8

Evolving the Conversation about Money in Politics

This book has demonstrated that enrichment in office, campaign spending, and enrichment after leaving office through golden parachute employment can – and should – be studied together. I have shown that a change in one form of money has second-order consequences on the others, which in turn has third-order effects on numerous aspects of how democracies function.

Prior research has mainly examined the different forms of money in politics in isolation. In this book, I have proposed conceptualizing them as part of a larger *system*. This final chapter concludes by assessing how this approach will advance academic and policy discussions about how money influences the quality of democracy. It discusses the impact on each in turn.

First, I lay out what this implies for *academic research*. My system-level view of money in politics represents one step in a larger research agenda that focuses on the connections between different types of money. The proposed framework outlined in this book can be applied to several avenues of future research, including other determinants of how money enters politics, additional third-order consequences, connecting *how* money enters to the important question of *whether* it does so, and how these forms of money relate to the broader issue of corruption. For each area, I provide a list of open research questions and sketch out some hypotheses to explore. I conclude the discussion of areas for further academic study by recapping the benefits of situating research on money in politics within the system framework.

Second, I discuss the implications of my argument for *public discussion* and *policy design*. Similar to prior academic research, public conversations about money in politics and advocacy work typically focus on one type at a time, and existing regulation tends to treat them in isolation. As this book has made clear, this siloed approach creates alternative avenues through which money can enter politics, which limits the overall effectiveness of reforms. Thus, an obvious policy implication of this book is that reforms should be made more effective by addressing the multiple types of money in politics in a coordinated fashion. However, it is often difficult to marshal the broad support required for such wide-ranging reforms, and freedom of occupation provisions place a natural limit on restrictions regarding politicians' employment after leaving office. Thus, piecemeal reforms continue to be the most realistic option. Therefore, the book's main policy implication is that it is important to have an *ex ante debate* about trade-offs: We need to anticipate the likely second- and third-order consequences of a change to one form of money, and then weigh the positive and negative consequences of reforms once its knock-on effects have played out. This would result in more effective policies with fewer unintended consequences.

8.1 EVOLVING THE RESEARCH ON MONEY IN POLITICS

Figure 8.1 again displays the share of mentions of the different forms of money in twenty-nine articles published in the three top general interest political science journals between 2010 and 2019, first shown in Chapter 2. This time, I add the location of this book as well. It is much closer to the center of the figure than any of the prior studies, which indicates that the book has forged a new path in the study of money in politics. Throughout, I have contrasted my focus on the connection between several forms with the current modus operandi in political science, which is to examine self-enrichment, campaign spending, and golden parachute employment separately. But Figure 8.1 also illustrates that there is still a lot of empty space outside of the three corners. In the following sections, I focus on this white area: This book has started to fill it in, but there is nevertheless considerable room for exploration. With this in mind, in this section I discuss several avenues for future research.

Other Determinants of How Money Enters Politics

This book has focused on how a country's legal and electoral campaign environments determine how money enters politics. The empirical chapters have demonstrated that these two factors explain much of the

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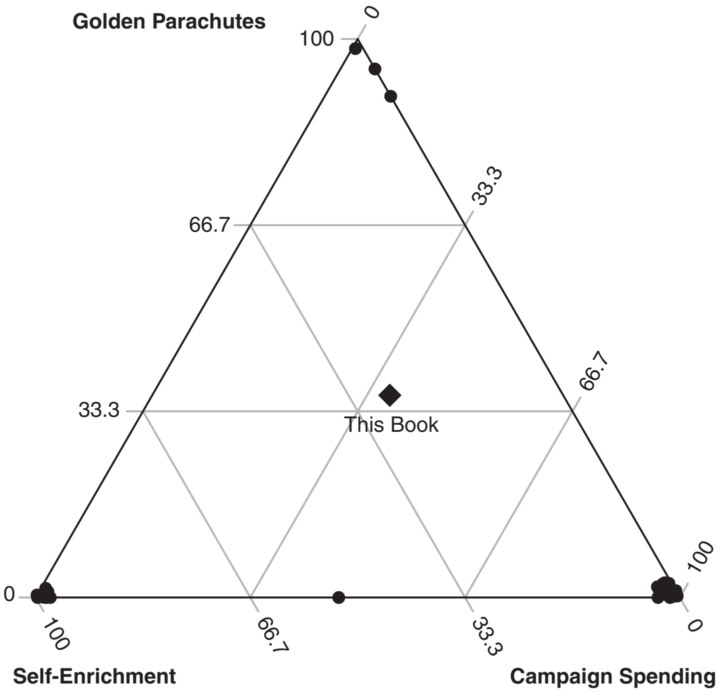

FIGURE 8.1 *Three types of money in politics in this book*. Share of words related to personal enrichment, campaign spending, and golden parachute jobs in this book (square) as well as twenty-nine articles about money in politics published in three general interest political science journals between 2010 and 2019 (round)

variation. But of course, they do not explain all of it. Future research should thus examine other determinants of how money enters politics.

One factor that has indirectly played some role in this book, but is likely important in other ways as well, is *political parties*. For example, in some contexts campaigns are run centrally by the party and individual politicians have little influence over how many resources are spent on their behalf, whereas in other contexts campaigns are decentralized and candidates are expected to raise and spend their own funds. In the latter case, a politician gets to keep the fruits of their fundraising labor, whereas in the former they can only keep a small portion and the rest goes to other candidates. But when a politician instead uses their connections to enrich themselves, or to secure a cushy job after leaving office, all the benefits accrue to them. This implies that when parties have centralized campaigns there should be, all else equal, fewer campaign resources than when each

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legislator is responsible for their own election finances. We should therefore see more personal enrichment and golden parachute jobs in such contexts. Thus, the system view of money in politics suggests that party-led campaign financing introduces a collective action problem, which has received little theoretical or empirical attention in the literature so far.

Of course, parties that are able to reward or punish members can counteract this incentive to free ride. For example, they can reward top fundraisers by placing them high on the party list or sending the prime minister to campaign in their constituency. Those who do not pull their weight bringing in funds can be punished by denying them a top spot or by sending the assistant secretary of agriculture to give a speech on their behalf. And again, this should not only have implications for campaign money but also for personal enrichment and golden parachute employment.

How campaigns are run and financed, as well as parties' ability to use carrots and sticks, is determined by a country's *electoral system*. For example, politicians running in first-past-the-post single-member districts are much more likely to run their own campaigns, whereas proportional representation encourages centralized, party-run campaigns. Parties' most powerful tool for reward and punishment is control over the rank ordering of their candidates, which they only have in closed-list systems. Parties in countries with primaries or open-list systems have much less sway over their members, who therefore have very different incentives when deciding how to use the money they have access to.[1] Going forward, it will be important to examine these and other consequences of a country's electoral system on how money enters politics.

More broadly, other differences in *institutional environments* should impact whether money is used for self-enrichment, as campaign spending, or in the form of golden parachute jobs. One obvious example is term limits, which activists and think tanks often advocate as a way to limit the influence of money on politics. Almost by definition, they do indeed cause last-term incumbents to fundraise less (cf. Carey, Niemi, and Powell, 1998). However, incumbents still have the option to enrich themselves while in office or to use their position to secure a lucrative golden parachute job. And if campaign spending is no longer necessary, career paths

[1] Consistent with this logic, Gingerich (2013) demonstrates that aspiring politicians in closed-list systems are more likely to raise money for their party than those in open-list systems. The other side of the coin, which has not yet been analyzed empirically, is that politicians in open-list systems have more incentives to personally enrich themselves.

involving these options become more attractive. Thus, imposing term limits on legislators should lead to a shift from using money for electoral toward personal purposes, with the associated third-order consequences.

Research on the effect of these and other potential determinants will fill out the large white area in Figure 8.1 and help map the connections between the different forms of money in politics. Importantly, it will not be necessary to start from scratch. A large amount of high-quality research has already examined the determinants of specific forms of money, which can be used as a starting point: When thinking about money in politics as a system, how can the independent variables analyzed in these studies be expected to affect the other forms?

Other Third-Order Consequences

Another key finding of this book is that a change in one form of money, and the associated second-order effects this has on other types, has third-order implications on how democracies function. In Chapter 7, I showed that such changes affect what voters think about politicians and who wins elections. But there are likely other third-order consequences.

For example, how money is used in politics may shape politicians' *time horizons*. If money in politics primarily entails "smash and grab" self-enrichment without regards for the potential impacts on one's reelection chances, legislators' political time horizons will be limited. The same is true if politicians use their office as a stepping stone to a career in the private sector. Past research shows that legislators with limited time horizons put less effort into their job. For example, they are less likely to collaborate on legislative initiatives, develop less expertise, and are less inclined to represent their constituents.[2] Thus, how money enters politics potentially affects all of these factors.

A limited time horizon has also been shown to have implications for *democratic accountability*. One of the key characteristics of a democratic system is that it allows voters to throw their representatives out of office

[2] On the effect of time horizons in general, see Linz (1998). For evidence that they lead to less effort, see Rothenberg and Sanders (2000); Samuels (2003); Sarbaugh-Thompson et al. (2006); Cho and Fowler (2010); Dal Bó and Rossi (2011); Titiunik (2016). On the effect of time horizons on expertise, see Carey, Niemi, and Powell (2000); Moncrief and Thompson (2001); Jones et al. (2002); Samuels (2003). For studies showing that legislators with limited time horizons are less representative of their constituents, see Carey (1998); Rothenberg and Sanders (2000); Tien (2001); Samuels (2003); Uppal (2011); Uppal and Glazer (2015); Egerod (2019).

if they are not satisfied with them. For this to work, incumbents need to be interested in getting reelected. If money in politics comes in the form of self-enrichment or golden parachute jobs, politicians may not seek to stay in office. If this is the case, voters cannot hold them accountable for their actions, which has dire consequences for the functioning of democracy.

In addition to these immediate consequences, how money enters politics may also have long-term implications for *political selection*. Past research has shown that the characteristics of current representatives shape the pool of future candidates. For example, when women or ethnic minorities are elected, this can motivate other women or minorities to be more politically engaged, and the presence of ideological extremists discourages moderates from running for office.[3] It is plausible, and indeed likely, that how office holders use money has a similar effect. For example, if self-enrichment in or after office is the norm, this may discourage public-spirited individuals from considering a career in politics, and encourage those who are primarily interested in rent seeking. Thus, how money enters politics likely plays an important role in creating and sustaining vicious or virtuous cycles by influencing whether people with desirable or undesirable qualities run for office.

Connection to Whether Money Enters Politics

In this book, I have deliberately focused on how money enters politics, and have bracketed the question of *whether* and *how much* of it does. However, the connections between these two deserve further research: Once we take the partial fungibility of different forms into account, the straightforward argument that stricter regulation should get money out of politics becomes a lot more complicated.

In the theoretical setup in Chapter 3, the politician had a choice between two policy options. One was popular among the electorate, whereas the other opened the door for money to flow to the politician. I assumed that they chose the latter and then focused on the ways in which the money would be used. This is the case if two conditions are met. First, the incumbent needs to be better off accepting money from the financier and implementing the less popular policy than not taking the money and choosing the more popular option. This will be the case if the amount of money the incumbent receives is above a certain threshold. The second

[3] See e.g. Mansbridge (1999); Campbell and Wolbrecht (2006); Bhavnani (2009); Alexander (2012); Shah (2014); Gilardi (2015); Thomsen (2017); Hall (2019).

condition is that those who provide the money also need to be better off in a situation in which their preferred policy becomes law and they pay money to the politician, than in one in which they do not pay and the policy they dislike is implemented. This will be the case if the amount of money they have to pay is less than some threshold. Taken together, this means that there is a window in which it is feasible for money to enter: If the politician cannot get enough money, or if a financier has to pay too much, there is no money in politics.[4]

Suppose we are in a situation in which this condition is met, so money enters politics in some combination of the different types. A new restriction, let's say a more stringent law against enrichment in office, comes into force. This regulation will increase the threshold at which the incumbent is indifferent between taking and not taking money. This is because they move toward soliciting more money in the form of campaign contributions (which they valued marginally less than self-enrichment before the introduction of new restrictions) or a golden parachute job (for which they have to give up being in office, put in work effort, and wait for the payout). However, because the incumbent changes how they solicit money, the indifference point rises less than it would if there were no fungibility between the different types.

The increase in the indifference point, however, does not automatically mean that there will be less money in politics. Instead, because money can enter politics in different forms, stricter or better enforced laws can have a negative, neutral, or positive effect on how much money enters politics. First, if the new indifference point remains below the amount that entered politics before the reform, it only changes *how* money enters politics, but not *how much*. In this case, the reform is not stringent enough to reduce the overall amount of money in politics. Second, if the new indifference point is above the amount of money that entered politics before the reform, but below the financier's indifference point, the reform may actually have the perverse consequence of *increasing* the amount of money in politics. This is because it makes it untenable for the incumbent to implement the unpopular policy for relatively little money. At the same time, the amount that it now costs the financier is still low enough to be worth it. Finally, the legislation will only be successful at reducing the

[4] In the Appendix, I discuss endogenizing the size of the amount of money in politics, which can be done by imposing whether the politician or the financier has the bargaining power and thus gets to make the other party indifferent between having and not having money in politics. See Footnote [5] for the implications for the argument in this section.

amount of money in politics if the incumbent's new indifference point is higher than the financier's indifference point.[5]

The expected effect of restrictions on how much money enters politics in this account is starkly different from what we would expect if the types of money are considered in isolation. When treating different forms separately, we would predict that stricter regulation reduces the total amount of money in politics if it is effective, or has a null effect if it is not. When using the proposed system framework to assess this question, we would instead expect a non-linear relationship between the strength of laws regulating money in politics and how much of it there is. This, of course, also has important policy implications, as limited reforms that make laws only marginally stricter may not successfully remove money from politics, and may in fact do the opposite.[6]

This example makes clear that *how* and *whether* money enters politics are connected in nonobvious ways. Going forward, their relationship should be investigated in more detail. Doing so will help us better understand the conditions under which money can influence politics, and help clarify whether reforms designed to reduce money in politics fall short or succeed.

Research on and Measurement of "Corruption"

The book's findings also have implications for research on corruption writ large. In particular, they call into question the common definition of corruption – the abuse of public office for private or political gain. There are several possible definitions of abuse (Scott, 1972), although most studies have adopted a legal standard – something is corrupt if it is against the law (Fisman and Golden, 2017*a*). But I have shown in this book that a country's legal environment exerts a considerable influence on how money enters politics. Therefore, if we define corruption based on what is legal, then what is considered corrupt changes across time and space, which has paradoxical consequences: If the same special interest group tries to influence politicians in two different ways, one might be considered corrupt and the other one not, even though they both involve

[5] Endogenizing the amount of money in politics by imposing a bargaining power distribution between the politician and the financier alters the space in which the amount of money stays the same after the reform is introduced versus where it increases, but does not change the main insights. See Appendix for details.

[6] This argument parallels the case made by Rothstein (2011) for a "big bang" approach to address corruption.

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the same amount of money, have the same goal, and potentially even the same consequences.[7]

This is not a hypothetical concern. Hundreds of studies on corporate campaign contributions in the United States, where the practice is mostly legal, do not mention the word "corruption" at all; nor do they engage the literature on it. Yet studies looking at the same topic in countries such as India, where donations to candidates are illegal, *do* consider it to be corruption and seek to contribute to that literature. Defining corruption as a violation of the law plays a direct role in this.

This problem also affects cross-national measures of the influence of money on politics. Existing measures, from the very broad Corruption Perceptions Index to the more disaggregated Varieties of Democracy indices, focus on *illegal* forms. Of course, this is often of interest. However, in many cases researchers want to focus on the prevalence of both legal and illegal forms of money, which existing measures are ill equipped to do.

We should thus supplement the current definition of corruption with another concept. A good option is provided in the classic contribution by Scott (1972), written before the legalistic standard for corruption became the norm. He refers to transactions for which "without the special consideration of [money], the public official could not have made the same decision" (Scott, 1972, 21). The difference between this definition and the current legalistic one is subtle, but important: The former compares a situation in which money is present to a hypothetical situation in which it is not, rather than to a hypothetical situation in which everyone acts according to the law. Because this definition does not rely on a changing legal standard, it covers self-enrichment, campaign spending, and golden parachute jobs; it applies to legal as well as illegal forms of money; and it does so consistently across space and time.

This definition can also serve as a basis for developing new cross-national measures of money in politics. The argument I have made in this book demonstrates that it would be useful to have separate estimates of (perceptions of) the prevalence of self-enrichment, campaign spending, and golden parachute employment. These can then be aggregated into a measure of money in politics, in all of its legal and illegal forms. Such data would advance our understanding of how (and how much) money enters politics in cross-national perspective.

[7] See also Kaufmann and Vicente (2011), Rose-Ackerman and Palifka (2016, ch. 11), and Rothstein and Varraich (2017).

Toward a General Equilibrium Account of Money in Politics

More broadly, I hope this book encourages scholars to think about and situate their research to a greater extent within a framework that treats different types of money in politics as part of a common system. Throughout, I have shown that the system-level framework enriches our understanding of the subject. Considering personal enrichment, campaign spending, and golden parachute employment together can help solve puzzles that have emerged in the literature. For example, it helps us understand why reforms often fail to limit the influence of money on politics; why politicians in some countries leave office to accept lucrative private sector jobs, but those in other countries do not; why incumbency has a large effect on campaign money but a small effect on wealth accumulation and golden parachute jobs; or why voters punish some corrupt incumbents but not others. Examining such puzzles and differing effect sizes using a theoretical framework that incorporates different forms thus helps us better understand how politicians use money, and what consequences this has.

The argument I have made in this book is part of a larger effort to investigate the connections among the various ways in which money influences politics. Other contributions examine the choice between spending money on politicians, lobbying, bribing bureaucrats, influencing the judiciary, and running for office oneself.[8] This book furthers the literature by examining different ways of transferring money *to* politicians. Going forward, and to continue filling in the white space in Figure 8.1, it will be necessary to investigate how self-enrichment, campaign spending, and golden parachute jobs are linked to these other strategies of influencing policy. The more studies that examine the connections between the different modes, the clearer our general equilibrium picture of money in politics will become.

8.2 EVOLVING THE PUBLIC CONVERSATION AND POLICY DESIGN

Given the widespread worry about money in politics, it is no surprise that countries all over the world have made many efforts to try to limit

[8] See Rose-Ackerman (1978); Issacharoff and Karlan (1998); Boehmke, Gailmard, and Patty (2005); Campos and Giovannoni (2007); Bennedsen, Feldmann, and Lassen (2009); Naoi and Krauss (2009); Gehlbach, Sonin, and Zhuravskaya (2010); Harstad and Svensson (2011); Kaufmann and Vicente (2011); Bussell (2012); La Raja and Schaffner (2015); You (2017); Szakonyi (2018, 2020); Hou (2019); Ang (2020).

it. The fact that the different forms are part of a common system and partially fungible, and the second- and third-order consequences that this implies, also has important implications for how we should approach the regulation of money in politics. In the remainder of the book, I outline these implications and discuss their ramifications for public conversation and policy design.

Piecemeal Conversations

In many democracies, citizens express concerns about the role that money plays in politics, and various actors advocate reforms to limit it. These reforms typically target *one* specific type of money. For example, during his 2020 presidential campaign, US President Joe Biden vowed to "[r]educe the corrupting influence of money in politics." To do so, he proposed to eliminate private money from elections, require the disclosure of political spending, and introduce a small-donor matching system – all of which target campaign spending.[9] His main primary opponent, Bernie Sanders, struck a similar tone, talking about the need to "get corporate money out of politics." To do so, he declared it essential to overturn *Citizens United*, strengthen and enforce campaign finance regulation, introduce public financing of elections, and eliminate Super PACs.[10] Similarly, American nongovernmental organizations pushing for reforms related to money in politics have names like End Citizens United, Americans for Campaign Reform, or Citizens for Clean Elections, and advocate many of the same policies as Biden and Sanders.

A similar pattern of policy advice can be found elsewhere as well. The India Against Corruption campaign is probably the best-known anti-corruption movement in recent times. One of its key members, Arvind Kejriwal, described the problem it tried to address as follows:

> There is endemic corruption rooting out of a basic problem that there is no accountability of a government servant or an elected representatives [sic] of the people. This gives freedom to both elected representatives and government servants to indulge in acts of financial embezzlement of funds that belong to the people (Kejriwal, 2012).

The proposed solution to address personal enrichment among politicians was an independent ombudsman ("Lokpal"), as laid out in the

[9] "The Biden Plan to Guarantee Government Works for the People," *joebiden.com*.
[10] "Get Corporate Money Out of Politics," *berniesanders.com*.

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first election manifesto of the political party that emanated from the movement:

> All public officials … shall fall within the purview of investigation of the Lokpal. Public officials … will be required to furnish an annual declaration of assets. Any undeclared assets will be liable for confiscation. Any public official found guilty of corruption would be removed from their position and sentenced to prison. Their property will be confiscated.[11]

And in Britain, the High Pay Centre think tank also worries about the "corporate colonization" of politics, but focuses on a different mechanism: It points out that "[b]etween 2000 and 2014, 600 former ministers and top level civil servants were appointed to over 1,000 different business roles" upon leaving public service:

> Ministers and officials have regular and close dealings with commercial companies. This raises the possibility that they will treat a company generously and give it improper preference if there is a prospect of future employment with that company.[12]

As a solution, it proposes introducing cooling off periods, reviewing the suitability of business appointments, and restricting the behavior of former politicians and officials. The German NGO LobbyControl has similar concerns about golden parachute jobs: It calls them "damaging for democracy" and demands cooling off periods as well as an independent panel that reviews and potentially vetoes post-politics employment (Klein and Höntzsch, 2007).

This list could go on at length, but the general pattern is clear: The proposals focus on *one* form of money in politics that is prevalent in a given setting; they propose policies that directly or indirectly limit that particular type; and they claim that this will reduce the amount of money in politics and thus curtail the influence of special interests. Thus, contemporary public conversations about money in politics mirror academic work in that they also tend to focus on one form of money in isolation.

Comprehensive Reforms

Given the piecemeal conversations we have about money in politics, it is perhaps not surprising that existing regulations typically constitute

11 "National Manifesto 2014," *Aam Aadmi Party*, April 4, 2014, p. 4.
12 "The Revolving Door and the Corporate Colonisation of UK Politics," *High Pay Centre*, March 25, 2015, p. 17.

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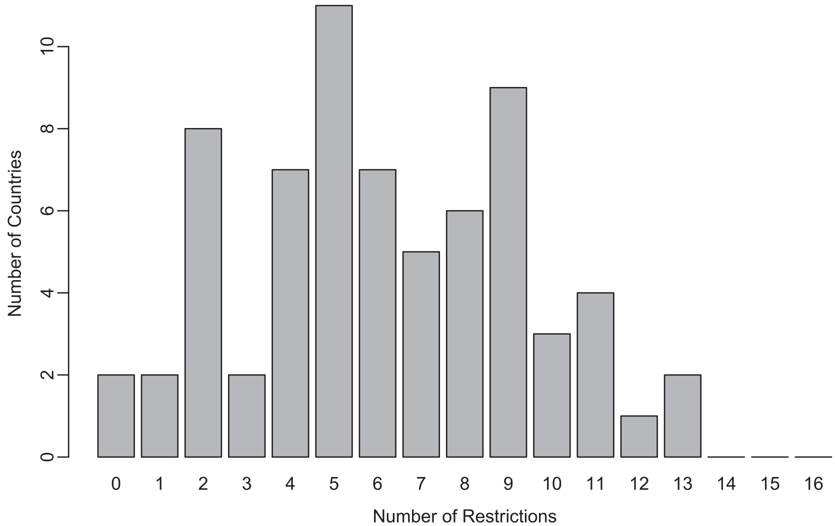

FIGURE 8.2 *Number of restrictions on enrichment in office, campaign spending, and golden parachute employment in sixty-nine countries.*
Source: Austin and Tjernström (2003) and Djankov et al. (2010).

a patchwork of laws that address some specific forms, but not others. Figure 8.2 demonstrates this. It uses data from Austin and Tjernström (2003) and Djankov et al. (2010), who collected information on whether countries have certain legal restrictions relating to money in politics. They coded sixteen possible restrictions that cover personal enrichment in office, campaign finance, and golden parachute employment.[13] The figure shows a histogram of the number of restrictions that sixty-nine democratic countries have. Almost all countries prohibit at least some forms of money. However, the median number of restrictions is only six, out of

[13] Djankov et al. (2010) code the regulation of enrichment in office and the revolving door. For personal enrichment in office, the coded restrictions are: Members of Parliament (MPs) prohibited from all paid employment, MPs prohibited from holding stock, MPs prohibited from being members of boards of directors, MPs prohibited from being officers (CEO, CFO), MPs prohibited from being an adviser, MPs have other restrictions on activities in private sector, MPs have restrictions on accepting gifts, MPs required to disclose sponsored travel. For the revolving door, they code whether MPs have restrictions on post-tenure agreements. Austin and Tjernström (2003) code the regulation of campaign finance. The coded laws are: System of regulation for financing of political parties, provision for disclosure of contributions to political parties, ceiling on contributions to political parties, ban on corporate donations to political parties, ceiling on party election expenditure, direct public funding for political parties, indirect public funding for political parties.

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a possible sixteen. And even the states that are the most restrictive only have a maximum of thirteen prohibitions. Thus, while countries typically close some avenues through which money may enter politics, many others are left open.

This book has made abundantly clear that such piecemeal approaches are unlikely to be effective. Reductions in campaign spending lead to more golden parachute employment. A crackdown on self-enrichment in office opens the door to more campaign spending, or to more enrichment after leaving public service. Changes in how common golden parachute employment is have implications for campaign finance, and so on. As a consequence, fragmented reforms only have a limited impact.

An obvious policy implication of this book is therefore that to maximize their effectiveness, reforms should address *multiple* forms of money in politics in a *coordinated* manner. For example, a country that contemplates introducing stricter and better enforced penalties for enrichment in office should also think about campaign finance reforms and restrictions on golden parachute employment. Similarly, discussions about changes to a campaign finance regime should be paired with the introduction of cooling off periods for post-politics employment and, if necessary, tougher rules against self-enrichment. Such comprehensive approaches should help avoid the "whack-a-mole" effects demonstrated in this book to a certain extent.

However, such wide-ranging reforms are extremely hard to achieve, since a majority of actors at all potential veto points need to find it in their interest to do so (Tsebelis, 2002). Yet many of those in the majority typically think the rules are fine as they are, in part because they helped them rise to power. It is difficult to even enact reforms that address just one form of money. For example, two-thirds to three-quarters of American citizens have supported greater restrictions on campaign donations for years.[14] However, stricter campaign finance laws have not been passed, and are unlikely to be in the near future. Therefore it seems fanciful to expect a reform that not just limits campaign spending, but also places new restrictions on self-enrichment and golden parachute employment.

There is another barrier that is perhaps even more difficult to overcome: Once politicians leave public office, they become private citizens again. And a central tenet of free and democratic societies is that private

[14] "Americans' Views on Money in Politics," *New York Times*, June 2, 2015; "Most Americans Want to Limit Campaign Spending, Say Big Donors Have Greater Political Influence," *Pew Research Center*, May 8, 2018.

citizens have the right to pursue a job of their choosing. For instance, the European Union's Charter of Fundamental Rights states that "[e]veryone has the right to engage in work and to pursue a freely chosen or accepted occupation."[15] To be sure, countries have introduced restrictions and cooling off periods. However, these limitations on post-politics employment tend to be quite narrow and focus on prohibiting former legislators from directly lobbying their former colleagues for a certain period of time. Existing rules do *not* prevent them from taking up *any* position in the private sector. For example, they are free to work as advisers, board members, or nonexecutive directors, which are very prominent among high-profile ex-politicians (cf. Palmer and Schneer, 2019; Weschle, 2021*b*). But prohibiting former politicians from holding *any* job in the private sector would almost surely violate their fundamental rights, and is unlikely to hold up in constitutional courts. Thus, as long as those post-political jobs do not come about through obvious quid pro quo agreements, democratic societies will find it difficult to ever close down this form of money in politics. In other words, a certain level of golden parachute employment may be unavoidable if other forms of money in politics are tightly regulated.

Anticipating and Weighting Trade-Offs

Given these difficulties, comprehensive legislation that simultaneously targets all forms of money in politics is likely a pipe dream. Piecemeal approaches remain the most realistic option. In this case, the book's main policy implication is that it is important to think beyond the first-order effects of money in politics to anticipate second- and third-order implications, and to weigh their benefits and drawbacks ex ante.

This is typically not done. For example, US Senator Tom Udall argued for extensive campaign finance reforms that would limit donations in an essay titled "Amend the Constitution to Restore Public Trust in the Political System: A Practitioner's Perspective on Campaign Finance Reform" (Udall, 2010). And given how many Americans mistrust politics precisely because of the outsize influence that wealthy campaign donors are thought to have, this is not an unreasonable argument. However, as this book has shown, the first-order effect of limiting campaign money likely has the downstream effect of increasing the prevalence of enrichment in office or, more relevant in this particular context, golden parachute jobs.

[15] "EU Charter of Fundamental Rights," *European Commission*.

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And, as demonstrated in Chapter 7, ordinary voters consider these forms of money to be more problematic than campaign spending. It is thus not clear that campaign finance restrictions would increase public trust. And if politics increasingly serves as a stepping stone to lucrative private sector jobs, this could also have negative long-term effects by decreasing the probability that public-spirited individuals will choose to run for office. At the same time, limiting campaign spending may level the playing field between parties that have access to a lot of money and those that do not.

Another example is the debate on whether to introduce stricter laws that better prohibit golden parachute employment. Because such employment is more common among right-of-center legislators, the main advocates of tougher regulations tend to be left-leaning. For instance, Jon Trickett, a Labour MP in the United Kingdom, assailed members of the Conservative government in 2018 by stating that:

> Ministers and special advisers are able to take up jobs in the private sector lobbying on behalf of firms and sectors they used to be responsible for regulating and overseeing. … We need a radical overhaul of the system to break open the cosy club of the British elite. Members of parliament and special advisers should not be profiting from the expertise built up whilst working in government and must concentrate on their jobs as public servants.[16]

Similarly, when the German NGO LobbyControl in 2013 asked the major parties about their positions on cooling off periods, the three left-leaning parties were broadly in favor, whereas the three right-leaning parties were less supportive or even opposed them.[17] However, such restrictions on post-politics jobs would lead to an increase in campaign money. And given that left-leaning parties typically have less access to money, this may well skew elections in favor of conservatives – hardly a positive outcome for the parties proposing tougher restrictions.

If we do not think through such higher-order implications of a change to one form of money in politics in advance, unpleasant surprises in the form of unintended consequences are bound to occur. Campaign finance reform may inadvertently channel more money into politicians' pockets, in turn leading to a further decrease of the public's trust in politics. An increase in golden parachute employment as a consequence of reforms to

[16] "Labour Calls for Overhaul of 'Revolving Door' System of Former Government Ministers Taking High Profile Jobs," *The Independent*, June 28, 2018.

[17] Left parties: SPD, Grüne, Linke. Right parties: CDU, CSU, FDP. See "Wahlprüfsteine: Wie wollen die Parteien Lobbyismus kontrollieren?," *LobbyControl*, September 12, 2013.

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one of the other two forms may turn politics into a stepping stone, where legislators are not interested in remaining in office for very long, which could have troubling implications for electoral accountability. Reforms to self-enrichment or golden parachute jobs can affect the pattern of campaign spending, which may tilt election outcomes systematically in the direction of one end of the political spectrum. And so on.

This is not to suggest that policies designed to curb the influence of money in politics are a useless exercise because every normatively positive effect is counterbalanced by a host of negative ones. However, any partial reform involves trade-offs, and these are more consequential than previously thought. Thus it is important to carefully consider them in advance. The insights I have provided in this book can help us think through the entire chain of events that a reform of the regulation of one type of money would set into motion. This, in turn, enables all stakeholders to weigh the pros and cons, and to come to an informed opinion about the overall consequences of a given proposal.

In some instances, this would result in abandoning partial reform proposals because the negative effects outweigh the positive ones. In other instances, reforms would move forward because the positive consequences are substantial enough that it is worth putting up with some side effects. Either way, decisions about whether to pursue a reform will be better informed if we can anticipate downstream effects and judge their consequences. This will also enable activists and policy-makers to propose smarter reforms by prioritizing proposals that have a better balance of trade-offs.

This, of course, requires a discourse that is not just black and white, but that recognizes shades of gray. Without a doubt, this is harder than the debates we currently tend to have. However, considering the direct and indirect effects of a reform *before* implementing it will enable us to make more conscious decisions about which undesirable side effects we are willing to tolerate in order to reap the benefits of a given policy. And that, ultimately, means that a policy – once all its effects and knock-on effects have played out – has a better chance of improving the quality of our democracies.