Voting for a Career

– The Revolving Door Moderates the Senate

Abstract

I investigate how the revolving door affects voting in the Senate. The literature on final-term problems suggests that senators should become more extreme before they leave office, because they no longer are accountable to voters. Lack of electoral accountability could, however, have different effects depending on the senator's career ambitions. While retiring senators are no longer accountable to anyone but themselves, revolving door politicians will be accountable to their future employers, because they depend on them for post-elective employment. During their final Congress, this should lead revolving door senators to moderate themselves, while retiring ones should grow more partisan. Using data on post-elective career trajectories from 102nd to the 113th Senate, I present fixed effects estimates that back this claim. I show that the effect is driven by senators, who choose to resign, and provide evidence suggesting that the shift happens, because senators anticipate the preferences of their future employer.

Keywords: Revolving door politics, special interest politics, US Senate, lobbyism, private influence on public policy, political accountability.

On February 12 2009 Senator Judd Gregg (R-NH) announced that he would not seek re-election for his 4th term in Congress (Hamby 2009). Throughout his tenure, he had been a staunch advocate of decreasing the role of government in the economy. During his final years in Congress, however, he moved to a more moderate position, among other things, by endorsing the bailout of the banking sector (Landrigan 2008). During his tenure, he had been the ranking Republican of the Senate Committee on Banking, Housing and Urban Affairs among others. Throughout the process of reforming US financial regulations in 2008-10, he worked against mandating that trades in derivatives happen on the exchange, the creation of an independent consumer protection agency for financial services customers (Gregg 2011), and a broadening of regulatory oversight in the financial sector. After leaving office, he landed a position on the board of directors of the ICE – a major exchange operator – and as international advisor for Goldman Sachs.

In recent years, this kind of revolving door arrangement has come under increased public scrutiny. One important reason is that once an elected official decides not to run again, she is essentially unconstrained by the electorate. A large body of literature concerns itself with the accountability issues that arise, when politicians approach their final term, and know that they do so (Alt et al. 2011; Barro 1973; Besley and Case 1995a, 2003; Figlio 1995; Fouirnaies and Hall 2018; Lott and Bronars 1993; Parker and Dabros 2012; Snyder and Ting 2003; Tien 2001; Vanbeek 1991). Much less attention, however, has been paid to how the career ambitions of officials can play a part in molding their final-term behavior. It is clear that the pay-off to Members of Congress (MCs), who walk through the revolving door, can be extremely large (Eggers and Hainmueller 2009; Palmer and Schneer 2016). This begs the question of whether the promise of lucrative employment is incentive enough for the politicians to change behavior, when they choose not to run for reelection. While evidence does support the notion that final-term MCs put in more effort (Dabros 2015; Parker 2009; Parker and Parker 2009; Santos 2006), whether or not the revolving door affects policy output remains an open question. In this paper, I set out to investigate exactly that.

What should we expect of the behavior of revolving door senators during their final years in office? It depends on whom they are accountable to. If the accountability link between voters and senators is severed by the decision to resign, and nothing else takes its place, we would expect the senator to vote more sincerely and less moderately (Snyder and Ting 2003), because voters have tended to punish extreme politicians (Hall and Thompson 2018). I call this the *Final-term accountability deficit* account.

If, on the other hand, senators feel the need to court their future employer, we could expect them to start serving their preferences while they are still in office (Adolph 2013). From this point of view, we would expect the revolving door to make elected officials accountable to their future employer during the final Congress – when the senator would otherwise have been accountable to no-one but herself. I call this the *career ambitions* account.

To get a sense of how we would expect senators to behave, if they try to curry favor with their future employers, Figure 1 plots the distribution of preferences among special interests and senators on a one dimensional (economic) policy space. Ideal points are calculated using the cfScores from Bonica (2014), which I describe further in a later section.

[Figure 1 here]

It is clear that the preferences of the population of special interest groups (SIGs) are clustered around the political center, while MCs generally are much more polarized. If a senator were to court her future employer through her vote, this would in all likelihood lead her to vote more moderately throughout her final Congress, than she has previously done.

To test these propositions, I have collected data on the post-tenure career trajectories of senators serving in the 102nd to the 113th Congress. I estimate roll call ideal points (Martin and Quinn 2002) to get a measure of Senate voting patterns. My results robustly show that senators, who leave office to take jobs with SIGs, become substantially more moderate than they have been previously in their tenure. Importantly, however, this effect does not hold for everyone: those who lose their reelection bid – and, thus, are in a bad position to plan their post-Congress career – do not change behavior, while senators, who leave the labor

market after retiring, become more partisan, than they were previously. In addition to these baseline fixed effects results, I develop an instrumental variable strategy in the appendix. To obtain variation that is plausibly exogenous to the individual characteristics of currently serving senators, I leverage the size of the lobbying contracts that other senators, who are now employed as lobbyists, work on.

To further probe whether the moderation really is driven by the prospect of post-tenure employment, I distinguish between two competing theories of the revolving door. First, I test the hypothesis of job-for-policy bargains (Adolph 2013), where senators trade influence on public policy for a job with a specific company after they leave office. The second claim posits that revolving door senators seek to portray themselves as champions of industry in an attempt to curry the favor of a broader pool of potential post-elective employers. My results show that the move towards the political center can be fully accounted for by a convergence to the average position of the senator's future sector of employment.

Revolving door politics has taken up a large part of the public debate. This has especially been so since the notorious lobbyist Jack Abramoff stated that his most effective tool when peddling influence was offering jobs to officials. The results presented here support the notion that when approaching the end of tenure, the mere prospect of gaining lucrative employment is enough to make the average senator change her voting-pattern. But in doing so, she seeks to appease the general preference in the industry, she wishes to be employed in – not the preferences of any single company. On one hand, this more subtle of the revolving door between business and politics offers non-elected and non-accountable special interest groups indirect influence on public policy. But while this in itself can have stark consequences for the workings of the American democracy, it can have potential positive effects as well: in an age of extreme polarization of American politics (see among others Hare and Poole (2014), Layman et al. (2006), and Poole and Rosenthal (1984)) the moderation afforded by the revolving door might be welcome.

The article adds to a number of literatures. While career ambitions have been shown

to impact the behavior of public officials (e.g. Adolph (2013) and Black and Owens (2016)) not a lot is known about how the revolving door affects the behavior of legislators (see Dabros (2015), Parker and Dabros (2012), and Santos (2006) for exceptions). Casting her vote is arguably one of the most important functions a senator has, and investigating the revolving door's effect on that is my most important contribution. Second, I show that career ambitions may actually counteract polarization in Congress, even as the revolving door itself was a consequence of increasingly partisan tendencies (LaPira and Thomas 2017). Third, I add to the literature on corporate political influence (e.g. Bennedsen et al. (2009), Gordon and Hafer (2007, 2005), Richter et al. (2009), and Yu and Yu (2011)), by showing that while firms engage in politics to extract rent, this does not necessarily have only negative consequences – the moderation induced by corporate political influence can have positive effects. Finally, I add to the literature on political accountability (Alt et al. 2011; Barro 1973; Besley and Case 1995a,b; Fearon 1999; Ferejohn 1986), by showing that senators not only react to the risk of electoral punishment, but to career incentives more generally (see also Parker (2009)).

The Revolving Door and Voting in Congress

It is well-established that elections have a profound impact on the behavior of elected officials by holding them accountable to the will of the electorate (Barro 1973; Ferejohn 1986). Generally, American voters are more moderate than their elected representatives (see Barber and McCarty (2015) for a review), and voters, indeed, tend to punish extreme politicians and reelect moderate ones. This happens either because voters prefer moderate policies (Canes-Wrone et al. 2002), or because extreme candidates tend to increase turn out among the base of the opposing party (Hall and Thompson 2018).

The fact that partisans are generally punished should lead politicians to moderate themselves. However, when legislators approach their final years in office, and know that they do

so – either because of term limits or because they have already made the decision to retire – this accountability link is severed. Elections will no longer be able force them to heed the will of the voters (Alt et al. 2011; Barro 1973; Besley and Case 1995a,b; Fouirnaies and Hall 2018). Indeed, it has been shown that retiring MCs become more partisan (Snyder and Ting 2003), vote less in accordance with the preferences of their district (Tien 2001), and exert less effort (Fouirnaies and Hall 2018).

From this point of view, it is reasonable to expect that leaving office for a private sector job is no different than meeting term limits or making the decision to retire. In all three situations, the politician will no longer be dependent on voters to further her career. The accountability link is severed, and they can vote sincerely, in accordance with own preferences. Thus, senators should become less moderate immediately before they leave office to take a job with an SIG. Furthermore, we would not expect this final-term behavior to be any different for senators, who leave the labor market after retirement.

Career Ambitions

When a legislator approaches her final term, she arguably not only becomes less dependent on the voters. She shifts constituency and instead becomes dependent on the private sector actors, who now control her future career trajectory. In this way, the relationship between revolving door legislators and the companies, that hire them, is comparable to the accountability link between a politician and her voters. The legislator designs her behavior in expectation of getting hired (whether as elected official or with a private company), while voters or employers reward her by actually providing the job.

Thus, when the revolving door legislator makes the decision to resign from office, we would expect her to start communicating to potential post-elective employers, that she is a champion of their interests and has represented their causes well while in office. This behavior resembles that of job-seeking individuals trying to improve their CVs to increase their value as employees. It is a direct extension of the research showing that MCs actively

build capacities that will increase their value on the post-elective job market (Dabros 2015; Parker 2009; Parker and Parker 2009).

Of course, MCs can send such a signal in a variety of high-profiled ways (through floor speeches, media appearances, etc.). The roll call vote, however, might be the most credible medium. Because benefits to employers from policies enacted by Congress are highly concentrated, while they are much more diffuse for voters, SIGs are faced with a strong incentive to monitor the legislator's voting behavior (Downs 1957; Olson 1965), and disseminate this information to their members. Indeed, the way MCs vote is heavily monitored by SIGs, and made public through so-called 'scorecards', that track how individual legislators vote on the issues that are important to the specific group[1]. This provides the potential for punishing or rewarding elected officials by, for instance, providing them with a post-elective job. The knowledge that potential employers monitor her vote provides strong incentives for the legislator to vote in accordance with their preferences, when she approaches the end of her tenure.

All of this would lead us to expect that the revolving door MC uses her vote to signal that she is a champion of the industry. She does this, of course, in expectation of being rewarded with a job. As was evident from Figure 1, the distribution of SIG preferences is single-peaked with an average close to the center of the political spectrum. The distribution of senator preferences, on the other hand, is highly bimodal, with Democrats and Republicans occupying the left and the right wing, respectively. Thus, if senators converge to the position of either a sector or a specific employer, odds are that they will be more moderate than the senator currently is. The convergence would entail a moderation of the voting pattern.

Furthermore, senators that leave Congress, because they lose a reelection bid, are not in a very good position to plan their future careers. This will make it harder for them to

[1]For instance, the US Chamber of Commerce and the AFL-CIO annually publish scorecards tracking how MCs vote on a number of bills important to business and labor, respectively.

tailor their voting patterns to suit the preferences of their future employers. Another important observable implication of the career ambitions theory is that any moderating effect, the revolving door might have, should be driven by senators, who resign of their own volition.

Commitment, Collective Action and Career Ambition

Once policy favorable to the SIG has been implemented, they no longer has an incentive to follow through on their end of the bargain, by providing the former legislator with a job (see Gordon and Hafer (2007)). Why would an employer care about how the legislator used to vote, once she has left office? An answer can be found by thinking in terms of repeated games (Adolph 2013; Fudenberg et al. 1990). If SIGs, who benefit from an MC converging to their political preferences, want to profit from subsequent legislators doing the same, they would be irrational not to hire them. In this way, an unspoken agreement is forged between career-minded legislators and the special interests – if MCs redistribute private goods towards their future employers, they get hired. If no one were to hire them, the flow of private goods through the revolving door would dry up.

This leaves an obvious collective action problem (Olson 1965). The firm makes the costly decision to hire the legislator to gain policy favorable to the entire industry, leaving the remaining companies with the incentive to free ride on their decision to employ. The hiring firm, however, gains a selective benefit from the employment in itself. Employing former politicians can be a very profitable enterprise for the politically active firm, among other things, because they provide lucrative political information (LaPira and Thomas 2017) and connections (Do et al. 2015; Goldman et al. 2009; Luechinger and Moser 2014; McCrain forthcoming; Vidal et al. 2012). Hiring former politicians serves the dual purpose of achieving favorable legislation for the industry as a whole and gaining a valuable employee.

Empirical strategy

My main explanatory variable (*SIG Career*) is binary and coded 1 for all senators during their last Congress (that is, the final two years) before they leave for a job with an SIG. I define revolving door senators as those who leave office for a job with either contract lobbying firms, private companies (as employees or board members) or for civil society jobs. I counted jobs with NGOs, universities[2], public interest groups and think tanks as civil society jobs. I record the first employment after the politician has left the Senate. Since 1998 the Senate Office of Public Records has made registrations of the post-Congress of government officials electronically available. These registrations are collected by the Center for Responsive Politics (CRP), which I use to capture employment as a lobbyist. However, for private sector employment that does not require registration as a lobbyist, and in the period 1992-1996, the CRP registry is incomplete. Here, I mainly used the Relationship Science database, which is a private company that tracks the employment of high-ranking professionals – including former legislators. In addition, I used biographies from Encyclopedia Britannica and Wikipedia, press releases and SEC filings.

Two other covariates are of particular interest. I include a dummy for whether the senator leaves the labor market after the Senate. In some models, I introduce an interaction between SIG Career and a dummy variable indicating whether they resigned from office or were voted out. I gathered data for this from the Congressional Biographical Database. In total, the dataset tracks the 259 senators who served throughout the period 1992-2015, which gives 1244 Senator-Congress observations.

[2]Lazarus and McKay (2012) show that universities that hire revolvers gain more federal funding. This bolsters the claim that they hire them – partly, at least – as lobbyists.

Dependent Variable: Voting Patterns in the Senate

To measure the voting patterns of senators, I rely on the Martin and Quinn (2002) D-IRT model. I estimate ideal points from roll call votes using a two-parameter bayesian IRT model (see Clinton et al. (2004)). Dynamics are introduced into the estimation by using the ideal points in the previous Congress as priors for the ideal points in the current one, and use a gamma distributed prior on the innovation parameter (see Armstrong et al. (2014)). Mechanically, the estimation is done by initiating a random walk over the parameter space, which allows us to draw a series of samples from the posterior distribution using the Gibbs sampling procedure. To identify the direction of the model, I fix the 102^{nd} Congress ideal points of senators Ted Kennedy (D-MA) and Jesse Helms (R-NC) at -1 and 1, respectively. The random walk prior then ensures that the policy space of the remaining Congresses is identified. I run three chains, and impose standard normal priors on all remaining parameters. I collected the roll call data from the Voteview website (Poole and Rosenthal 2015)

The D-IRT scaling procedure only provides a measure of each senator's left-right leaning. To score the moderateness of the legislators, I use the absolute value of the D-IRT score. Ideal points are distributed bimodally and centered around zero, with Democrats and Republicans taking on negative and positive values, respectively. Using the absolute of the D-IRT score places moderate senators close to zero, while more partisan ones receive high values. This is similar to the approach taken by Canes-Wrone et al. (2002) and should provide more efficient estimates of moderateness (partisanship) than introducing an interaction term between party and SIG Career or estimating separate models for Democrats and Republicans, as has been done in previous work (Snyder and Ting 2003). Figure A1 in the online appendix provides further description of the distributions of D-IRT and absolute D-IRT scores, respectively.

The Empirical Specification

Additionally, I include an array of controls. First, I control for other post-tenure career trajectories, namely if they left Congress for another political career (as ambassador, in

the cabinet or as governor). Furthermore, I include data on the seniority of the senator – measured as the number of years she has served at time t. Because of the inclusion of two-way fixed effects, this also controls away the senator's age. Finally, I use a dummy indicating whether the senator was up for re-election in the given Congress. For descriptive statistics on the included variables, see section A in the online appendix.

My main specification is a two-way (senator and congress) fixed effects regression of absolute ideal points on *SIG Career* and a set of controls. The inclusion of fixed effects differences out all potential confounders, that are unit specific but time-invariant (e.g. senator 'type' and many characteristics of the constituency) as well as shocks with common effects across senators. Importantly, it puts the specification in the family of difference-in-differences models. This is a highly appealing estimator, since the identifying assumption is that the voting of senators, who leave for a career with an SIG, would have followed trends that are parallel to those of other senators, had they not walked through the revolving door. While it is clear that senators, who walk through the revolving door, do not do so at random, this specification can provide some leeway for identification in an otherwise highly endogenous system.

I compute robust standard errors, that are clustered at the senator level. Including lag of the dependent variable alongside fixed effects would lead to Nickell (1981) bias, while excluding it could lead to inconsistent estimates, if the true data generating process is dynamic (Adolph et al. 2005; Wilkins 2017). Since revolving door senators will not be voting in future Congresses, long-run effects are not of much interest, and I refrain from including a lagged dependent variable in my main models. In online appendix C, I show that purging temporal autocorrelation using first-difference and dynamic estimators yields results that are similar to the ones presented here.

Main Results: The Revolving Door Moderates Voting

Recall that if the revolving door leads to senators being less reliant on voters and more free to follow own preferences, we would expect them to become more partisan immediately before leaving Congress. If, however, the revolving door senator's reliance on voters is replaced with a new dependence on her future employer, we would expect her to become more moderate during her final years in Congress.

Figure 2 plots senator voting patterns as a function of remaining Congresses with a LOWESS smoother. Fully colored points represent senators who at some point leave for SIG jobs, faded points depict those who leave the labor market after retirement. There are two important points of notice in the plot. First, the solid fitted line shows that, looking across senators, those who leave for SIG careers vote more moderately during their final two years in Congress. The change sets in abruptly during the final Congress, and is larger than any shift that happens at other times (barring, of course, the shift with nine Congresses remaining, which is based on very few observations). Senators, who leave the labor market, on the other hand, vote in a more partisan fashion in the term before they leave. Thus, in their final Congress, revolving door senators become more than two D-IRT points more moderate than those, who leave the labor market after retirement, and approximately .35 points more moderate than in their second to last Congress. This amounts to 180 pct. and 30 pct. of the within-senator standard deviation, respectively.

[Figure 2 here.]

Second, comparing the faded and fully colored lines, it seems that these two groups follow relatively parallel paths. The similarity in trends persists until the time, when the senators, who leave the labor market, begin on their final term (that is, final six years) in office, when they become more partisan. The fact that the shift sets in earlier for senators, who leave the labor market, than for revolvers could indicate that they simply decide on retirement earlier than revolving door senators make up their minds to join an SIG.

In Panel A of Table 1, I present the results from a number of fixed effects models. In the

first column, I estimate the bivariate relationship. The results show that in the last Congress before taking a job with an SIG, senators on average vote in a more centrist fashion than they have otherwise done throughout their tenure. The estimate indicates that revolving door senators move approximately .39 D-IRT points closer to the center, an estimate which is highly significant both in practical and statistical terms.

In column 2, I include dummies for leaving the labor market after retirement and a future political career. These are the alternative career trajectories senators have followed in my sampling period. The inclusion of these controls decreases the coefficient on SIG Career slightly, but it remains sizable. More extreme candidates tend to be punished in their reelection endeavors (Canes-Wrone et al. 2002; Hall and Thompson 2018). If senators, who anticipate that they might lose their reelection bid, become more moderate, and losing senators take private sector employment more often than others, elections would be a salient concern for identification. In column three, I include a dummy indicating whether the senator ran for reelection during the current Congress. The coefficient on SIG Career does decrease somewhat to -.34, but it remains large and statistically significant at the five pct. level.

Generally, parties influence the roll call votes of their members by influencing long-term career prospects (Snyder and Groseclose 2000). But as senators get more senior, they will be less reliant on party leadership and, thus, in a better position to follow own preferences. The more senior position would also increase their value as potential lobbyists (Vidal et al. 2012). In the fourth and final column, I therefore include a control for the senator's seniority. The final estimate in column four is that senators who leave for a job with an SIG become approximately .35 points more moderate on the D-IRT scale. This corresponds roughly to 30 pct. of the within-senator standard deviation. Under a causal interpretation, this would have meant that Joe Biden (D-DE) would have become as moderate during his final two years as Max Baucus (D-MT), if he had left to join an SIG instead of becoming vice president.

[Table 1 here.]

It is worthwhile to contrast the coefficients on SIG Career and the dummy for leaving the labor market. The difference in coefficients is shown in the bottom of Panel A. If the estimated impact of leaving office for a lucrative private sector career were purely an effect of being less accountable to voters, the coefficient on the *leaving the labor market*-dummy should be of the same magnitude and sign as the indicator for an SIG career path. Since it is positively signed and large, this indicates that the effects of career ambitions and limited final-term accountability are empirically distinct and run counter to each other. While the coefficient for senators, who leave the labor market, is too noisy to be counted as statistically significant in itself, its size is – in absolute terms – similar to that on SIG Career. Furthermore, the differences between the two coefficients ranges from -.72 to -.79, and are statistically significant in all models.

In Panel B of Table 1, I investigate an important observable implication – the effect should be driven by senators who resign of their own free will, and not by those, who are voted out. To do this, I interact SIG Career with a dummy for whether the senator resigned on her own volition, thus estimating a triple differences model. As we can see from the first column, the effect is substantially larger for resigning senators. While senators who are voted out of office and then take a job with a special interest become approximately .33 more moderate in their voting, this effect is almost three times larger for resigning senators, who get .95 more moderate. The estimate of the interaction effect is somewhat noisy, however, and only statistically significant at the ten pct. level. Adding controls – first dummies for alternative careers, then an election year indicator and, in the final column, a measure of seniority – increases the coefficient as well as its statistical significance. Additionally, the correlation between SIG Career and moderation for senators, who lose their reelection bid, decreases and loses statistical significance. Depending on the controls that are included, I estimate that resigning senators become between 1.1 and 1.2 more moderate than they otherwise would have been – an effect which is between .86 and .88 larger than for senators who are voted out. This difference in effects is statistically significant at the five pct. level. Besides being

an important observable implication, the interaction is part of a solution to an important threat to identification – decomposing the average effect by estimating this triple difference allows me to distinguish the impact of walking through the revolving door voluntarily from moderation that happens involuntary, in the face of a tough reelection contest.

It is the revolving door senators, who actively choose to retire, that drive the moderating effect. This supports the notion that it is the senators, who are able to plan their retirement from Congress, that will feel accountable to their future employer and tailor their roll call vote to their political preferences. Senators, who leave for a job with an SIG, will be much less dependent on voters to progress their career. The electoral accountability, however, is replaced, with an increased dependency on the special interests, who could hire them, after they leave the Senate.

Further controls: dealing with party politics as a confounder

As remarked previously, senators depend not only on voters to advance their political careers, but also their fellow party members, their party's leadership and primaries (Snyder and Groseclose 2000). In Figure 3, I have plotted the results from adding a number of additional controls that aim at dealing with this. In the first row I present a baseline specification, which includes controls for alternative career trajectories. Panel A presents the effect of leaving office for a job with an SIG, while Panel B presents the conditional effect of taking an SIG job for those who voluntarily choose to resign from office. Panel C presents the coefficient on *leaving the labor market*-dummy while, finally, Panel D summarizes the results from a number of placebo models.

First, I include the absolute value of the median of the party's D-IRT score. If reliance on the party position is what is driving my results, this should be controlled away in this fashion. While the average effect of taking an SIG job decreases and becomes statistically insignificant, the effect of resigning to take a job remains sizable and statistically significant. In the third row I include State Policy Liberalism (Caughey and Warshaw 2015) to control

away the decreased reliance on home-state politics. Both the average and conditional effects remain robust to this inclusion. The model presented in the fourth row includes both controls, which shows a result that is similar to the one presented in the second row.

[Figure 3 here]

Party position is likely to be subject to severe reverse causality, which would bias the results from the rest of the model. The dependence on peers to further one's career could, however, be conceptualized as a form of spatial dependence. As an alternative way of purging my results of this confounder, I apply spatial eigenfiltering (Tiefelsdorf and Griffith 2007) in the fifth and final row. I start by specifying a matrix of spatial weights, using the ideological distance between each pair of senators. I then extract the first five principal components from the spatial weights matrix and include them in the model as controls alongside State Policy Liberalism. In this specification, both the average effect and the impact of leaving Congress of one's own free will remain sizable and statistically significant. Overall, this indicates, that it is not decreased reliance on party politics, which is driving the moderating effect for senators, who take private sector jobs voluntarily. At the lowest, I estimate that they move approximately .87 D-IRT points towards the center, which corresponds to more than a half standard deviation.

Furthermore, it is worth noticing that the coefficient on the *leaving the labor market*-dummy is consistently large and positive. Even though it never reaches statistical significance, it is remarkably stable around .4, which is indicated by the grey shaded area. This is numerically very similar to the coefficient on SIG Career. This suggests that – if anything – senators, who leave the labor market after retirement, become more partisan. Finally, I present the results from a number of placebo models. The dependent variable in these models is the lag of the absolute D-IRT score – that is, during the senator's second to last Congress. If SIG Career were correlated with being moderate already before the final Congress, it would indicate that the parallel paths assumption was violated and important factors were omitted. The coefficient on SIG Career in all of the placebo specifications is small and statistically

insignificant. This is consistent with the D-IRT score following parallel trends until the final Congress.

Instrumental variable results

A number of unobservable individual-level factors remain that could bias my results. For example, changes in a senator's reputation, wealth and preferences for post-elective employment could drive both voting and voluntary retirement. Additionally, a senator's voting could affect the likelihood that they are employed, which would be a source of reverse causation. To deal with this, I use instrumental variables (IV) estimation. Because the presentation of the IV strategy and results requires detail, I present them in online appendix B.

I leverage the dollar size of lobbying contracts that former senators work on as an instrument for the career choices of those, who currently serve. The intuition is that, when currently serving senators observe how well their former colleagues, who now work as lobbyists, perform in the private sector, this informs them about how well, they would do themselves. When their career prospects are good enough, it will induce them to walk through the revolving door. Importantly, because the size of the lobbying contracts of former senators is decided without regard to the specific voting patterns, wealth, reputation etc. of the ones, who currently serve, this measure of career prospects is likely to evolve exogenously to the individual characteristics of currently serving senators. While it obviously is not truly random, it is likely to be orthogonal to many highly salient threats to identification – most importantly, perhaps, voting patterns. I further substantiate this in the appendix by conducting balance tests. The results from a variety of specifications using this IV produces estimates, which are sizable and statistically significant, thus corroborating the main results.

Sensitivity checks

In C of the online appendix, I conduct a number of further robustness checks. Because relatively few senators actually walk through the revolving door during each Congress, the estimates are vulnerable to extreme observations. To alleviate this concern, I show that excluding observations with high DFBETA and the most moderate senators does not change my results. Finally, I deal with temporal autocorrelation in two ways. First, I use the first-difference estimator (Wooldridge 2015). Second, I use the generalized method of moments estimator (Arellano and Bond 1991) to run dynamic models. The results are robust.

Champion of the industry or job-for-policy bargains?

According to the argument presented here, there are two potential mechanisms through which career ambitions may force senators to moderate themselves. Both are concerned with the size of the revolving door legislator's post-elective constituency – that is the pool of potential employers. First, a revolving door senator may attempt to portray herself as the champion of an entire industry, thus currying favor with a broad pool of potential employers. When the senator decides to leave Congress, she may not know with whom she will be employed, after her tenure ends. But she may still know what she would prefer to work with, and – broadly speaking – which industry she would like a job in. If this is the case, it stands to reason that the senator would not attempt to curry favor with any single employer. Instead, she would navigate after the aggregate preference in that industry, and customize her vote to suit it. Second, the change in voting may come about because of an implicit contract between the senator and a specific employer. When the senator has a clear idea of whom she wants employment with, the size of her post-elective constituency effectively decreases to one. This may happen if the senator has developed specific ties to private sector actors throughout her tenure. Because of lobbying activities, campaign contributions, public consultations etc. the legislator could very well get to know not only the specific preferences of particular actors,

but also come to desire employment with them. She will not have to aim her signal broadly to capture the general preferences of an entire sector, but can instead tailor her roll call votes specifically to match the interests of the actor, she wants to be employed by (Adolph 2013).

Measuring the mechanisms

To measure policy positions of the SIGs, I rely on the cfScores from Bonica's (2014) Database of Ideology Money in Politics and Elections. Using all registered campaign contributions in the period 1972-2011, Bonica (2014) uses a form of multiple correspondence analysis to estimate the latent policy preferences that drive political contributions. I use this to measure the political ideal points of specific future employers, and the average ideal points of the industries (CRP's classification) that employ senators.

I compute the absolute difference between the senator's D-IRT score and the cfScores on the employer and the industry level, respectively. These measures capture how senator voting-patterns move relative to the preferences of future employers. The D-IRT positions and cfScores do not refer to the same underlying ideological scale, however. To deal with this, I use a slightly different version of the D-IRT score, which I estimate using each senator's cfScore as a prior with a gamma distributed precision parameter. This will place the D-IRT scores on the same scale as the cfScores of their future employers. In D2 of the online appendix, I show that my results are robust to different ways of adjusting the measures and to not adjusting them at all.

A different – but highly salient – concern when using cfScores is that SIGs donate campaign funds strategically (Gordon and Hafer 2007, 2005; Grossman and Helpman 2001; Hansen 1991). This would induce non-random measurement error into to the cfScores (Thieme 2017), biasing the results (King et al. 1994). In D2 of the online appendix, I explore the consequences of this measurement error by using the framework proposed by Gallop and Weschle (2017). I show that the bias induced by strategic giving is likely to attenuate my results, pulling them towards zero.

A serious concern would be that senators really moderate themselves, because they want to signal future employers that they can speak the language of both parties. In this case, convergence to a future employer would be purely coincidental – the real driver moderating voting patterns would be the senator's attempt to appear highly connected. This is likely, since it has been documented in that political connections is an extremely valuable asset for revolvers (Do et al. 2015; Goldman et al. 2009; McCrain forthcoming; Vidal et al. 2012). If this is true, we would expect revolving door senators to form more social ties immediately before they take a private sector job. To exclude the possibility that this increase in connectedness drives my results, I follow Fowler (2006a,b) and measure social ties of senators by constructing cosponsor networks for all Congresses in the time period. I collect data on bill sponsorship from GovTrack (2017). The networks are directed in that cosponsors offer support for the sponsor's bill. This gets at the connectedness in two ways. First, it captures that senators use their established relationships with others to garner support for their bills. Second, it captures the inherent social act of relationship building it takes, when senators garner support among Members, they do not have a strong connection to as of yet. Additionally, it captures that senators, who are able to drum up a greater following of cosponsors work harder (Carnes 2013). I weight all ties by the total number of cosponsors on each bill to capture the fact that ties often are stronger, when there are fewer cosponsors (Fowler 2006a). All results hold without this weighting scheme. In what follows, I use the Fowler (2006a) score of connectedness, because this is most highly correlated with *SIG Career*. I have also computed betweenness, closeness, and eigenvector centrality scores – using these measures of connectedness provides the same results.

Further results: Evidence on the mechanism

I now turn to investigating, how the final-term behavior of senators, who take SIG jobs, conforms to the preferences of their future employers. To do this, I use the natural log of

the convergence measures as outcome variables in models that are otherwise similar to the previous specification. The main coefficient of interest now captures whether revolving door senators get closer to their future employer. In Figure 4, I report the results. In Panels A and B, I model convergence to the specific future employer and convergence to the future sector of employment, respectively. Estimates in black show average effects, while the gray ones show the effect of SIG Career conditional on resigning voluntarily.

[Figure 4 here]

Panel A first reports how taking an SIG career impacts convergence to the preferences of the specific companies, who eventually will employ revolving door senators. The first row shows the bivariate relation, the second adds my measure of how well connected the senator is, and the third adds all controls. While the coefficient remains sizable and statistically significant in all these models, the effect is not driven by senators, who choose to resign without having lost an election. This suggests that the convergence to a specific future employer is not an effect of the revolving door, but is could be by senators changing behavior in the face of a tough reelection contest.

Second, Panel B shows the effect of walking through the revolving door on convergence to sector level preferences. The results suggest that during their final Congress, the ideal points of senators, who take on private sector employment after their tenure, get approximately 27 pct. closer to the average preferred policy in the sector, they later get employed in. Importantly, these the results clearly show that the initial average effect is driven by senators who resign of their own free will.

In addition to this quantitative analysis, I present a plausibility probe using qualitative evidence in online appendix E.

Future Employers Drive Change in Senator Voting

I will now explore whether this convergence drives the general move towards the center of the political spectrum. I use sequential g estimation to compute the controlled direct effect

(CDE) (Acharya et al. 2016). This provides substantial leverage to explore mechanisms, while avoiding post-treatment bias.

In Figure 5, I plot the results from these models. Panel A shows the CDEs of SIG Career, while Panel B shows the coefficient on distance to the ideal points of the future industry of employment. The first row, as usual, represents the baseline estimate of the correlation between taking an SIG career and voting more moderately. The baseline model reported in this figure is estimated using only the 438 observations with valid values on the convergence variable, to make sure that my results are not driven by estimating the model on a different set of observations.

[Figure 5 here.]

The baseline estimate in the reduced sample is close to the results obtained when using all observations: Senators become approximately .29 D-IRT points more moderate immediately before taking a job with an SIG. Adding the distance to the future sector of employment in the second row decimates this correlation, reducing it to approximately -.13 points – about half of the original estimate and indistinguishable from zero in terms of statistical significance. Meanwhile, as we can see from Panel B, the correlation between convergence to the mean position in the future sector and senator voting is extremely strong – including it increases the R^2 from just below .02 in the baseline model to .2. The estimate is clearly statistically significant – zero does not even enter into the middle graph. In the last three specifications, I further control for senator connectedness, median party position, and liberalism in the state legislature. This decreases the correlation between a future private sector job and senator voting markedly, but it remains strong and highly significant. The inclusion of these controls further reduces the coefficient on SIG Career. Finally, including the distance to specific future employers as a second post-treatment control does not change these results substantively.

Concluding Remarks

In the most recent proposal to curtail the influence of the revolving door on American politics, President Donald Trump vowed to 'drain the swamp'. Among other things, he would increase the cooling off period – where MCs are not allowed to register as lobbyists – from two to five years after they leave Congress. But aside from the anecdotes by the likes of Jack Abramoff not a lot is known about how – or if at all – the revolving door affects policy output from Congress.

In this paper, I have shown that senators, who take on private sector employment, become substantially more moderate in their voting behavior immediately before they leave office. This effect is concentrated among the senators, who are in a position to plan their post-elective career trajectory, and is opposite to the effect of leaving the labor market after retirement, which induces more partisan behavior. Furthermore, I provided evidence that the moderation happens, because senator voting-patterns converge to the preferred policy of their future sector of employment. In a nutshell, revolving door senators moderate themselves, because special interests prefer moderate policies.

I established these results using an original dataset of post-Congressional career trajectories of MCs active from the 102nd to the 113th Senate. The results were robust to the inclusion of a wide range of controls, different estimation techniques, and a variety of sampling restrictions. The models were estimated using twoway fixed effects specifications, and a battery of tests for pre-treatment differences were consistent with senator voting following parallel paths. In addition, as I showed in the appendix, the results were robust to an identification strategy leveraging the earnings of senators, who already work as lobbyist, as an instrument for the career choices of currently serving senators.

There are some obvious and potentially large democratic and economic consequences of senators currying favor with their future employers. Among political economists, for instance, it is widely accepted that companies become politically active in an attempt to use regulation to build entry barriers for potential competitors, thereby shielding themselves

against free market competition (Stigler 1971). If the special interests that recruit revolving door personnel are successful in their rent-seeking behavior, it is likely to cause deadweight losses due to inefficient regulation, which can have stark distributive consequences and inhibit technological innovations (Olson 1982), leaving society in a poorer state than it otherwise would have been (Acemoglu and Robinson 2006). In the end, these economic distortions carry with them the prospect of damaging political conflict (Olson 1982).

On the other hand, these results indicate that special interests – especially among firms – could have a moderating effect on political outcomes. Polarization, has stark consequences for American politics. For all its potentially negative impacts, the moderating effect of the revolving door may indeed have the positive side-effect of counteracting tendencies of polarization. Furthermore, the move toward moderation might actually decrease the disconnect between how senators vote, and what their constituencies prefer. Thus, the net effect of the revolving door on representation might actually be positive – despite the fact that the special interests originally involved themselves in the revolving door arrangement for private benefit alone.

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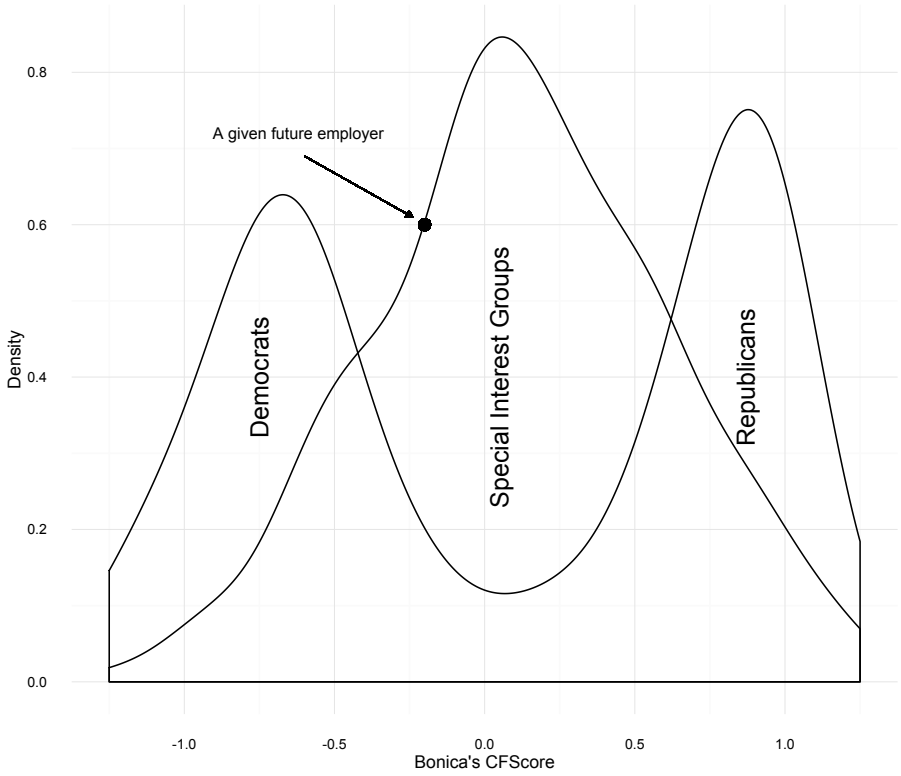

Figure 1: Distribution of preferences in the US among senators and special interest groups. *Political preferences are the Bonica (2014) cfScores, which span 1972-2011. See the methods section for more information on how they are calculated. The policy space is typically interpreted as the liberal-conservative divide on economic issues.*

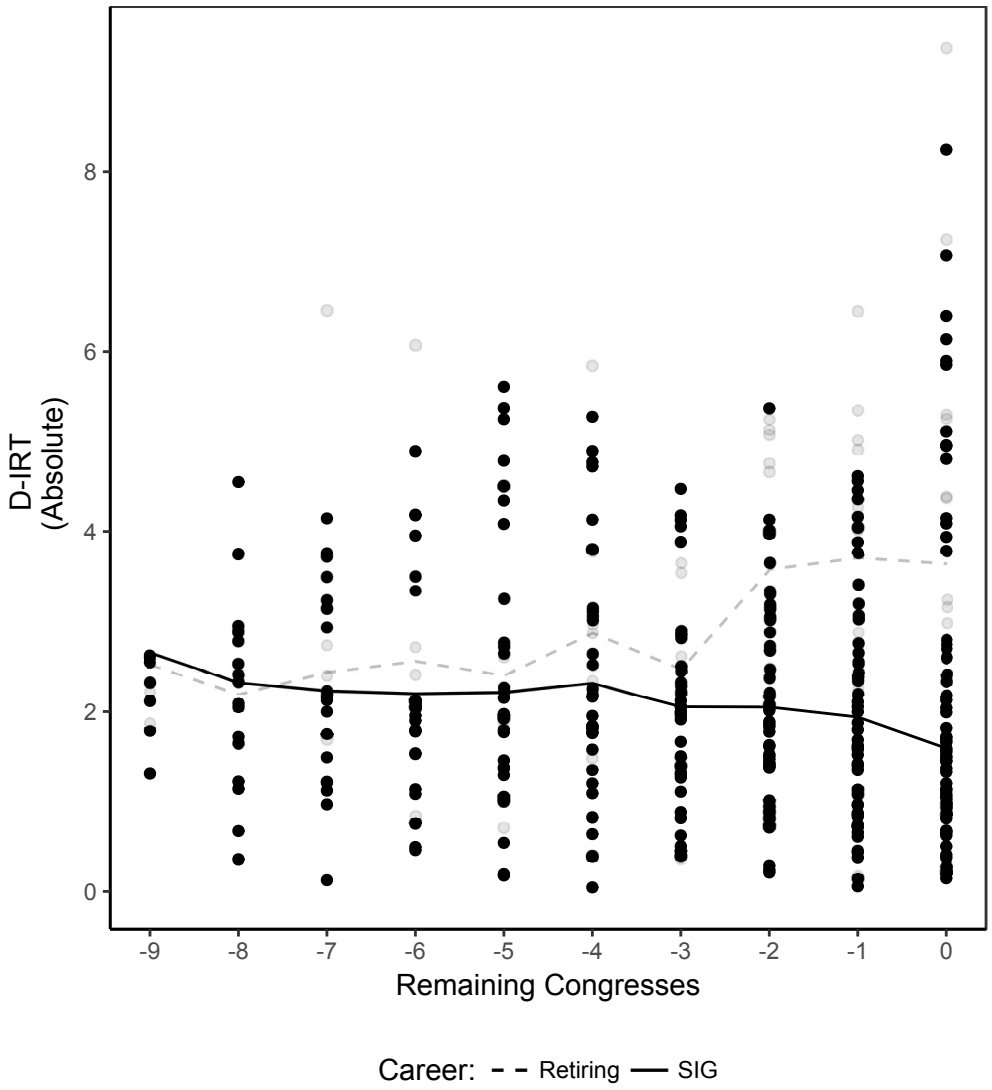

Figure 2: LOWESS Estimates of Senator Voting Across Remaining Terms in the Senate. *Points for senators who eventually leave for an SIG career are fully colored, while points for senators, who leave the labor market after Congress, are faded. The solid line represents LOWESS estimates of partisanship for Senators leaving for SIG careers. Faded, dashed line is LOWESS estimates for the ones, who leave the labor market.*

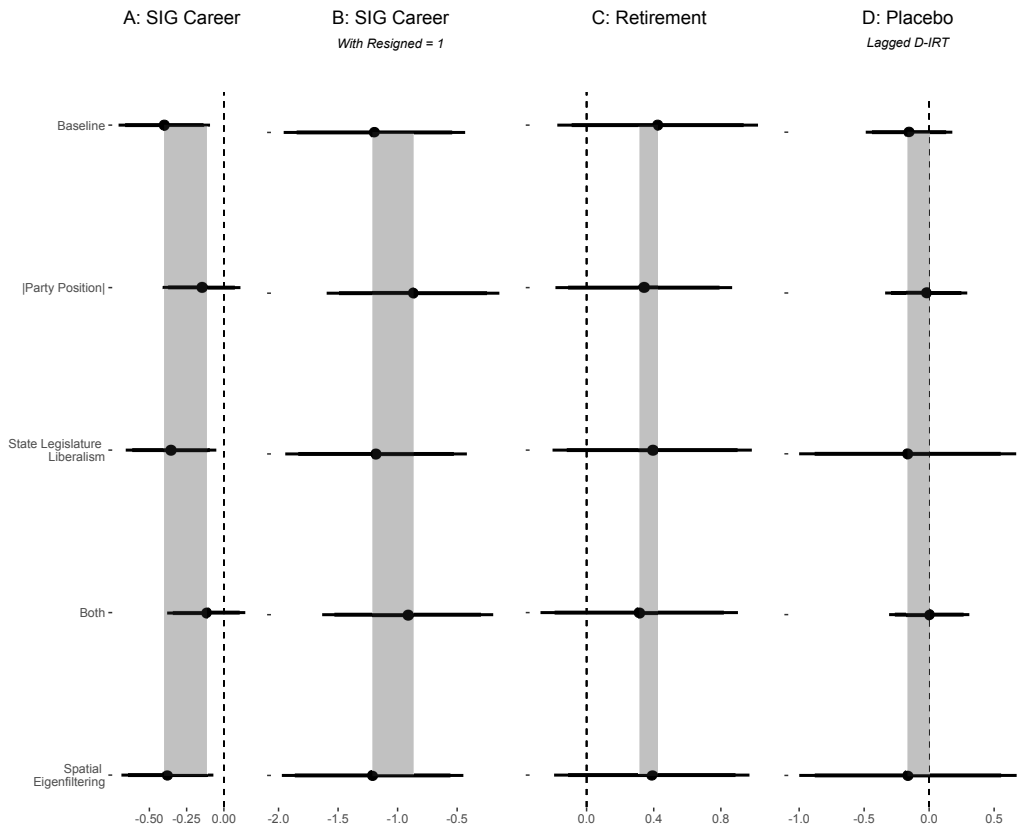

Figure 3: Further Controls. *Panel A shows average effect of taking revolving door job. Panel B shows the effect of taking a revolving door job, if the senator chose to resign from office. Panel C shows the effect of leaving office to retire from the labor market. Panel D shows placebo models. Baseline includes all covariates from the model presented in column two of Table 1. Grey-shaded area shows total variation in coefficients. The label on each row describes which additional variable is added as control. Thick and thin lines are 90 pct. and 95 pct. confidence intervals, respectively, calculated using robust standard errors clustered at the senator-level. All results are from two-way fixed effects regressions. First five PCs included in the model with eigenfiltering.*

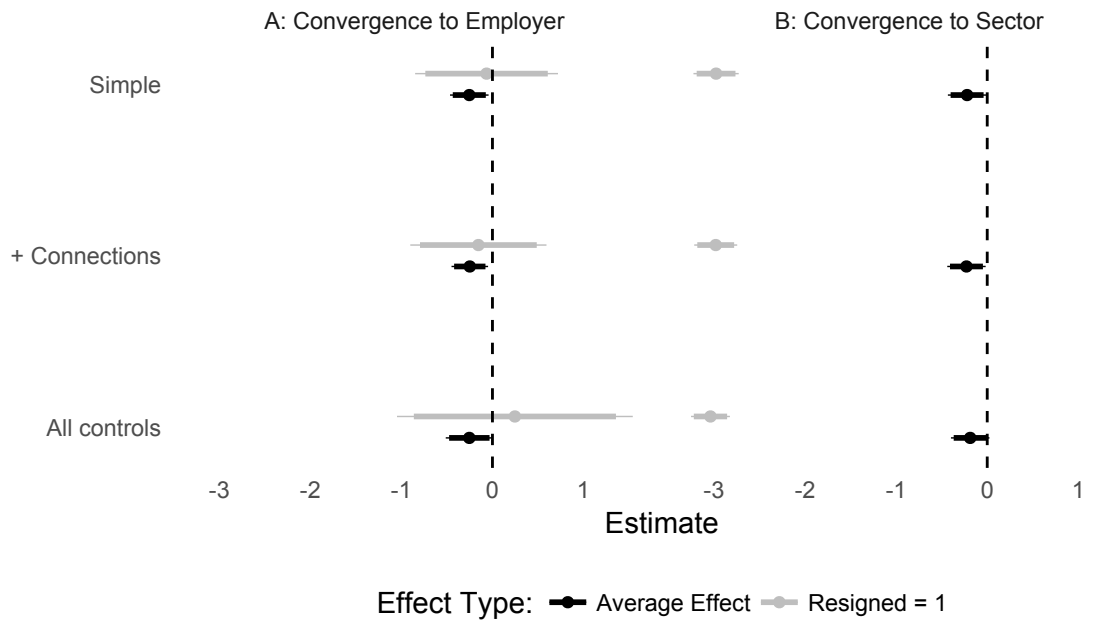

Figure 4: Resigning Senators Converge to Positions of Future Employers. *Panel A shows models with convergence to a specific future employer as the dependent variable. The dependent variable in Panel B is convergence to a future sector of employment. Estimates colored black show the average results, without conditioning on having retired. Gray estimates show the predicted effect of taking an SIG job for senators who lost an election and who resigned of their own free will. Included controls are seniority, election year, state legislative liberalism and political career. Political careers not included in interaction model in Panel B, because the number of observations that would have been dropped, would have made it impossible to estimate the interaction terms. Confidence intervals are 95 pct. (thin) and 90 pct.(thick) calculated from senator-clustered robust standard errors.*

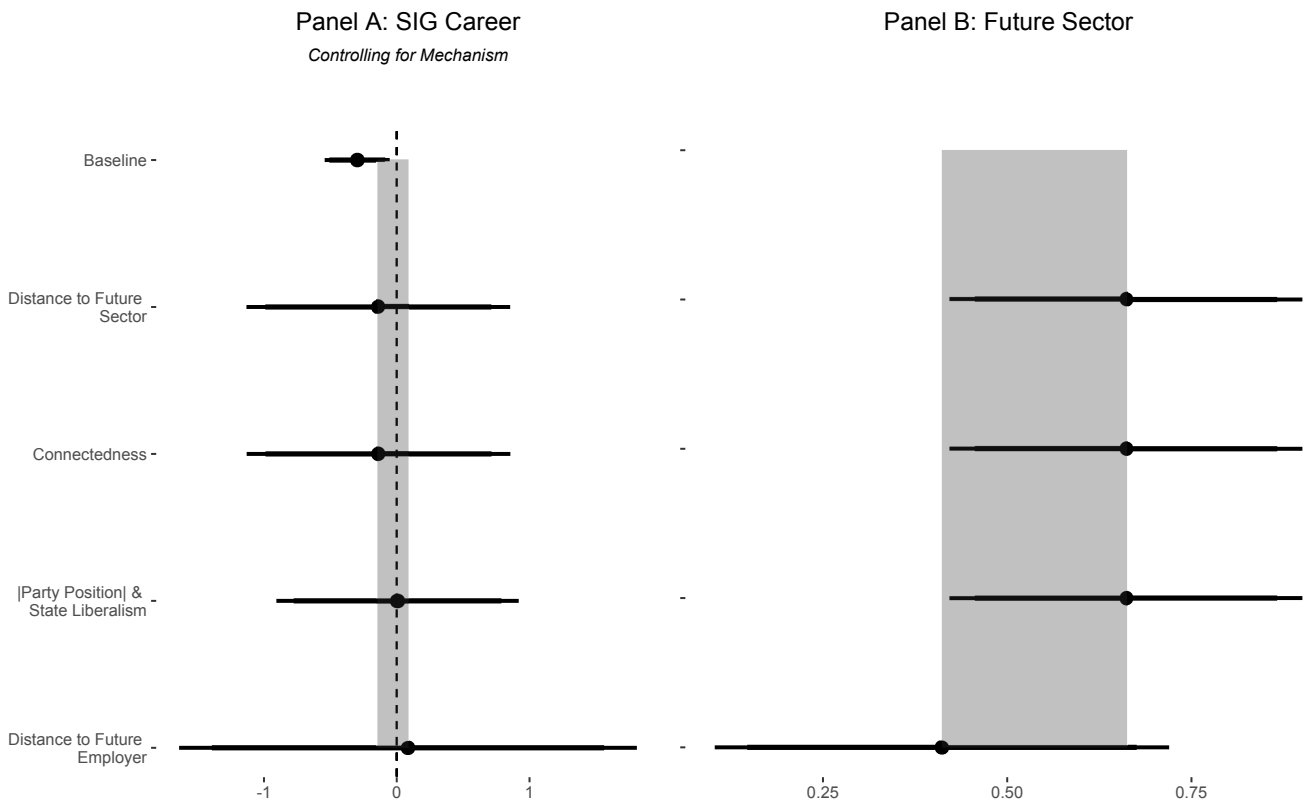

Figure 5: The Controlled Direct Effect of the Revolving Door. *Dependent variable is absolute D-IRT score. Panel A and Panel B show, respectively, the CDE (Acharya et al. 2016) of SIG Career and the coefficient on Distance to Future Sector under different specifications. Baseline model includes controls for alternative careers, election year and seniority, but only including the senators with valid values on the variables measuring Distance to Future Sector. Labels on the rows indicate which covariates are added besides the baseline controls. Due to missing observations, alternative careers are dropped from the model that also controls for Distance to Future Employer. All results are from two-way fixed effects regressions. Thick and thin lines are 90 pct. and 95 pct. confidence intervals, respectively. Standard errors on CDEs computed using senator-clustered non-parametric bootstrap, while standard errors on the baseline coefficient are cluster-robust.*

Table 1: Moderate voting and special interest careers

	DV: Absolute D-IRT score (Mean = 2.28; within-senator std.dev = 1.14)			
	Bivariate	Other Careers	Elections	Seniority
	(1)	(2)	(3)	(4)
	Panel A: Average effects.			
SIG Career	−0.393	−0.378	−0.340	−0.345
	(0.120)	(0.120)	(0.131)	(0.132)
Leave labor market		0.408	0.426	0.375
		(0.305)	(0.305)	(0.316)
Political Career		0.185	0.210	0.196
		(0.286)	(0.287)	(0.283)
Election Year			−0.050	−0.047
			(0.056)	(0.057)
Seniority				0.031
				(0.015)
Seniority^2				0.0003
				(0.0004)
$\delta_{SIGCareer} - \alpha_{retire}$		−0.786	−0.766	−0.721
		(0.323)	(0.326)	(0.339)
	Panel B: Heterogeneities for voluntary revolvers.			
SIG Career	−0.331	−0.322	−0.290	−0.289
	(0.176)	(0.176)	(0.179)	(0.182)
SIG Career X Resigned	−0.622	−0.888	−0.871	−0.868
	(0.376)	(0.429)	(0.430)	(0.428)
$\frac{\partial DIRT}{\partial SIGCareer} \mid$ Resigned = 1	-0.953	-1.21	-1.161	-1.158
	(0.331)	(0.389)	(0.402)	(0.401)
Two-way FEs?	Yes	Yes	Yes	Yes
Observations	1,229	1,229	1,229	1,217

Note: Dependent variable is absolute D-IRT score. Coefficients are unstandardized OLS estimates. Robust standard errors clustered at the senator-level in parentheses. Panel A shows the average effects. Bottom row in that panel presents the estimated differences in effects between SIG Career and Retirement. Panel B reports specifications allowing effects to differ between voluntary and involuntary retirees by estimating difference-in-difference-in-differences. Base term for Resigned included but not shown to save space. The third row of Panel B shows the marginal effect calculated based on the first two rows in the panel. Same covariates included as in Panel A, but not shown to save space.