Firms as Electoral Monopsonies

by Avenancio-León, Barbalau, Hou and Piccolo

Discussion: Thomas Lambert (Erasmus University Rotterdam)

CEPR Political Economy Symposium
Lisbon, March 20–21, 2026

A well-timed anecdote ahead of the municipal election runoff in Toulouse

François Briançon et François Piquemal ont fusionné leur liste pour le second tour face à Jean-Luc Moudenc.

- Jean-Luc Moudenc (DVD) and François Piquemal (LFI) advance to the runoff
- Pierre-Olivier Nau, President of MEDEF, sounded the alarm in *La Dépêche* and called on employees to mobilize against the left for the second round

LA DÉPÊCHE

9° / 16° Toulouse Rechercher Journal

eudi 19 mars 2026, Saint Joseph

Municipales 2026 à Toulouse : "Face à la bordélisation des Insoumis à la métropole, les usines Airbus et les emplois aéronautiques fileront à Hambourg ou ailleurs"

ABONNÉS

Les projets de croissance aéronautique pourraient échapper à Toulouse. / Airbus

Municipales 2026, Economie, Toulouse

Sur le même sujet

Publié le 17/03/2026 à 06:31 , mis à jour à 06:45

What this paper does

Introduces electoral monopsony: labor market power as a source of political influence (and which becomes increasingly more likely over time)

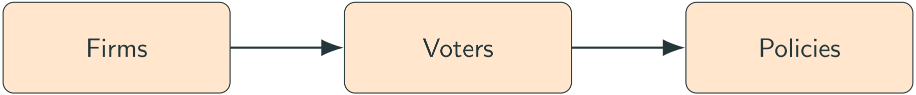
Builds a county-level measure and links it to individual voting records

Finds more employer concentration leads to more Republican political engagement

Concludes that electoral monopsonies shape (national) politics through worker dependence

Contributes to literature on employer voter mobilization and employer concentration

Contribution to the political economy (of finance) literature



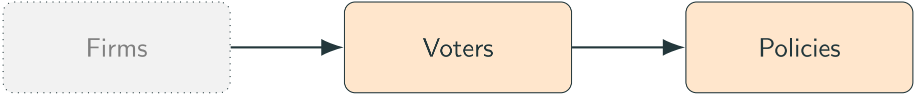
Contribution to the political economy of finance literature

Firms → Voters → Policies

Early theoretical literature (+ "cross-country" empirics):

- Pagano and Volpin (2005 [7]): firm stakeholders shape investor and employment protection laws
- Perotti and von Thadden (2006 [8]): firm stakeholders shape corporate governance policies and outcomes
- See Lambert and Volpin (2018 [5]) for a survey

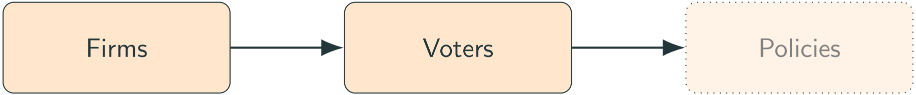
Contribution to the political economy (of finance) literature



Literature on voting for policies:

- Lee, Moretti and Butler (2004 [6]): voters mainly elect policies by choosing different politicians
- Ferreira and Gyourko (2009 [3]): party control in U.S. cities often has little effect on policy
- See also Besley and Case (2003 [1])

The missing link



In political science, see e.g. Hertel-Fernandez (2017 [4]) and Daneri (2025 [2])

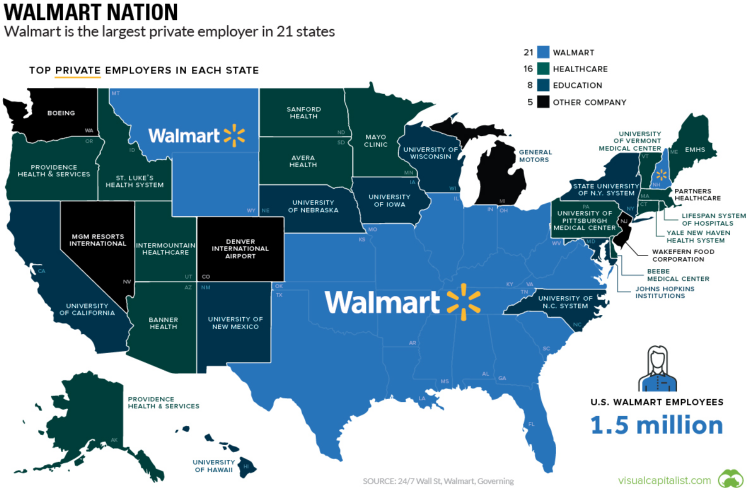
This paper:

- carefully explains and documents this (missing?) firms-voters link
- adds a distinct mechanism (i.e. electoral monopsony)

My discussion

1. The public sector and the passive channel
2. From local concentration to Electoral College counterfactuals
3. Electoral oligopsonies
4. Dynamic adjustments

The largest employers in the U.S.



Top employers: a closer look at North Carolina

Top 10 Employers in North Carolina, Q2 2014

Rank	Employer	County
1	Duke University	Durham
2	Charlotte Mecklenburg Hospital	Mecklenburg
3	Wake County Public Schools	Wake
4	UNC-Chapel Hill	Orange
5	Wells Fargo Bank	Mecklenburg
6	Bank of America	Mecklenburg
7	Charlotte-Mecklenburg Board of Education	Mecklenburg
8	NC State University at Raleigh	Wake
9	UNC Health Care System	Orange
10	Department of Defense	Cumberland

Data Source: QCEW via NC Commerce

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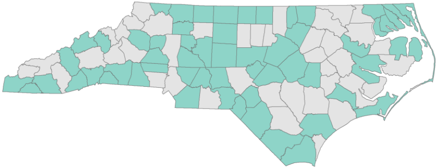
59 Counties Where Public Schools are Top Employer, 2014



Data Source: QCEW (Q2 2014) via NC Commerce

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The largest employers in many North Carolina counties are public schools, universities and hospitals – not private manufacturing firms

Comment 1: The public sector and the passive channel

If dominant employers are public entities, then several things are different:

- The partisan objective of a public sector entity (vs. a private firm)
- Workers often have stronger procedural protections (cf. outside options)
- Public sector may be less tied to profits or business-friendly policy

The story "vote Republican or your livelihood depends on it" is thus less natural

And survey evidence most likely includes respondents from the public sector

Questions: Is the paper capturing something broader about local labor-market concentration than private employer political influence? Does the passive channel matter more?

Comment 2: From local concentration to Electoral College counterfactuals

Partisan mapping is noisy, implying that higher *EMP* does not always translate into a clean pro-Republican/employer-favored shift

The model is about competition over a specific local policy, whereas the empirical outcomes are generic partisan behaviors across heterogeneous elections and policies

And tract FEs absorb the main county *EMP* effect, so the estimates identify relative within-tract partisan shifts, not the absolute county-level vote changes needed to back out state-level Electoral College margins

Question: To what extent does the aggregate Electoral College counterfactual rely on an assumption-heavy extrapolation?

Comment 3: Electoral oligopsonies

The model focuses on a pivotal dominant employer ℓ, with strong leverage over workers

But the empirics describes many local labor markets as oligopsonistic (at best):

> *"For the median U.S. county, their dominant industry (the one with the largest EMP_{jc}) has an employment concentration equivalent to an industry with four or five equally-sized firms and employs 23% of the county's workforce."* (p. 35)

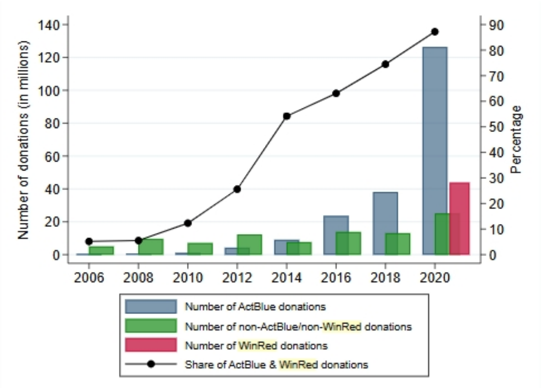
The key economic force is likely weak worker outside options, not necessarily one-firm dominance

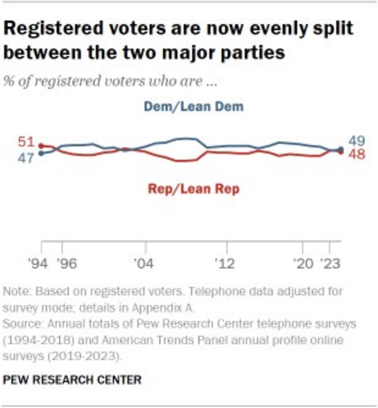
Question: Does the mechanism require literal monopsony, or only employer concentration?

Rant following up on comment 3

Please provide tables with summary statistics for all variables (full sample and per electoral cycles) and their definitions, robustness checks with different threshold values than 0.5 for α, and validations demonstrating that *EMP* specifically tracks top-employer dominance

Large shifts in Republican political engagement post-2014





Comment 4: Dynamic adjustments

The estimation period is not stable. It includes:

- changing political donation patterns
- Trump-era realignment
- likely changing registration behavior
- very unusual turnout cycles (e.g. 2020)

Questions: To what extent does the "pooled" specification attribute the post-2016 Republican engagement differential trend to electoral monopsony? What about the long-run joint dynamics (Appendix D.1)?

Suggestions: Include (at least) election-year FE, run separate repeated analyses across cycles, use synthetic control methods

My take

Wonderful paper with a real conceptual contribution: concentrated employer power shapes democratic participation through both active and passive channels

Impressive and ambitious work

My discussion centers around:

- the public sector and the passive channel
- from local concentration to Electoral College counterfactuals
- electoral oligopsonies
- dynamic adjustments

Good luck!

Thank You

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