Politicians' Private Sector Jobs and Parliamentary Behavior

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Abstract

About 80 percent of democracies allow legislators to be employed in the private sector *while* they hold office, but we know little about the consequences of this practice. In this article, I use newly assembled panel data of all members of the UK House of Commons in a difference-in-differences design to investigate how legislators change their parliamentary behavior when they have outside earnings. When holding a private sector job, members of the governing Conservative Party, who earn the vast majority of outside income, change whether and how they vote on the floor of parliament as well as increase the number of written parliamentary questions they ask by 60 percent. For the latter, I demonstrate a targeted pattern which suggests that the increase directly relates to their employment. The article demonstrates that one of the most common, and yet least studied, forms of money in politics affects politicians' parliamentary behavior.

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In many democracies, legislators can legally be employed in the private sector *at the same time* as they hold public office. For example, in 2014 Sir Nicholas Soames, a UK member of parliament (MP), worked as a non-executive director of a private military company as well as an energy company, and held a job as a senior advisor to an insurance company. These "moonlighting" positions earned him £275,500 ($454,000) that year, more than four times his legislator salary.[1] Proponents of the practice argue that it gives MPs a better understanding of the private sector they are regulating, and that it broadens the pool of people running for office by lowering the opportunity costs of serving in parliament. At the same time, there is a widespread worry that these private sector engagements distract MPs from their official duties and that they influence their actions in office, resulting in potential conflicts of interest.

While other forms of money in politics, such as campaign contributions, have been extensively analyzed (cf. Dawood, 2015; Bombardini and Trebbi, 2020), few studies have examined the impact of moonlighting. This is in part because most research on money in politics focuses on the United States, which has a permissive campaign finance regime but bans moonlighting. However, the country is an outlier in this respect: While only 20 percent of democracies prohibit moonlighting, about 35 percent ban corporate campaign donations, and many more impose restrictions.[2] Thus, in comparative perspective, moonlighting is much more widepsread. In addition, in the countries in which it is allowed, 30–50 percent or more of MPs take advantage of the opportunity.[3] This makes it important to study the consequences of MPs' private sector employment.

In this article, I explore whether MPs change their *parliamentary behavior* when they hold private sector jobs at the same time. I have assembled the most comprehensive and detailed data set on politicians' outside income to date, which covers all private sector earnings for all members of the United Kingdom's House of Commons between 2010 and 2016. I match this data with information on MPs' parliamentary behavior that captures both *content* and *effort*. First, I compile information on their attendance and voting records in more than 1,700 floor votes. Second, I collect data on more than 270,000 written parliamentary questions submitted by MPs, and hand-code the content of a subset of almost 17,000 inquiries. These questions constitute a primary way in which

[1] See https://www.independent.co.uk/news/uk/politics/revealed-the-british-mps-who-earned-more-than-7m-outside-of-parliament-in-2014-10066802.html.
[2] For details on cross-national regulation data, see Online Appendix A.
[3] See Geys and Mause (2013); Hurka, Daniel and Obholzer (2018); Weschle (forthcoming).

legislators can request information from government ministries, which are obliged to respond. The panel data allow me to use a difference-in-differences design which holds constant many MP-specific confounders that may affect both private sector employment and actions in office, such as ability, motivation, and ideology.

I find that MPs significantly change their parliamentary behavior when they hold a private sector job. This is especially the case for MPs from the governing center-right Conservative Party, who earn more than 75 percent of all moonlighting income. First, they exhibit significant changes in the *content* of their behavior in parliament: they are slightly more likely to vote against the party line in roll-call votes, and they ask about 60 percent more written parliamentary questions to government ministers. I demonstrate that the increase in the number of questions is highest among MPs who work in leading company positions and in industries that rely more on information; that the increase is more pronounced for ministries that have higher procurement spending; and that moonlighting MPs ask more questions that seek to elicit internal ministry policy information. This reveals a targeted pattern that suggests the additional questions that Conservative MPs ask are directly related to their private sector employment.

Second, moonlighting has an effect on MPs' parliamentary *effort*, but in an unexpected way: when Conservative MPs hold a private sector job, they become *more* likely to participate in parliamentary votes. I trace this counter-intuitive finding to logistical reasons by showing that the increase in vote attendance is driven by MPs whose constituencies are located away from London, and that the vast majority of their employers are based in the capital. Thus, when they hold a private sector position, they spend more time in London, which allows them to be present in parliament more often. I show that this has a small, but noticeable, impact on the margin with which motions pass or fail in roll-call votes.

Finally, I use event study specifications to examine the temporal dynamics of the changes in MPs' parliamentary behavior. The increases in vote rebellions and vote participation occur at the time that MPs take up a private sector job. For written parliamentary questions, I observe a significant increase between two years prior and one year before MPs start a job, and another rise from one year prior to when holding employment. I show that the lead effects are driven by MPs with prior connections to their employers, whereas the contemporary effects come from

MPs without pre-existing links. This again suggests that the increase in parliamentary questions is driven by their moonlighting jobs.

The analyses in this paper advance three strands of research. The first is the literature on MPs' moonlighting employment. I use more comprehensive and detailed data than previous work and a research design that controls for many potential confounders, which allows me to provide novel insights on the connection between private sector employment and parliamentary behavior. Prior research focuses on examining how widespread and lucrative the practice is, what characteristics make MPs more likely to engage in it, and what its impact on parliamentary effort is (for an overview see Geys and Mause, 2013). This paper provides the most extensive study to date of how the *content* of MPs' parliamentary activity changes when they moonlight. According to my findings, worries that private sector jobs influence MPs' actions are not unfounded.

The findings also contribute to the debate on whether moonlighting affects parliamentary *effort*. Previous studies posit a trade-off between time spent in the private sector and effort exerted on public duties. But the empirical evidence they have gathered, which is largely based on cross-sectional studies, has been inconclusive. My examination of within-MP variation somewhat counterintuitively reveals that having a private sector job can actually *increase* MPs' parliamentary activity. To the best of my knowledge, this study is the first to investigate the countervailing effects of moonlighting on effort, both for logistical reasons and as a direct consequence of the change in the content of behavior.

Second, the article contributes to the broader literature on the impact of money on politics. There is a long-running debate on whether special interest money, most prominently in the form of campaign donations, influences policy; the evidence obtained thus far has been mixed (cf. Ansolabehere, Figueiredo and Snyder, 2003; Bombardini and Trebbi, 2020). By demonstrating that lawmakers' behavior in office changes when they hold a second job, I highlight a largely overlooked way in which money can affect policy.

Finally, the study adds to research on the connection between politicians' professional activities and their decisions in office. Previous studies demonstrate that politicians' jobs before taking office affect how they vote and what topics they focus on (e.g. Adolph, 2013; Carnes, 2013). I contribute to this line of inquiry by showing that current private sector employment also has an impact on parliamentary behavior.

Moonlighting and Parliamentary Behavior

Moonlighting is controversial. In a representative survey in the United Kingdom, 60 percent of respondents expressed the view that second jobs risked conflicts of interest and corruption, and 54 percent supported a ban of the practice.[4] However, we know little about the consequences of moonlighting, so it is not clear whether such a ban would change how MPs behave in office.

In fact, there is relatively little systematic evidence on moonlighting in general. Prior research shows that second jobs, where allowed, are widespread (Merlo et al., 2009; Gagliarducci, Nannicini and Naticchioni, 2010; Geys and Mause, 2013; Hurka, Daniel and Obholzer, 2018). The practice is more common among men, members of conservative parties, those with a business or other white-collar background, those planning to leave politics soon, and those who are electorally more secure (Becker, Peichl and Rincke, 2009; Eggers and Hainmueller, 2009; Geys, 2012; Geys and Mause, 2014; Hurka, Daniel and Obholzer, 2018). Previous studies have also found that it is driven by political positions only for ex-ministers (Weschle, forthcoming), and that it generates positive returns for private sector companies (Faccio, 2006; Cingano and Pinotti, 2013). But what are the *consequences of moonlighting for politicians' behavior in office?* It is useful to think about this question along two (related) dimensions: content and effort. The next two sections discuss each dimension in turn.

Content

Perhaps the most prominent concern about money in politics is that it affects the content of MPs' parliamentary behavior in two ways. First, there is the worry that it influences *policy*, for example by affecting how legislators vote on the floor of parliament. Most studies on this aspect of money in politics focus on the effect of campaign contributions, primarily in the United States. Despite the permissive campaign finance legislation there, the evidence is mixed (see e.g. Ansolabehere, Snyder and Tripathi, 2002; Mian, Sufi and Trebbi, 2013; McKay, 2018; Fowler, Garro and Spenkuch, 2020; Fouirnaies and Fowler, forthcoming). But what is the effect of *moonlighting* on MPs' voting behavior?

On the one hand, the same factors that make people think campaign contributions affect MPs' votes also likely apply to moonlighting. In fact, there are good reasons to expect that the effects

[4]Source: https://yougov.co.uk/topics/politics/articles-reports/2015/02/25/voters-support-ban-second-jobs-mps.

are *more* pronounced when legislators have second jobs. A campaign donation may increase one's chances of receiving access to a politician, but it does not guarantee it (Kalla and Broockman, 2016). Politicians also receive contributions from a multitude of donors, who care about different issues and may have opposing policy preferences. Yet moonlighting MPs typically only hold one or a few jobs, and a company is virtually guaranteed face time with legislators on its payroll.

In addition, moonlighting may also affect the content of MPs' parliamentary behavior because the workplace is an important site of political preference formation (Kitschelt and Rehm, 2014). We know that the professions politicians held *before* they were elected influence their decisions once they are in office (Adolph, 2013; Carnes, 2013), and that policymaking is affected by politicians and staffers anticipating *future* employment in the private sector (Egerod, 2019; Shepherd and You, 2020). These findings suggest that working in the private sector *while* holding office also affects how MPs vote in parliament.

On the other hand, at least three factors may dissuade MPs from changing how they vote if they hold a private sector job. First, party discipline makes it costly to deviate from the party line, since doing so could endanger an MP's long-term political career. Second, votes are one of the most public actions that legislators engage in: the media, non-governmental organizations, and voters closely observe them. Breaking with one's party in a way that is potentially linked to one's private sector job is likely to generate unwanted negative attention. And finally, a single vote is rarely pivotal for the fate of a bill, which limits the benefits from changing one's vote.

A second way in which moonlighting could affect the content of MPs' behavior in parliament pertains to *information*. Legislators have ways of accessing information that other people do not have.[5] For example, in most countries MPs can submit written parliamentary questions that the government is required to answer (Rozenberg and Martin, 2011). The questions are a way to seek information on, for instance, current issues, government policy, or the status of the implementation of laws and projects. Because parliamentary questions can be used to gather specific information, it is plausible that moonlighting affects how many of them an MP submits, who they ask, and what they ask about. MPs might be directly or indirectly asked to establish certain facts, or questions may come up naturally during their work. Having specific information on ministerial thinking or

[5]Consistent with this benefit, politically connected firms tend to outperform their non-connected competitors (Faccio, 2006; Jayachandran, 2006; Eggers and Hainmueller, 2014).

the status of government projects can help MPs perform well in their private sector jobs, which by extension would be valuable to companies.

Importantly, all three factors discussed above that may discourage moonlighting MPs from changing their votes are less pronounced for parliamentary questions. They are not subject to meaningful party discipline, are rarely scrutinized by the media or voters, and a single MP can elicit relevant information (cf. Russo and Wiberg, 2010; Martin, 2011).

In summary, MPs are subject to conflicting forces. In many ways, moonlighting should have a stronger effect on the content of their parliamentary behavior than other forms of money in politics. However, several factors work to keep the influence of a second job in check. The theoretical expectation for the effect of moonlighting is thus ambiguous, and ultimately an empirical question. However, to the extent that moonlighting *does* have an effect, it should be more pronounced for written questions and weaker for votes.

Effort

Moonlighting may also affect the *effort* that legislators put into their political role. The most prevalent theoretical argument is that if MPs spend more time in the private sector, they have less time for their role as elected representatives (Becker, Peichl and Rincke, 2009; Gagliarducci, Nannicini and Naticchioni, 2010). However, the empirical evidence is inconclusive. Some analyses indeed find a negative correlation between outside employment and various indicators of parliamentary effort (Gagliarducci, Nannicini and Naticchioni, 2010; Arnold, Kauder and Potrafke, 2014; Fedele and Naticchioni, 2015; Staat and Kuehnhanss, 2017; Hurka, Obholzer and Daniel, 2018). But there are also a significant number of null results (Arnold, Kauder and Potrafke, 2014; Fedele and Naticchioni, 2015); and several specifications even find that moonlighting is associated with *more* parliamentary effort (Staat and Kuehnhanss, 2017; Hurka, Obholzer and Daniel, 2018).

The reasons for these inconclusive findings are likely both empirical and theoretical. An important empirical limitation is that most previous studies rely on cross-sectional analyses and thus likely capture selection dynamics along with the effect of second jobs. Theoretically, time constraints are only one way in which moonlighting can affect parliamentary effort. There are possible countervailing factors, which the literature has not considered so far. One of them has to do with logistics: In most countries, MPs split their time between the capital and their constituency. This

balance can be affected by moonlighting employment, particularly if the employer is located in the capital. If MPs spend more time there for their private sector work, it makes it easier for them to be present in parliament. A second potential countervailing factor is that MPs may engage more in certain activities because the content of their parliamentary behavior changes when holding a job. For example, if they place more emphasis on seeking information, they would ask more written parliamentary questions. Thus, it is again an empirical question which of those factors prevail.

Empirical Context and Data

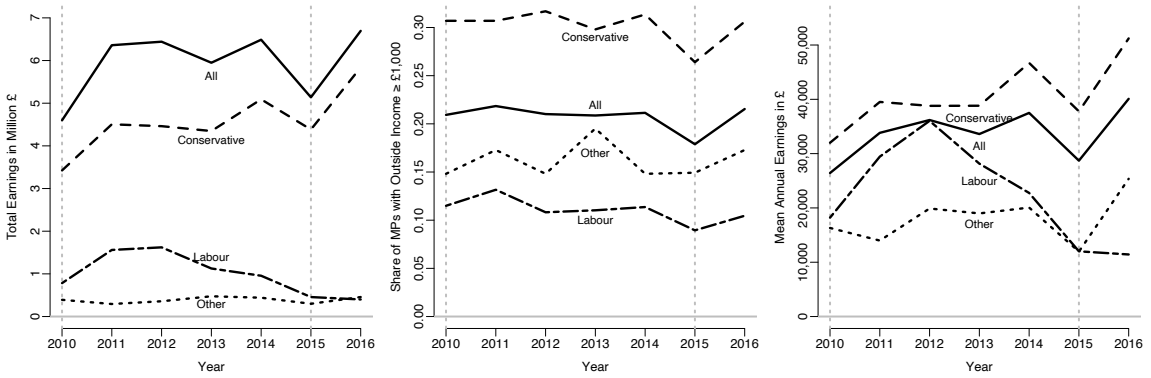
I test the impact of second jobs on MPs' parliamentary activities in the United Kingdom's House of Commons between 2010 and 2016. This setting is especially suitable due to the comprehensive data available on MPs' outside interests. All legislators are required to report their private sector earnings to the Parliamentary Commissioner for Standards within 28 days, and they are made publicly available in the *Register of Members' Financial Interests*.[6] This reporting obligation has been in place since 1997, although at first only minimal information had to be furnished. Since the 2009–2010 parliamentary session, however, MPs have had to report the dates of their employment, describe the nature of their work, detail all payments they receive, and provide the name and address of the payer.[7]

The House of Commons has 650 members, and the two major parties are the center-right Conservative Party and the center-left Labour Party. Labour was in government until mid-2010, when it was replaced by a Conservative-led coalition. After the 2015 elections, the Conservative Party was able to form a government on its own, and has remained in power until the end of the observation period in 2016 and beyond.

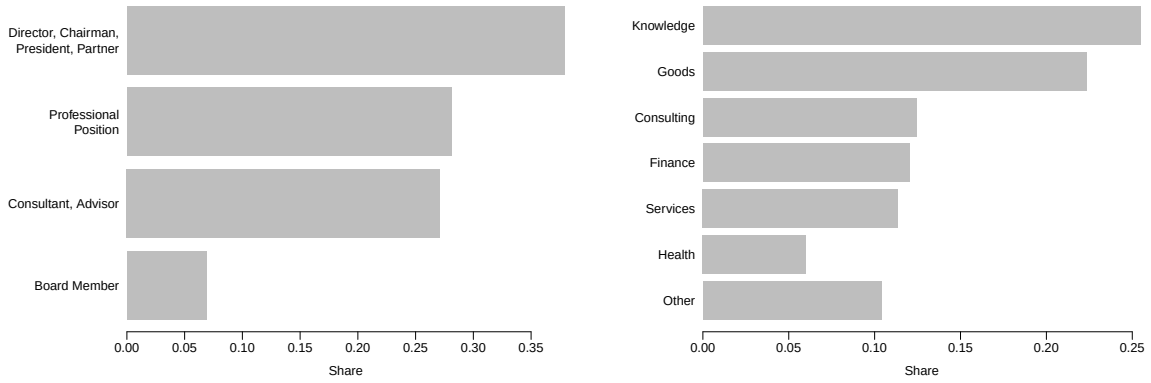
Data on MPs' Private Sector Earnings

I use the register to assemble comprehensive hand-coded data on the annual private sector earnings of 845 MPs between 2010 and 2016.[8] I record all payments in the categories "remunerated directorships" and "remunerated employment, office, profession etc." that were earned for work done

[6] https://www.parliament.uk/mps-lords-and-offices/standards-and-financial-interests/parliamentary-commissioner-for-standards/registers-of-interests/register-of-members-financial-interests/.
[7] For additional details on regulation and disclosure, see Online Appendix B.
[8] I exclude MPs who left office after the 2010 election since they do not exhibit over-time variation.



(a) Total Private Sector Earnings **(b)** Share of MPs with Private Sector Earnings≥£1,000 **(c)** Mean Earnings of MPs with Jobs



(d) Employment: Job Titles **(e)** Employment: Industries

Figure 1: Private Sector Earnings of Members of the House of Commons, 2010–2016. Dashed vertical lines in Panels (a) to (c) indicate election years.

while in office. Incomes are adjusted for inflation and given in constant 2015 GBP. Due to their special role, I exclude the prime ministers Gordon Brown, David Cameron, and Theresa May.

Figure 1 provides a descriptive overview. The solid line in Panel (a) shows that total annual earnings were £4.6–6.7 million, with a slight upwards trend. In Online Appendix C.2, I show that almost 80 percent of all moonlighting income originates from "regular" employment, where MPs receive a salary for occupying a specified position. The remainder comes from press and publication activities as well as paid speeches.

The dashed lines in Panel (a) break down the total earnings by party. More than 75 percent of all income went to MPs from the Conservative Party. Note that I cannot determine whether this is because the Conservatives are right of center or because they are the governing party, since they were in power during all years of the observation period. However, the difference between the

parties was already pronounced in 2010, when Labour was in government for the first few months of the year. In addition, studies consistently find that center-right politicians are more likely to have outside employment (Eggers and Hainmueller, 2009; Geys and Mause, 2013).

Panel (b) plots the share of MPs who report annual earnings of at least £1,000, which was around 20 percent.[9] The share of MPs with outside income of £1,000 or more is larger for the Conservative Party, around 30 percent. Panel (c) displays the average annual earnings of MPs who declare non-zero private income. The mean outside salary in this group increased from less than £30,000 in 2010 to around £40,000 in 2016. For comparison, the basic parliamentary salary in 2015 was £74,000. For Conservative MPs with second jobs, average private sector earnings rose from around £32,000 in 2010 to £51,000 in 2016.

The second row of Figure 1 illustrates details on MPs' "regular" employment spells. Panel (d) shows that MPs most commonly held leading company positions such as director. This is followed by professional positions, predominantly in law and health care, and consultancies. Memberships on boards of directors were less common. Finally, Panel (e) shows the industries of MPs' employers, aggregated into broad categories.[10] Not surprisingly, the "knowledge" industry, which includes jobs in law firms, think tanks, and education, is the most well represented. This is followed by companies in the goods industry (e.g. manufacturing, agriculture), consulting, and finance.

Data on MPs' Parliamentary Behavior

To examine how MPs' parliamentary behavior changes when they hold a private sector job, I focus on their parliamentary votes and parliamentary questions. This allows me to study the impact of moonlighting on both effort and content. For the latter, I use measures that capture policy as well as information seeking.

First, I analyze data on all 1,732 recorded *parliamentary votes* ("divisions") taken between 2010 and 2016.[11] To capture the effect of moonlighting on MPs' policies, I look at the share of "rebellious" votes (those that went against the party line) cast by each MP every year.[12] Rebellions are relatively rare, as MPs on average vote against the party line only 0.8 percent of the time. The

[9] Around 30 percent of MPs reported any earnings.
[10] See Online Appendix C.4 for details.
[11] Voting data are taken from https://www.publicwhip.org.uk.
[12] Procedural votes are excluded from the analysis.

rate is higher among Conservatives (1.0 percent) than among Labour MPs (0.4 percent). I also examine MPs' vote attendance, which assesses how moonlighting affects their parliamentary effort. MPs are present for about 74 percent of votes on average. The mean is 80 percent for Conservatives and 69 percent for Labour MPs.

Second, I analyze how moonlighting affects MPs' likelihood of asking *written parliamentary questions*. MPs can direct a query to any government ministry, and they do not need to be physically present in parliament to do so. A typical example of a question is one submitted by MP Neil Carmichael in March 2015: "To ask the Secretary of State for Health, what recent progress his Department has made on the roll-out of the vaccine for meningitis B." A week later, the Parliamentary Undersecretary of State for Public Health Jane Ellison responded in writing that the ministry had held several meetings with the manufacturer, and that negotiations on the price of the vaccine were ongoing.[13] The median MP asked 24 questions per year. Opposition Labour MPs were more active (44 questions) than Conservatives (12 questions). This adds up to between 29,209 (2015) and 48,285 (2011) questions per year, or 272,497 questions for the entire observation period.

Written questions serve a variety of functions, such as holding the government accountable or bringing up matters that are relevant to an MP's constituency.[14] In addition, they are plausibly a way to solicit information that is relevant to MPs' private sector jobs. Since the answers to parliamentary questions are public, they cannot be used to get inside information. Yet they can still be valuable. Indeed, parliamentary questions have been at the center of several scandals in the United Kingdom. In 1994, two Conservative MPs were found to have tabled queries on behalf of a wealthy businessman for £2,000 each.[15] And in 2013, a Conservative MP was hired by a team of journalists posing as representatives of a fake company that claimed to lobby on behalf of Fijian business interests. The MP then tabled five parliamentary questions relating to Fiji.[16] This is not to suggest that any effect found in this article is due to corrupt *quid pro quo* exchanges. Instead, the point is that these scandals highlight that parliamentary questions are an important way in

[13] https://qnadailyreport.blob.core.windows.net/qnadailyreportxml/Written-Questions-Answers-Statements-Daily-Report-Commons-2015-03-23.pdf, p. 72.
[14] See e.g. Martin (2011); Martin and Whitaker (2019).
[15] https://www.theguardian.com/politics/1994/oct/20/conservatives.uk.
[16] https://www.bbc.com/news/uk-politics-22727903.

which MPs can solicit information, and that this information can be of interest to private sector actors.

Research Design

It is difficult to establish how moonlighting affects parliamentary behavior such as voting. For example, companies might be more likely to hire lawmakers with a certain ideological profile in the first place, or MPs who have a more business-friendly ideology could have skill profiles that are in greater demand in the private sector.[17] To control for such selection effects and isolate how moonlighting jobs affect MPs' parliamentary activity, I exploit the panel structure of the data and employ a difference-in-differences design.[18]

The main advantage of this approach is that it controls for differences between MPs that might affect both moonlighting and behavior. The idea is to compare the change in the parliamentary behavior of MPs who take up or leave private sector employment to the change in behavior of those whose work status remains the same. Typically, this is done using a two-way fixed effects specification:

$$y_{i,t} = \beta \mathbb{1}_{\{\text{Earnings}_{i,t} \geq 1{,}000\}} + \lambda X_{i,t} + \gamma_i + \delta_t + \varepsilon_{i,t} \tag{1}$$

The dependent variable is the parliamentary activity of interest for legislator i in year t. The main independent variable is a binary indicator that takes a value of one if MP i earns £1,000 or more from private sector jobs in year t.[19] MP fixed effects are given by γ_i. They wash out any time-invariant differences between MPs. This includes demographic characteristics such as gender, party, and education as well as unmeasured differences such as skills, pre-existing wealth, and ideology. Year fixed effects are denoted by δ_t. They capture time-specific effects that affect all legislators, such as elections or overall trends. The main effect β is thus identified by comparing how the behavior of MPs who take up or leave a moonlighting job changes relative to that of colleagues whose employment status remains the same. Finally, $X_{i,t}$ is a set of time-invariant confounders: two dummy variables indicating whether an MP entered or left parliament in that year, and a series

[17] In Online Appendix C.3, I show that there are some differences in the demographics between MPs who do and do not hold jobs.
[18] See Online Appendix D.1 for a discussion of the cross-sectional results.
[19] In Online Appendix E.1, I demonstrate that the results are robust when using different cutoffs.

of dummy variables that capture whether an MP holds certain positions in parliament or in their party.[20]

Imai and Kim (forthcoming) point out that the two-way fixed effects estimator is not equivalent to the difference-in-differences estimator when there are more than two periods and units switch in and out of treatment at different points (see also Goodman-Bacon, 2018). Imai and Kim instead propose a weighted fixed effects estimator. In Online Appendix E.2, I show that the results are robust to using this alternative approach.

Of course, whether an MP takes up or leaves a private sector position is not exogenous. This means that MPs could change their behavior when they hold a job, or the change in behavior could precede them taking up employment. It is therefore important to analyze the timing of any changes. I do so with the following event study-type specifications:

$$\begin{aligned} y_{i,t} = &\sum_{k=-2}^{-1} \alpha_k \mathbb{1}_{\{\text{Earnings}_{i,t} \geq 1{,}000 \text{ \& Earnings}_{i,t+k}=0\}} + \beta \mathbb{1}_{\{\text{Earnings}_{i,t} \geq 1{,}000\}} \\ &+ \sum_{k=1}^{2} \alpha_k \mathbb{1}_{\{\text{Earnings}_{i,t} \geq 1{,}000 \text{ \& Earnings}_{i,t+k}=0\}} + \lambda X_{i,t} + \gamma_i + \delta_t + \varepsilon_{i,t} \end{aligned} \tag{2}$$

In addition to the indicator for whether an MP holds a private sector job in year t, this specification includes two indicators that estimate MPs' behavior in the two years *before* starting private sector employment. I also include two indicators that capture MPs' parliamentary behavior for the two years *after* they leave the private sector. This more flexible specification can capture the dynamics of private sector employment and changes in MPs' parliamentary behavior.

Main Results: Moonlighting and Parliamentary Behavior

Table 1 shows how MPs' parliamentary behavior changes when they hold a private sector job using the specification from Equation (1).[21] The three dependent variables are the share of rebellious

[20] Because these roles depend on whether an MP's party is in government or opposition, the set of controls is different for Conservative and Labour MPs. Conservative: minister, minister of state, parliamentary secretary, frontbench team, committee chair, committee member. Labour: shadow cabinet, frontbench team, committee chair, committee member. For regressions including all parties, controls for all positions are included. See Online Appendix C.1 for descriptive statistics.

[21] All results are also robust to using different cutoffs for the main independent variable (see Online Appendix E.1), using the approach proposed by Imai and Kim (forthcoming) (E.2), and including controls for whether an MP has held different parliamentary positions in the past (cf. Weschle, forthcoming) (E.3).

Table 1: Effect of Private Sector Employment on Parliamentary Behavior.

	DV: Vote Rebellion			DV: Vote Participation			DV: Parliamentary Questions		
	All	Conservative	Labour	All	Conservative	Labour	All	Conservative	Labour
Private Sector Income $\geq £1,000$	0.001*	0.002*	0.001	0.022***	0.028***	0.008	0.375***	0.455***	0.015
	(0.001)	(0.001)	(0.001)	(0.008)	(0.011)	(0.009)	(0.079)	(0.098)	(0.133)
Observations	4,691	2,214	1,861	4,691	2,214	1,861	4,714	2,219	1,874

*p<0.1; **p<0.05; ***p<0.01. All regressions include MP and year fixed effects and a set of controls (entered parliament, left parliament, minister, minister of state, parliamentary secretary, shadow cabinet, frontbench team, committee chair, committee member). Standard errors in parentheses, clustered at the MP level.

votes, the share of votes in which an MP participates, and the logged number of parliamentary questions they submit.[22] For each variable, I estimate one model that pools MPs from all parties, one for Conservative MPs only, and one for Labour only.[23]

When MPs hold a private sector job, they are slightly more likely (0.1 percentage points) to cast a floor vote in defiance of their party's leadership. Conservatives with private employment are 0.2 percentage points more likely to rebel. Given that on average there are about 250 divisions per year, this implies that moonlighting affects about 0.5 votes annually. This is a modest magnitude, but given the low baseline rate of rebellion even among Conservatives (1 percent, or 2.5 votes per year), it is notable. For Labour MPs, rebellions do not change significantly when they have a private sector job. Overall, then, the *content* of MPs' *policy* decisions changes modestly when they hold a private sector job.

The second set of models in Table 1 focuses on vote participation. Moonlighting MPs attend about 2.2 percentage points *more* votes compared to when they do not have a job. The effect is larger for Conservative MPs, who attend about 2.8 percentage points more votes. This amounts to 7 votes per year. There is no significant effect for Labour MPs.

Finally, the last set of models in Table 1 shows that when MPs have outside employment, they ask significantly *more* parliamentary questions. This effect is again driven by Conservative MPs. A Conservative MP who asks a median of 12 questions per year is expected to ask about 19 questions after taking up a second job – an increase of almost 60 percent. Moonlighting does not change how many questions Labour MPs ask.

[22] I add one before taking the log.

[23] MPs from these two parties made up more than 85 percent of parliament in every year during the period of observation.

Table 1 thus shows that Conservative MPs behave differently when they have a private sector job.[24] While the impact on how they vote is small in magnitude, it is greater for their vote participation and volume of parliamentary questions. This makes it necessary to further investigate the impact of moonlighting on the latter two behaviors: Why are MPs *more* likely to participate in roll-call votes when they hold a private sector job, and what effect does this have on vote margins? And is the increase in parliamentary questions when moonlighting related to their outside job? In the next two sections, I investigate these questions in detail. I use the subsample of Conservative MPs only, as they are driving the results.[25]

Change in Vote Attendance: Explanation and Consequences

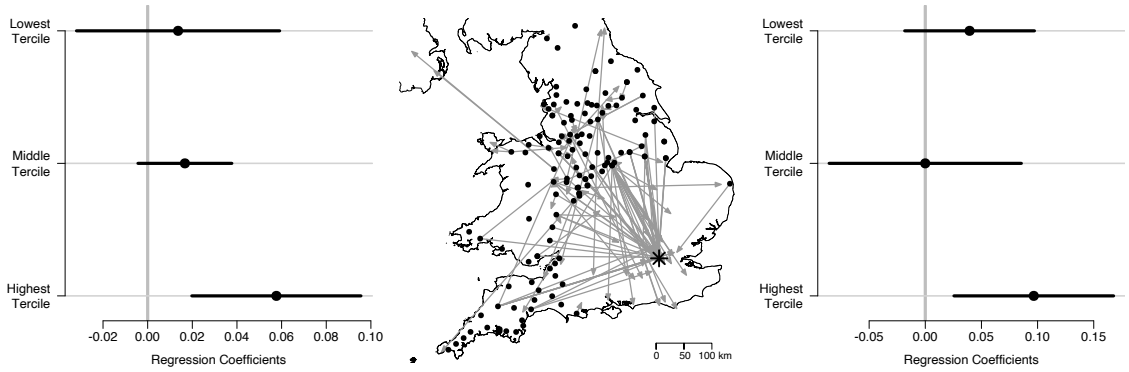
The finding that Conservative MPs are *more* likely to attend votes when holding a moonlighting job sharply contrasts with the conventional wisdom in the literature, which posits a trade-off between effort exerted on public vs. private positions. Studies that find support for this trade-off mostly use cross-sectional designs, whereas I focus on within-MP variation. And indeed, moonlighting Conservative MPs are overall less likely to attend votes (77.6 vs. 82.6 percent). However, they are more likely to cast votes when they hold a second job compared to when they do not.

Figure 2 illustrates that the reason for this increase in parliamentary participation is *logistical*. Panel (a) estimates separate effects of moonlighting on Conservative MPs' vote attendance depending on how far their constituency is located from the capital. It reveals that the positive effect shown in Table 1 is driven by the one-third of MPs whose constituencies are located farthest away from London. Their share of votes attended increases by 5.6 percentage points when they hold a private sector position. Moonlighting has no significant effect on the vote attendance of MPs whose constituencies are closer to the capital.

The points in Panel (b) show the locations of the one-third of constituencies located farthest from London. Their median distance is about 250 km, but some are as close as 170 km. The arrows point to the addresses of MPs' employers, the overwhelming majority of which are located in the

[24] In Online Appendix D.2, I show that the effects are mainly driven by regular employment rather than income from press activities or speeches.

[25] Potential explanations for why moonlighting only changes the behavior of Conservatives include that they are members of a center-right party, that their party is in government, or that they have more earnings to begin with. The data and research design used here are not equipped to discern between these explanations.



(a) Effect of Moonlighting on Vote Attendance, by Constituency Distance to London (Separate Regressions)

(b) Constituencies (black points) and Location of Employment (gray arrows) for Highest Constituency Distance Tercile

(c) Effect of Moonlighting Job on Probability of Claiming London Allowance, by Constituency Distance to London (Separate Regressions)

Figure 2: Explaining the Positive Effect of Private Sector Jobs on Vote Participation among Conservative MPs.

capital. This suggests that the increase in vote participation is caused by the fact that MPs spend more time in the capital when they hold a private sector job, which gives them more opportunity to be physically present in parliament.

Panel (c) presents evidence consistent with this mechanism. MPs whose constituency is not in London, but who have a domicile in the capital, can claim an allowance for expenses associated with this second residency. For Conservative MPs in the highest-distance tercile, the probability of claiming a rent allowance goes up by almost 10 percentage points when they hold a private sector job. No such effects are found for MPs living closer to London.

Thus, the effect of moonlighting employment on parliamentary effort is not as straightforward as prior studies suggest. In addition to a potential trade-off between time spent in the private sector and time spent in parliament, other factors must also be considered. At least in the United Kingdom, private sector jobs ease the logistics of being present in parliament, which more than counteracts any such trade-off.

In Online Appendix D.3, I show that this increase in attendance only has a limited indirect impact on policy. First, I demonstrate that moonlighting employment does not affect attendance at important votes where strict party discipline is imposed; the effect is limited to less consequential votes. Second, I use the estimates above to simulate vote outcomes for a counterfactual scenario

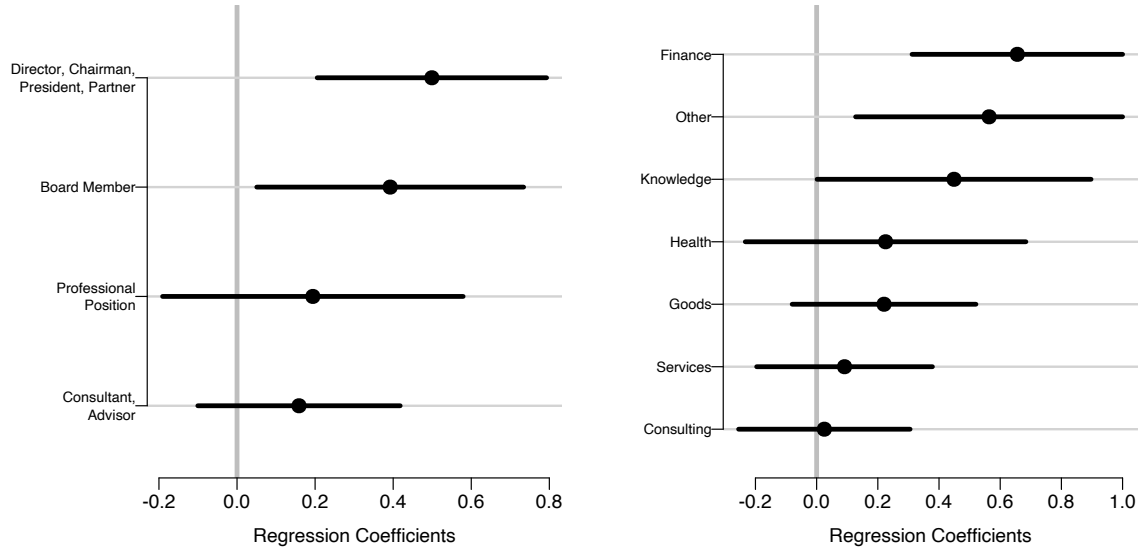
in which Conservative MP do not hold private sector jobs, and show that the average outcome margin shifts by 2–4 votes. This is a modest magnitude given typical vote margins in the House of Commons, and is unlikely to have had a decisive impact on whether motions passed or not. However, vote attendance is of course only one measure of parliamentary effort, and it is possible that these MPs' greater presence in parliament impacts policy in more subtle and unmeasured ways.

Change to Parliamentary Questions: A Targeted Pattern

The most striking finding in Table 1 was the 60 percent increase in the number of written parliamentary questions that Conservative MPs ask when holding a private sector job. How is this increase tied to their employment? One plausible scenario is that MPs develop a greater general interest in the industry they work in and thus ask more questions. For example, an MP who starts working in health care may learn about issues and problems facing the sector, and ask more questions to draw attention to them or to increase scrutiny of the government's health care policy. A second, and more problematic, scenario is that that MPs ask more parliamentary questions to elicit information that is potentially useful for their job in the private sector, and thus by extension for the companies they work for. In this section, I try to detect which scenario is more likely to drive the increase in questions by examining heterogeneity in effect sizes by job title and industry, as well as by investigating whom the additional questions are addressed to and what information they try to elicit.

Which Moonlighting MPs Ask More Questions?

First, I explore whether all MPs ask more questions when they moonlight, or whether the effect is more pronounced for those with certain job titles or working in particular industries. Panel (a) in Figure 3 breaks down the effects by Conservative MPs' *job titles*. I replace the main independent variable from Equation (1) with a set of indicators for the different positions that MPs hold. The increase is largest among those who work in leading company positions such as director. A Conservative MP who asks the median number of 12 questions per year is expected to submit 19.8 questions annually when holding such a post. Being a board member leads to a significant increase



(a) Job Titles **(b)** Industries

Figure 3: Effect of Private Sector Employment on (Logged) Number of Parliamentary Questions by Conservative MPs, by Job Title and Industry. Point estimates and 95 percent confidence intervals.

in questions asked from 12 to 17.8 questions per year. For consultants and those in professional positions, the effect is closer to zero and not statistically significant. Thus, the overall effect is mostly driven by MPs who hold leading oversight positions and thus have the greatest stakes in the companies they work at.

In Panel (b), I estimate separate effects of employment in different *industries*. Those employed in the finance industry exhibit the largest increase, from 12 to 23.1 questions.[26] For MPs working in other industries, the expected effect is an increase to 21.1 questions per year, and to 18.8 for those in the knowledge industry. The effects for the remaining industries are smaller in magnitude and not statistically significant.

Together, these results provide a first suggestion that the more benign interpretation of the increase in the number of questions outlined above does not hold. The increase is concentrated among MPs in leading company positions as well as those working in industries in which information is crucial (i.e. finance, knowledge). By contrast, MPs who work in e.g. professional positions or in industries like health care or services, where information on government dealings is less important,

[26] Many of the MPs' employers in this industry are smaller asset management and investment advice companies, see Online Appendix C.5.

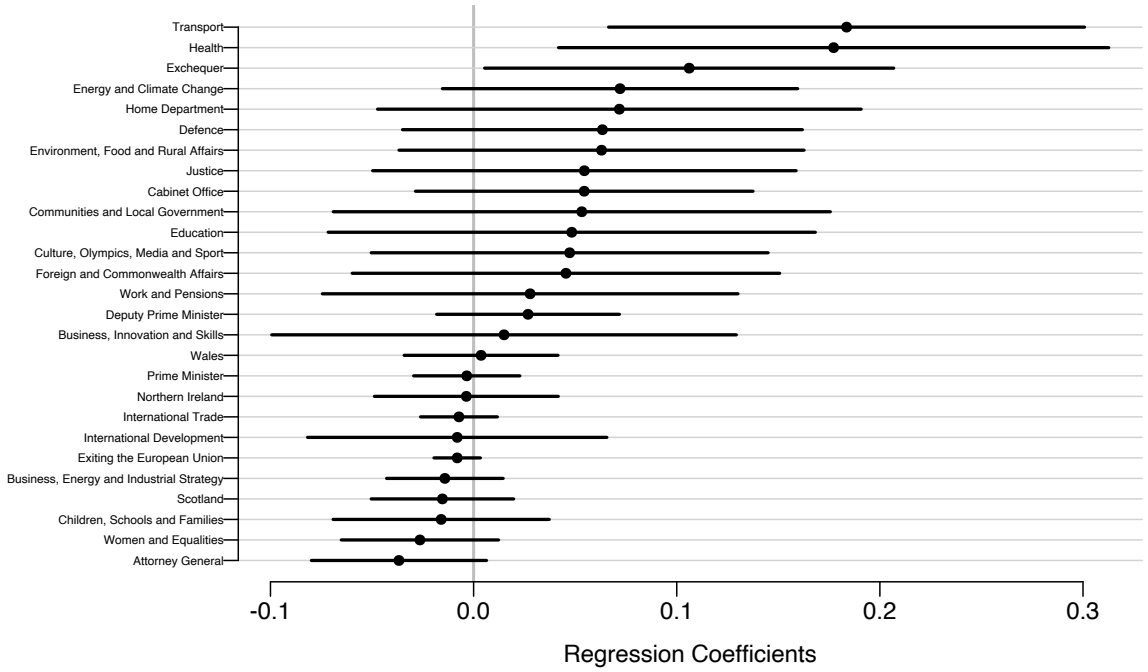


Figure 4: Effect of Private Sector Employment on (Logged) Number of Parliamentary Questions to Different Ministries by Conservative MPs. Point estimates and 95 percent confidence intervals from separate regressions.

do not change how many questions they ask. This makes it unlikely that MPs ask more questions simply because their time in the private sector increases their interest in certain topics – if that were the case, we would expect the increases to be more equally distributed.

Who Are Moonlighting MPs Asking More Questions Of?

When asking these additional questions, do moonlighting MPs target specific ministries, potentially those that are more relevant to the private sector? I estimate a series of regressions like the one in Equation (1) using the logged number of questions to *each ministry* as the dependent variable. Figure 4 makes clear that the overall increase in the number of questions asked by Conservative MPs as a result of moonlighting is not equally distributed: some ministries experience much larger increases than others. The biggest effect is on information requested from the Minister of Transport, followed by the Minister of Health, and the Chancellor of the Exchequer. Moonlighting MPs do not ask significantly more questions to many other departments.

Table 2: Effect of Ministry Characteristics on Effect Size of Private Sector Employment on (Logged) Number of Parliamentary Questions Asked by Conservative MPs.

	DV: Point Estimates from Figure 4	
log(Procurement Spending Bn.£+1)	0.036**	
	(0.013)	
log(Number of Major Projects +1)		0.032**
		(0.012)
log(Operating Budget Bn.£+1)	−0.010	−0.001
	(0.009)	(0.007)
log(Number of Employees +1)	0.004	−0.001
	(0.004)	(0.004)
Constant	−0.011	0.002
	(0.021)	(0.022)
Observations	27	27

*p<0.1; **p<0.05; ***p<0.01.

To examine what accounts for these different effect sizes, I regress the point estimates from Figure 4 on a number of ministry characteristics. I include the number of employees (full-time equivalent), the department's annual operating budget (in Bn.£), and two indicators of the extent of its business relationships with the private sector. The first is its procurement spending (in Bn.£), and the second is the logged number of projects a department has in the government's major projects portfolio.[27] Because the latter two variables are highly correlated ($r = 0.7$), I include them in separate regressions. All independent variables are logged due to their skew.

Table 2 reports the results. Neither employee number nor total operating budget affects how many more questions MPs ask a ministry as a result of their moonlighting employment. Instead, departments' procurement spending and the number of major projects they oversee has a clear and significant positive effect. And indeed, the two departments to which MPs increase their questions the most, Transport and Health, are two of the three most prolific spenders. This suggests that moonlighting MPs are directing more questions to ministries that have direct financial ties with the private sector.[28]

[27] Example projects are the construction of a biomedical research institute, the expansion of high-speed rail services, and the development of IT infrastructure for the National Health Service.

[28] The results look similar to those in Figure 4 and Table 2 when focusing on the number of questions asked by directors and MPs working in finance. See Online Appendix D.4.

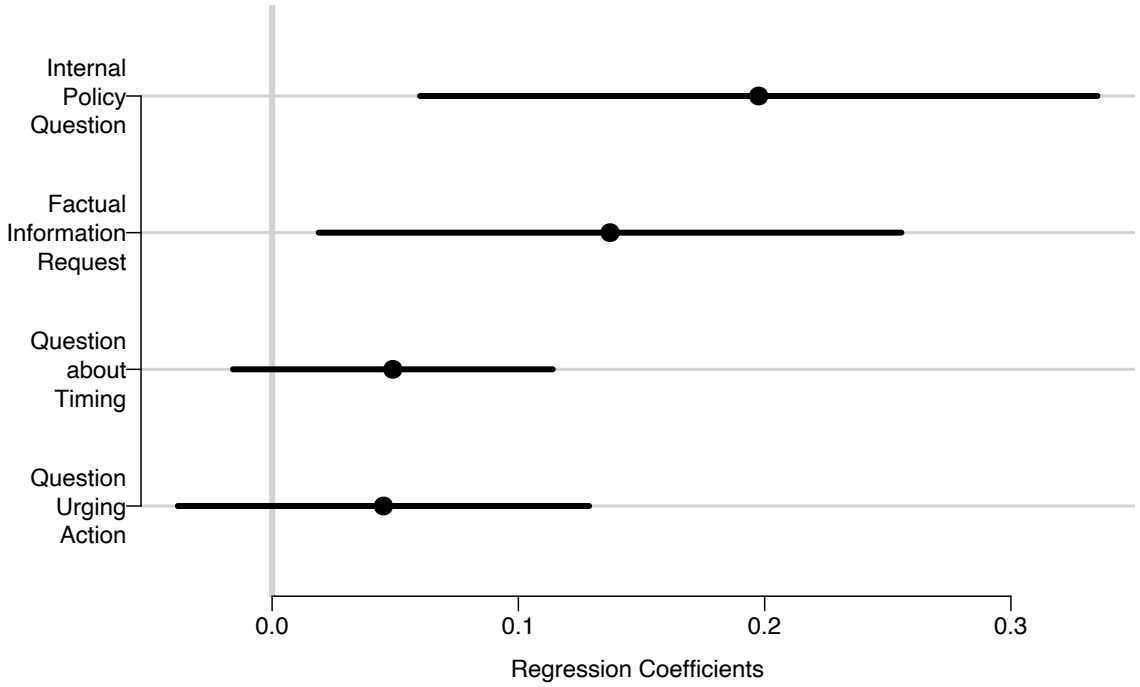


Figure 5: Effect of Private Sector Employment on Content of Parliamentary Questions to Transport and Health Ministry by Conservative MPs. Point estimates and 95 percent confidence intervals.

What Are Moonlighting MPs Asking About?

Finally, what types of questions do Conservative MPs ask when they hold a private sector position? I hand-coded all 16,794 questions directed by Conservative MPs to the two ministries that saw the largest increases in Figure 4 (6,031 questions to the Department of Transportation and 10,763 to the Department of Health). For each question, I recorded whether an MP requested internal policy information (e.g. about the state of a project, current planning, or the result of a ministerial assessment), factual information (e.g. official statistics), timing information (e.g. when a project is expected to start), or whether the MP urged the minister to take a particular action. Questions can fit into multiple categories.[29] I then estimate models like in Equation (1) with a dependent variable that is the logged number of requests for a certain type of information from both ministries.[30]

Figure 5 shows the effect of private sector employment on the kinds of questions Conservative MPs ask, estimated from separate regressions. When MPs hold an outside job, the largest increase in questions is for those asking for internal information on departmental policies and projects. The

[29]See Online Appendix C.6 for descriptive statistics.
[30]For results estimated separately by ministry, see Online Appendix D.5.

coefficient for questions about factual information is also positive and significantly different from zero. There are no significant increases in the number of requests for details on timing or urging action.[31]

Discussion

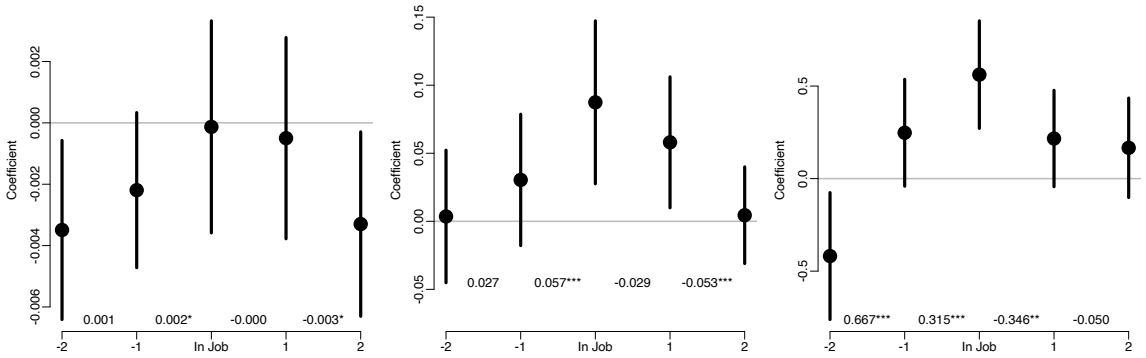
Taken together, the pattern demonstrated in this section does not suggest that the increase in the number of written questions is driven by MPs developing a greater interest in a certain topic when they hold a private sector job. If that were the case, we would have expected to see that the increase in questions is more evenly distributed across job titles and industries, and we would not expect a correlation between a ministry's procurement spending and the increase in the number of questions. Instead, I demonstrated a concentrated pattern where MPs who have leading company roles and who work in industries in which information on government policy is more important ask more questions; they ask about details of policies such as plans for (and the state of) departmental projects; and they do so for ministries that have higher procurement spending.

To be clear, this by no means shows corruption whereby MPs knowingly use parliamentary questions to get information of specific relevance to the companies they work for, or that companies are implicitly paying them to ask such questions. However, there is a clear pattern in which moonlighting MPs in corporate leadership positions and in industries in which information is crucial direct more questions about internal policies at departments that have a greater intersection with the private sector. At the very least, MPs with those jobs are unconsciously influenced by their moonlighting employment and let it have an effect on their parliamentary questions.

Timing of Changes to Parliamentary Behavior

Taking up or leaving a private sector position is not an exogenous event. As a consequence, there is the danger that the change in behavior demonstrated above may not follow MPs' jobs in the private sector, but that it precedes (and indeed causes) their employment. In this final section, I therefore study the temporal dynamics of the changes in MPs' parliamentary behavior using the more flexible event study specification from in Equation (2).

[31] These patterns can also be found for the behavior of MPs who work as directors or in finance, see Online Appendix D.6.



(a) Vote Rebellion **(b)** Vote Participation, Highest Distance Tercile **(c)** Parliamentary Questions

Figure 6: Temporal Dynamics of Private Sector Employment and Parliamentary Behavior among Conservative MPs. Point estimates and 95 percent confidence intervals. All regressions include MP and year fixed effects and a set of controls. Standard errors clustered at the MP level. The numbers provide the differences between two adjacent coefficients (*p<0.1; **p<0.05; ***p<0.01).

Figure 6 shows the results for the three dependent variables, focusing on Conservative MPs only. Panel (a) demonstrates that there is a significant increase in rebellions from one year before taking an outside job to when holding one, but there is no pre-employment increase. When MPs leave their private sector position, their rebellion rate stays at higher levels for a year or so, after which it drops back down. Thus, the change in voting behavior happens around the time they start a job, and lingers for a while after they leave.

Panel (b) examines the temporal dynamics of vote participation. I focus on MPs in the highest-distance tercile only, as they drive the overall impact of moonlighting. Again, there is a clear and significant increase only from one year prior up to when holding a second job. After those MPs leave their employment, their vote attendance decreases over the next two years. Again, the change in behavior happens around the time the moonlighting job starts, and dissipates over a longer period after leaving.

Finally, Panel (c) shows that for parliamentary questions, there *is* a pre-employment trend: MPs increase the number of questions they ask from two to one years prior to holding a job, and again from one year prior to when holding a job. When MPs leave their private sector position, the number of questions they ask drops significantly right away. Thus, the change in the number of parliamentary questions that MPs ask starts *before* they begin moonlighting.

On a technical level, this suggests that the parallel-trends assumption, which is fundamental to the main difference-in-differences models, is violated. However, the difference in coefficients from two years prior to when holding a private job in Figure 6(c) is 0.980, compared to a coefficient of 0.455 in Table 1.[32] The two-way fixed effects specifications therefore *underestimate* the magnitude of the change. In addition, in Online Appendix E.4 I show that all results in the previous sections hold when using the event study specification.

What do these lead effects mean substantively? Why do MPs submit more questions *prior* to taking up employment in the private sector? As a first step, the top row in Figure 7 shows the timing of the changes in the different types of questions, focusing on the subset that I hand-coded. Much of the pre-employment increase is driven by MPs requesting more factual information and urging a minister to take a certain action. Asking for internal information also contributes to the lead effect, but that type of question demonstrates another increase when MPs take a job. This is not true for the other types of questions.

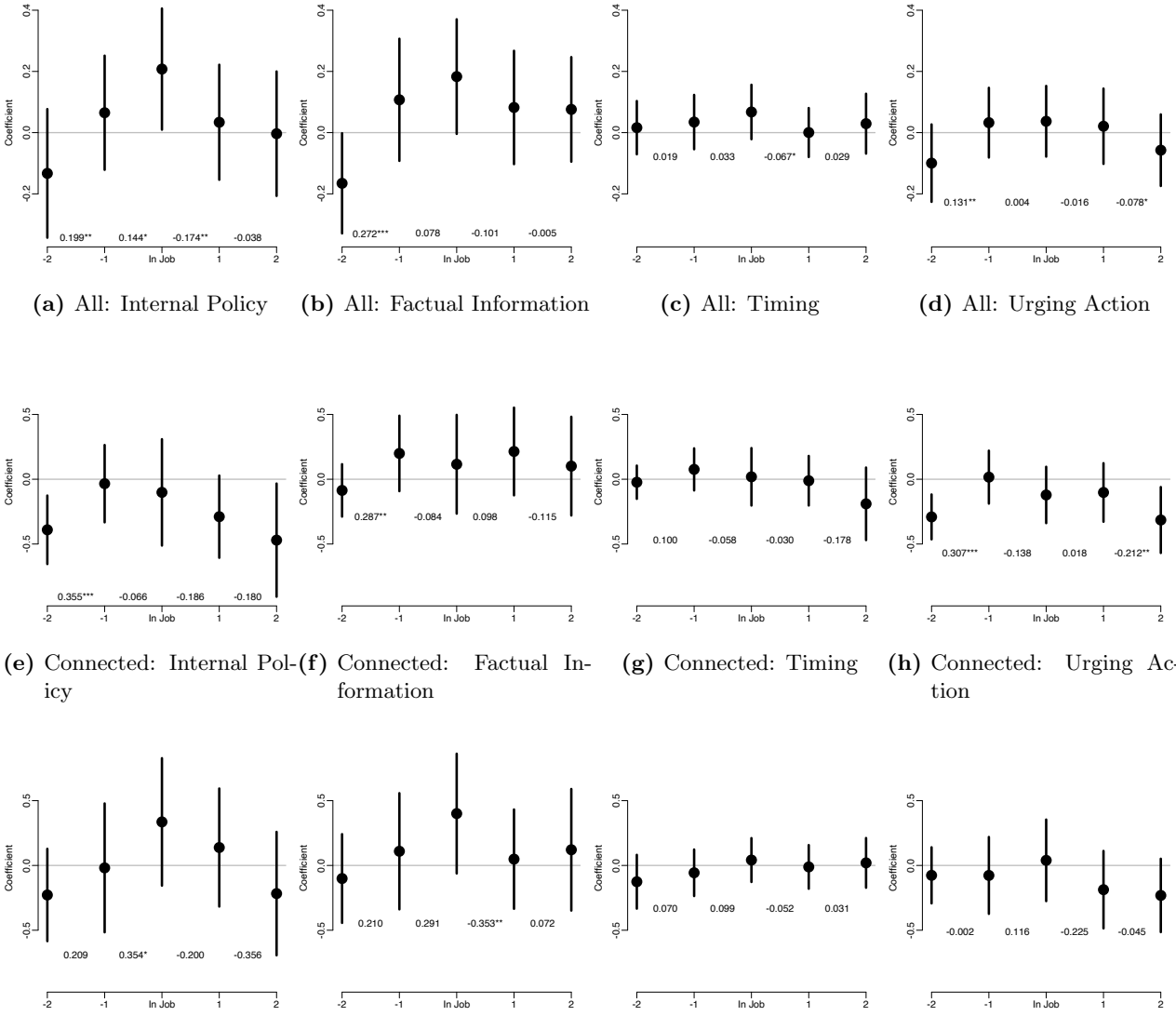
However, some MPs have pre-existing ties with their future employers. For example, MP Edward Leigh became a non-executive director of Europe Arab Bank in April 2012. In his register of interests, he discloses that in late 2011, the bank paid for a three-day visit to Amman, Jordan, "[t]o discuss possible work opportunities."[33] Some MPs also have previous employment spells in the same corporation, worked for other companies in the same conglomerate, or have long-running friendships with the firm owner. By contrast, others only come into contact with their future employer shortly before starting to work for them.

To investigate whether the temporal patterns differ for MPs who do and do not have such prior connections, I examined the 156 regular employment spells by Conservative MPs that started after 2010, began at least one year into their parliamentary career, and were not in the legal field.[34] For each spell, I searched for previous links between the MP and the company in publicly available sources. I found a documented prior connection going back at least one calendar year before the

[32]The difference is similar, although slightly less pronounced, when using models that include three periods before and after holding a job (see Online Appendix E.5).

[33]https://www.theyworkforyou.com/regmem/?p=10352.

[34]I only look at spells that began in 2011 or later since my data does not contain information on parliamentary behavior prior to 2010. I exclude employment spells in the legal field since MPs who are lawyers are typically hired to represent a client on a short-term basis in a specific case.



(a) All: Internal Policy **(b)** All: Factual Information **(c)** All: Timing **(d)** All: Urging Action

(e) Connected: Internal Policy **(f)** Connected: Factual Information **(g)** Connected: Timing **(h)** Connected: Urging Action

(i) Not Connected: Internal Policy **(j)** Not Connected: Factual Information **(k)** Not Connected: Timing **(l)** Not Connected: Urging Action

Figure 7: Temporal Dynamics of Private Sector Employment on Types of Questions to Transport and Health Departments Asked by Conservative MPs. Point estimates and 95 percent confidence intervals. All regressions include MP and year fixed effects and a set of controls. Standard errors clustered at the MP level. The numbers provide the differences between two adjacent coefficients (*p<0.1; **p<0.05; ***p<0.01).

employment start date for 43 percent of the spells. This share is even higher for MPs who are company directors (54 percent) and those who work in the financial sector (55 percent).

The middle row in Figure 7 shows the temporal dynamics for MPs with a documented prior connection to their employer, and the bottom row for those without one. The figure demonstrates that the lead effects for questions about internal policy, factual information, and urging action

are *all* driven by MPs *with* prior connections. For those MPs, there are no significant additional increases once they actually hold a job. By contrast, there is no significant increase from two years to one year prior to taking a job for MPs *without* a documented prior connection. Instead, there is a significant increase in the number of questions they ask about internal policies from one year prior to when they hold the job. There are also increases in factual information requests and urgings to take action when holding a private sector position, but they fall short of statistical significance.

In other words, there is a division in the temporal dynamics of the increase in parliamentary questions between MPs with and without prior connections to their employers. The lead effects are driven by the former, indicating that they seek or anticipate their future employment. By contrast, the increases at the time of taking a job are driven by MPs without prior connections, who change their behavior significantly only after they start the new job. Taken together, this again suggests that the increase in parliamentary questions is indeed a consequence of MPs' private sector jobs.

Conclusion

The influence of corporate money on politicians' actions in office is a hotly debated topic, but most of the focus has been on the effect of campaign contributions. However, a more direct way to gain access to politicians – and to potentially influence their decisions – has been hiding in plain sight: In the vast majority of democracies, corporations can simply have legislators on their payroll. Yet few studies have investigated the practice of moonlighting, so we know little about the consequences of legislators' private sector employment. In this article, I have taken an important step towards understanding the impact of MPs who accept private sector employment. Using the most comprehensive and detailed data assembled to date and a research design that controls for many potential confounders, I have shown that MPs significantly change their parliamentary behavior in a number of ways when holding a second job. This raises important questions about whether the practice of moonlighting is compatible with the ideal of democratic representation.

However, this article is only a beginning. There are at least four promising areas for further research. First, similar studies should be conducted in other countries. There are good reasons to expect that the effects found for the United Kingdom are lower bounds. For instance, its regulation and disclosure requirements for moonlighting employment are comparatively strict, the

share of MPs who engage in it is lower than elsewhere, and party discipline is high. Studying different settings will also make it possible to examine questions that cannot be answered using the UK data, such as why moonlighting only affects the parliamentary behavior of Conservative MPs.

Second, future studies should examine other dependent variables, especially regarding policy influence. The small effects on roll-call votes found here are consistent with analyses of the impact of campaign contributions in the US context. However, studies looking at more specific dependent variables, such as those capturing industry-specific regulation, do at least sometimes show an impact on the latter. It is therefore possible that private sector employment has a larger effect on policy, but that it does so in more subtle ways.

Third, we need to think more carefully about the effect of moonlighting on political effort. It is clear that when MPs start working in the private sector, they have to cut down on some other activity. The results in this article suggest that this activity is not necessarily legislative effort. The question then is: What are moonlighters cutting down on, and what are the consequences?

Finally, we should also subject the arguments about why moonlighting is normatively good for the quality of democracy to empirical scrutiny. Do we see a more diverse set of people in office when they are allowed to have a second job? Do these jobs give MPs greater subject matter expertise that translates into higher-quality legislative work?

Ultimately, we want to know more about the range of consequences of permitting legislators to work in the private sector while holding office. Is this mostly a way for moneyed special interests to obtain political access and influence policy? Or are such concerns overblown and moonlighting is instead a positive force for the functioning of democracies? The answers to these questions will provide us with better information for a normative assessment of the practice, and they can provide guidance on how to limit its negative effects on democratic representation.

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