and other measures of corporate governance are mixed. Some studies show positive effects on stock performance, while others show no results.[7]
- Corporations with former members of Congress on their boards pay lower penalties and are less likely to face some Security and Exchange Commission (SEC) enforcement actions for corporate fraud. In other words, these companies face lower costs for fraud, which may reduce disincentives for corporate executives against fraud.[8]
- Similarly, hiring former members of Congress (to board positions or other roles), reduces firm-level tax rates, reduces the probability of the firm being audited, and is associated with a reduction in fines.[9]

What We Don't Know

> *Appointing politicians to the board of directors is just one strategy that companies may choose to try to affect their treatment (either firm-specific or industry wide) by the federal and state governments. How this strategy and its effects interact with other strategies, including lobbying and campaign contributions, remains an open puzzle.*[10]

The nature of political careers in American politics continues to evolve, and attract different people, with different professional experience and political views, to run for office.[11] In our current hyper-partisan era, will former politicians remain as attractive to corporations as they have in the past? Is there still a benefit to voting as a moderate on future employment?

We also have limited evidence for how officeholders potentially match with firms after leaving government, and on how the desire for future employment may distort officials' incentives while in office. For example, military officials, who often later serve on the boards of defense contractors, may have incentives to support particular military technologies and plans that benefit some firms over others. Similarly, cabinet secretaries and other executive branch officials may be able to steer contracts towards particular firms or choose policies that benefit firms in their sector. For example, business-friendly regulators may be more likely to receive board positions from companies in the sector they formerly regulated than regulators who advocated for rules opposed by these companies. Finally, for both lawmakers and regulators, complex laws and regulations make insider knowledge about how policies work and how to navigate regulatory hurdles in Washington more valuable. This gives officials incentives to work on complex policy and develop reputations as experts in particular areas, but it also may incentivize more complex and opaque policies, which make their knowledge more valuable.

The nature of the returns to office is also changing. President Trump and his family have capitalized on his position in unprecedented ways, including cryptocurrency[12], real estate[13], and legal settlements. Will other politicians be able to similarly profit while in office, reducing the importance of post-political employment?

Conclusion

Corporate boards are a valuable post-government position for elected officials and high-level executive branch officials, and a mechanism for corporations to benefit through connections to Washington. But, they are just one part of the returns to office and one strategy that companies can employ to influence government policy and regulations. Former officials can capitalize on their government experience in many ways, including lobbying, appearing in the media as commentators, speaking engagements, and other employment opportunities. Companies can also seek favorable government treatment through a variety of methods, including lobbying, campaign donations, or employing former officials in other non-board capacities.

> *Would reforming government ethics rules to prevent board employment after leaving government reduce corporate influence and potential opportunities for former government officials to directly profit from their public service?*

Given the number of substitutes for both companies and officials, preventing former officials from serving on boards of directors is unlikely to have a significant effect. If former officials are valuable to companies (for their knowledge, connections, or any other reason), then companies will find other ways to employ them, such as on advisory boards or direct employment. However, some regulations on the revolving door from government to boards may help reduce the appearance of corruption. For example, when Evan Bayh decided to retire from the Senate in 2010, he spent his last ten months in office discussing potential opportunities with future employers. After leaving office he joined four corporate boards (as well as accepting other lucrative positions) in under a year.[14] A waiting period between government service and joining a corporate board, which is required for officials leaving Congress and the executive branch before they can register as lobbyists, may be similarly appropriate for corporate boards.

About the Author

Maxwell Palmer is an Associate Professor in the Department of Political Science and a Faculty Fellow at the Initiative on Cities. He joined the Department and Boston University in 2014, after receiving his Ph.D. in Political Science at Harvard University. He studies American political institutions, focusing on Congress, electoral institutions, and local government. His research examines how institutional arrangements and rules impact representation and policy outcomes. Prof. Palmer also works as a consultant and expert witness on questions about voting rights, redistricting, and representation.

Prof. Palmer teaches courses in American Politics and Political Methodology.

References

1 Spencer Stuart, 2024 S&P 500 Board Compensation Snapshot.

2 Diermeier, Daniel, Michael Keane, and Antonio Merlo. 2005. "A Political Economy Model of Congressional Careers." *American Economic Review* 95 (1): 347–373.

3 Palmer, Maxwell, and Benjamin Schneer. "Postpolitical Careers: How Politicians Capitalize on Public Office." *The Journal of Politics* 81, no. 2 (2019): 670–75. https://doi.org/10.1086/701762.

4 Palmer, Maxwell, and Benjamin Schneer. "Capitol Gains: The Returns to Elected Office from Corporate Board Directorships." *The Journal of Politics* 78, no. 1 (2016): 181–96. https://doi.org/10.1086/683206.

5 Palmer, Maxwell, and Benjamin Schneer. "Postpolitical Careers: How Politicians Capitalize on Public Office." *The Journal of Politics* 81, no. 2 (2019): 670–75. https://doi.org/10.1086/701762.

6 Egerod, Benjamin C. K., and Hai Tran. "Extremists Not on Board: Labor Market Costs to Radical Behavior in Elected Office." *The Journal of Politics* 85, no. 3 (2023): 1161–1165.

7 Nehls, Kimberly, Martha Davis, and Matthew Orlowsky. "The Revolving Door between Public Service and the Board Room: A Semi-Systematic Review of Firm Outcomes." *Corporate Governance: The International Journal of Business in Society*, ahead of print, May 19, 2025. https://doi.org/10.1108/CG-01-2024-0027.

8 Kuvvet, Emre, and Pankaj Kumar Maskara. "Former Members of the U.S. Congress and Fraud Enforcement: Does It Help to Have Politically Connected Friends on the Board?" *The Quarterly Review of Economics and Finance* 70 (November 2018): 77–89. https://doi.org/10.1016/j.qref.2018.04.011.

9 Egerod, Benjamin C. K. "The Revolving Door and Regulatory Enforcement: Firm-Level Evidence on Tax Rates and Tax Audits." *The Journal of Politics* 86, no. 2 (2024): 608–23. https://doi.org/10.1086/726957.

10 See Wei, Yifan, Nan Jia, and Jean-Philippe Bonardi. "Corporate Political Connections: A Multidisciplinary Review." *Journal of Management* 49, no. 6 (2023): 1870–910. https://doi.org/10.1177/01492063221136839.

11 Hall, Andrew B. *Who Wants to Run? How the Devaluing of Political Office Drives Polarization.* University of Chicago Press, 2019.

12 Berwick, Angus. "Trump Family Amasses $5 Billion Fortune After Crypto Launch." *Wall Street Journal*, September 1, 2025.

13 Lipton, Eric, and David Yaffe-Bellany. "Trump Sons' Deals on Three Continents Directly Benefit the President." *New York Times*, May 5, 2025.

14 Palmer, Maxwell, and Benjamin Schneer. "Postpolitical Careers: How Politicians Capitalize on Public Office." *The Journal of Politics* 81, no. 2 (2019): 670–75. https://doi.org/10.1086/701762. *See* Appendix G.

About the Series

Narrowing the gap between research and public dialogue, the Democracy Reform Primers responsibly advance conversations and strategy about proposed changes to our political institutions. Launched in 2024 by the University of Chicago's Center for Effective Government, the series is now led by a partnership between CEG and Johns Hopkins University's School of Government and Policy. Each Primer focuses on a particular reform, clarifies its intended purposes, and critically evaluates what the best available research has to say about it. The Primers do not serve as a platform for either authors or the institutional partners to advance their own independent views about the reform; to the contrary, they serve as an objective and authoritative guide about what we actually know—and what we still don't know—about the likely effects of adopting prominent reforms to our political institutions. In some instances, the available evidence may clearly support the claims of a reform's advocates. In other instances, it may cut against them. And in still others, the scholarly literature may be mixed, indeterminate, or altogether silent. Without partisan judgment or ideological pretense, and grounded in objective scholarship, these Primers set the record straight by clarifying what can be said about democracy reforms with confidence and what requires further study.