

# Politicians' Private Sector Jobs and Parliamentary Behavior

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**Abstract:** *About 80% of democracies allow legislators to be employed in the private sector while they hold office. However, we know little about the consequences of this practice. In this article, I use newly assembled panel data of all members of the United Kingdom House of Commons and 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%. For the latter, I demonstrate a targeted pattern suggesting that the increase relates to their employment. The article thus shows that one of the most common, and yet least studied, forms of money in politics affects politicians' parliamentary behavior.*

**Verification Materials:** The data and materials required to verify the computational reproducibility of the results, procedures, and analyses in this article are available on the American Journal of Political Science Dataverse within the Harvard Dataverse Network, at: <https://doi.org/10.7910/DVN/RKMKXU>.

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 member of parliament (MP) in the United Kingdom, 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.<sup>1</sup> 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.

Although other forms of money in politics, such as campaign contributions, have been extensively studied (cf. Bombardini and Trebbi 2020; Dawood 2015), little research has examined the impact of moonlighting. This is in part because most studies of money in politics focus on the United States, which has a permissive campaign finance regime but bans concurrent private sector employment. However, the country is an outlier in this respect; whereas only 20% of democracies prohibit moonlighting, about 35% ban corporate campaign donations, and many more impose restrictions (for details, see Supporting Information A, p. 1). Thus, in comparative perspective, moonlighting is more common. In addition, where it is allowed, 30–50% or more of MPs take advantage of the opportunity (Geys and Mause 2013; Hurka, Daniel, and Obholzer 2018; Weschle 2021). This makes it important to study the consequences of legislators' private sector employment.

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<sup>1</sup>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>.

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In this article, I explore whether MPs change their *parliamentary behavior* when they moonlight. I have assembled the most comprehensive and detailed data on politicians' outside income to date, which covers all private sector earnings of all members of the UK House of Commons between 2010 and 2016. I match this with information on MPs' parliamentary behavior that captures both *content* and *effort*. In particular, I use their attendance and voting records in more than 1,700 floor votes and collect data on over 270,000 written parliamentary questions. I also hand-code the content of a subset of almost 17,000 inquiries. The panel data allows 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 or ideology.

I find that MPs of the governing center-right Conservative Party, who earn more than 75% of all outside income, significantly change both the content of their parliamentary behavior as well as their effort when they moonlight. First, while they are only slightly more likely to vote against the party line in roll-call votes when holding a job, they ask about 60% more written parliamentary questions. These queries constitute a primary way in which legislators can request information from government ministries, which are obliged to respond. I demonstrate that the increase in the number of questions is highest among MPs who work in leading company positions as well as in industries in which information is of greater importance; that the increase is more pronounced for ministries that are larger and oversee more procurement spending; and that moonlighting MPs ask more questions that seek to elicit department-internal policy information. This targeted pattern suggests that the additional questions that Conservative MPs ask are related to their private sector employment.

Second, when they hold a private sector job, Conservative MPs become *more* likely to participate in parliamentary votes. I demonstrate that this counterintuitive increase in effort can be explained by MPs from constituencies far away from London spending more time in the capital, where their employers tend to be located. Moonlighting does not change the behavior of MPs from the opposition center-left Labour Party. The results are robust to a variety of difference-in-differences estimation strategies.

Finally, I use event study specifications to examine the temporal dynamics of the changes to Conservative MPs' parliamentary behavior. Vote rebellions and participation only change significantly when MPs take up a job. For parliamentary questions, there is a significant in-

crease from two years to one year prior to taking a job, and another rise from one year prior to when holding employment. I show that the pre-trend is driven by MPs in a few positions and industries that are characterized by high rates of preexisting ties between legislators and future employers. This suggests that there are some anticipation effects, but that the increase in questions is still due to the moonlighting positions. For all three outcomes, there are clear decreases once MPs leave the private sector.

This article advances three strands of research. The first is the literature on MPs' moonlighting employment. Prior research focuses on how widespread the practice is and who engages in it, as well as its impact on political effort (cf. Geys and Mause 2013). This article provides the most extensive study to date of how the *content* of MPs' parliamentary activity changes when they moonlight. In particular, 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. 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 on public duties, but the existing evidence, largely based on cross-sectional studies, is inconclusive. Theoretically, I contribute by introducing potential countervailing effects. Empirically, my examination of within-MP variation reveals that having a private sector job can actually increase MPs' parliamentary effort.

Second, the article contributes to the broader literatures on political connections, money in politics, and business and politics. There is a long-running debate on whether special interest money, most prominently in the form of campaign donations, influences policy; the evidence so far has been mixed (cf. Ansolabehere, de 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 way in which money can affect politics that has largely been overlooked so far.

Finally, the study adds to research on the connection between legislators' professional activities and their decisions in office. Previous studies demonstrate that politicians' jobs before taking office, as well as the jobs they take up after leaving, affect how they vote and what topics they focus on (e.g., Adolph 2013; Carnes 2013; Egerod 2019; Shepherd and You 2020; Szakonyi 2020). I contribute to this line of inquiry by showing that current private sector employment also has an impact on parliamentary behavior.

## Private Sector Jobs and Parliamentary Behavior

Moonlighting is controversial. In a representative survey in the United Kingdom, 60% of respondents agreed that second jobs risked conflicts of interest and corruption, and 54% supported a ban.<sup>2</sup> However, we know little about the consequences of moonlighting, so it is unclear how such a ban would affect MPs' behavior in office. In fact, there is relatively little systematic evidence on moonlighting in general. Prior research shows that second jobs, where allowed, are widespread (Gagliarducci, Nannicini, and Naticchioni 2010; Geys and Mause 2013; Hurka, Daniel, and Obholzer 2018; Merlo et al. 2009). The practice is more common among MPs who are male, are in conservative parties, have business or white-collar backgrounds, are electorally more secure, and plan to leave politics soon (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 moonlighting is driven by political positions only for ex-ministers (Weschle 2021) and that it generates positive returns for private sector companies (Cingano and Pinotti 2013; Faccio 2006). 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.

### Content

A chief 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. This is the outcome most commonly examined in studies of other forms of money in politics. In particular, it is the main focus of the large literature on the effect of campaign contributions, primarily in the context of the United States. Despite the permissive campaign finance legislation there, the evidence is mixed (see, e.g., Ansolabehere, de Figueiredo, and Snyder 2003; Fourinaies and Fowler 2022; Fowler, Garro, and Spenkuch 2020; McKay 2018; Mian, Sufi, and Trebbi 2013).

On the one hand, the same arguments for why campaign contributions might affect MPs' votes also likely apply to moonlighting. In fact, there are good reasons to expect that the effects are *more* pronounced when legis-

lators have second jobs. Politicians receive contributions from multiple donors with different policy preferences, and while a campaign donation increases one's chances of receiving access to a politician, it does not guarantee it (Kalla and Broockman 2016). 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 to this special interest route, moonlighting may also affect the content of MPs' parliamentary behavior through a socialization route. 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; Szakonyi 2020) and that policymaking is affected by politicians and staffers anticipating *future* private sector employment (Egerod 2019; Shepherd and You 2020). These findings suggest that working in the private sector *while* holding office should also affect 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 defections costly since it could endanger an MP's long-term political career. Second, votes are among the most closely observed public actions that legislators engage in. 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, 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.<sup>3</sup> 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 implementation status of projects. Because parliamentary questions can be used to gather specific information, it is plausible that moonlighting affects how many of them an MP submits, whom they ask, and what they ask about. Again, this could happen through a special interest route where MPs are asked to establish certain facts or through a socialization route where they ask questions that come up naturally during their work. Either way, having specific information on

<sup>2</sup>See <https://yougov.co.uk/topics/politics/articles-reports/2015/02/25/voters-support-ban-second-jobs-mps>.

<sup>3</sup>Consistent with this, politically connected firms outperform non-connected competitors (Eggers and Hainmueller 2014; Faccio 2006).

ministerial thinking or the status of government projects can help MPs perform well in their private sector jobs, which by extension would be valuable to companies. Importantly, the factors that may discourage moonlighting MPs from changing their votes are less pronounced for parliamentary questions: They are not subject to party discipline, they are rarely scrutinized by the public, and a single MP can elicit relevant information (cf. Russo and Wiberg 2010).

MPs are thus subject to conflicting forces, so the theoretical expectation for the effect of moonlighting on the content of their parliamentary behavior is ambiguous and, ultimately, an empirical question. However, to the extent that moonlighting does have an effect, it should be stronger for written questions than for votes.

### Effort

Moonlighting may also affect the *effort* that legislators put into their political role. The most prevalent 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; although many analyses find a negative correlation between outside employment and parliamentary effort, there are also a significant number of null results, and several contributions even find that moonlighting is associated with *more* effort (see Arnold, Kauder, and Potrafke 2014; Fedele and Naticchioni 2015; Gagliarducci, Nannicini, and Naticchioni 2010; Hurka, Obholzer, and Daniel 2018; Staat and Kuehnhanß 2017).

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, which 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 potentially countervailing factors that have not been considered so far. For example, MPs typically split their time between the capital and their constituency. This balance can be affected by moonlighting employment. If MPs' employers are located in the capital, which they often are, they would spend more time there, which may make it easier for them to be present in parliament. In addition, MPs may also engage in certain parliamentary activities to a greater extent when holding a job. For example, if they place more emphasis on seeking information as a result of their private sector job, they would put more effort into asking written parliamentary questions. Given these

countervailing factors, it is again an empirical question which of them prevails.

## Empirical Context and Data

I test the impact of second jobs on MPs' parliamentary activities in the UK House of Commons between 2010 and 2016. This setting is especially suitable due to the detailed data available on MPs' outside earnings. All legislators are required to report their private sector jobs to the Parliamentary Commissioner for Standards within 28 days, and entries are made publicly available in the *Register of Members' Financial Interests*.<sup>4</sup> Since the 2009–10 parliamentary session, MPs have to report the dates of their employment, describe their position, list all payments, and provide the name and address of the payer.<sup>5</sup>

The House of Commons has 650 members, and the two major parties are the center-right Conservative Party and the center-left Labour Party. MPs from these two parties held more than 85% of seats every year during the observation period. Labour was in government until mid-2010, when it was replaced by a Conservative-led coalition. After the 2015 election, the Conservatives were able to form a government on their own, remaining in power until the end of the observation period and beyond.

### Data on MPs' Private Sector Earnings

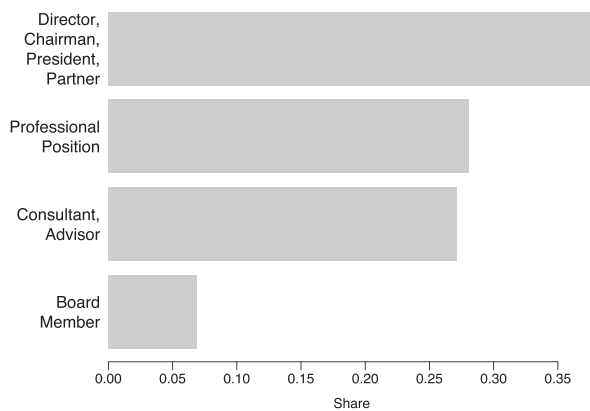
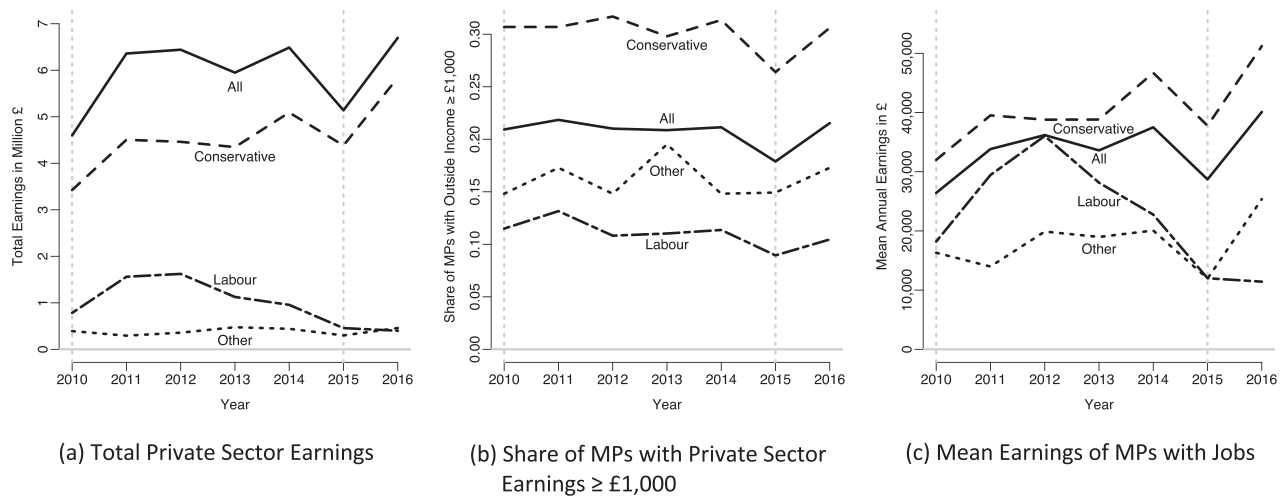
I use the register to assemble comprehensive hand-coded data on the annual private sector earnings of 845 MPs between 2010 and 2016.<sup>6</sup> I record all payments earned for work done while in office in the categories "remunerated directorships" and "remunerated employment, office, profession, etc." Incomes are adjusted for inflation and given in constant 2015 British pounds. 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. In Supporting Information C.2 (p. 4),

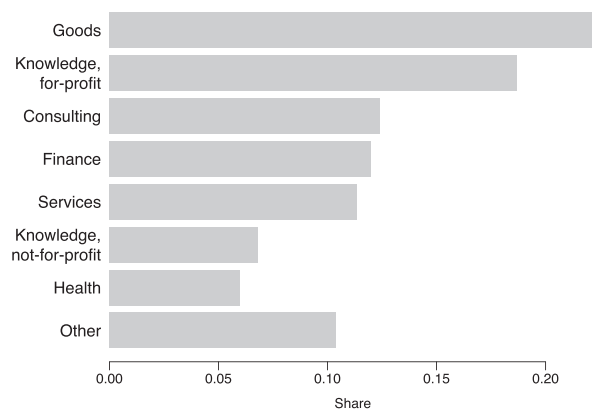
<sup>4</sup>See <https://www.parliament.uk/mps-lords-and-offices/standards-and-financial-interests/parliamentary-commissioner-for-standards/registers-of-interests/register-of-members-financial-interests/>.

<sup>5</sup>Prior to that, beginning in 1997, significantly less detailed information had to be submitted. For additional details on regulation and disclosure, see Supporting Information B (p. 1).

<sup>6</sup>I exclude MPs who left office after the 2010 election since they do not exhibit over-time variation.

**FIGURE 1 Private Sector Earnings of Members of the House of Commons, 2010–2016**

(d) Employment: Share of Job Titles (MP-Years)



(e) Employment: Share in Different Industries (MP-Years)

Notes: Vertical lines in (a) to (c): election years.

I show that almost 80% 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% 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, Labour has historically been more closely associated with trade unions rather than business (Eggers and Hainmueller 2009; Fourinaies 2021). Consistent with this, the difference between the parties was already pronounced in 2010, when Labour was in gov-

ernment for the first few months. In addition, studies of other countries also find that center-right politicians are more likely to have outside employment (Geys and Mause 2013).

Panel (b) plots the share of MPs who report annual earnings of at least £1,000, which was around 20%.<sup>7</sup> The share is larger for MPs in the Conservative Party, at around 30%. Panel (c) displays the average annual earnings of MPs who declare nonzero private sector income. The mean outside salary in this group increased from less than £30,000 in 2010 to around £40,000 in 2016. For Conservative MPs with second jobs, the average rose from around £32,000 in 2010 to £51,000 in 2016. For

<sup>7</sup> Around 30% of MPs reported any earnings.

comparison, the basic parliamentary salary in 2015 was £74,000.

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. Finally, Panel (e) shows the industries of MPs' employers, aggregated into broad categories (see Supporting Information C.4, p. 4). The goods industry (e.g., manufacturing, agriculture) employs the most MPs. This is followed by the for-profit "knowledge" industry, which mainly consists of law firms, as well as the consulting, finance, and service industries.

### Data on MPs' Parliamentary Behavior

To examine how MPs' behavior changes when they hold a private sector job, I focus on their floor 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 substantive *parliamentary votes* ("divisions") taken between 2010 and 2016.<sup>8</sup> To capture the effect of moonlighting on MPs' policies, I look at the share of rebellious votes (i.e., those that went against the party line) cast by each MP every year. MPs on average rebel only 0.8% of the time (Conservative: 1.0%, Labour: 0.4%). I also examine MPs' vote attendance, which assesses how moonlighting affects their parliamentary effort. MPs are present for about 74% of votes on average (Conservative: 80%, Labour: 69%).

Second, I analyze how moonlighting affects how many *written parliamentary questions* MPs ask. MPs can direct an unlimited number of queries 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 ministry responded in writing that there had been several meetings with the manufacturer, and that negotiations on the price of the vaccine were ongoing.<sup>9</sup> The

<sup>8</sup>I exclude procedural votes.

<sup>9</sup>See <https://qnadailyreport.blob.core.windows.net/qnadailyreport/xml/Written-Questions-Answers-Statements-Daily-Report-Commons-2015-03-23.pdf> (p. 72).

median MP asked 24 questions per year (12 for Conservatives, 44 for Labour). This adds up to between 29,209 and 48,285 questions per year, or 272,497 questions for the entire observation period. Because its distribution is highly skewed, I log the variable.<sup>10</sup>

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 (e.g., Martin and Whitaker 2019). 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 insider 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 MPs were found to have tabled queries on behalf of a wealthy businessman for £2,000 each.<sup>11</sup> In 2013, a Conservative MP was hired by a team of undercover journalists posing as representatives of a company lobbying on behalf of Fijian business interests. The MP subsequently tabled five written parliamentary questions relating to Fiji.<sup>12</sup> This is not to suggest that any effects found in this article are due to corrupt quid pro quo exchanges. Instead, the point is that these scandals highlight that parliamentary questions are an important way in 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 with business-friendly views could have skills that are in greater demand in the private sector. 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.<sup>13</sup> The idea is to compare the change in 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.

<sup>10</sup>I add one before taking the log.

<sup>11</sup>See <https://www.theguardian.com/politics/1994/oct/20/conservatives.uk>.

<sup>12</sup>See <https://www.bbc.com/news/uk-politics-22727903>.

<sup>13</sup>For a discussion of cross-sectional results, see Supporting Information D.1 (p. 10).

Typically, this is done using a two-way fixed effects specification:

$$y_{i,t} = \beta \mathbb{I}_{\{\text{Earnings}_{i,t} \geq 1,000\}} + \lambda X_{i,t} + \gamma_i + \delta_t + \varepsilon_{i,t}. \quad (1)$$

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  $t$ .<sup>14</sup> MP fixed effects are given by  $\gamma_i$ . They soak up any time-invariant differences between MPs. This includes demographic characteristics such as gender, party, and education as well as unmeasured differences such as skills, independent wealth, or ideology. Year fixed effects are denoted by  $\delta_t$ . They capture time-specific effects that affect all legislators, such as elections or common shocks. Finally,  $X_{i,t}$  is a set of time-variant confounders: two dummy variables indicating whether an MP entered or left parliament in that year, and a series of dummies that capture whether an MP holds certain positions in parliament or his or her party.<sup>15</sup> A number of recent contributions point out potential problems with using the two-way fixed effects estimator when there are more than two time periods and units switch in and out of treatment at different points. In Supporting Information E.6–E.8 (pp. 25–28), I show that the results are robust to using alternative approaches proposed by Imai and Kim (2021), Callaway and Sant’Anna (2021), and Sun and Abraham (2021).

The key identifying assumption in Equation (1) is that of parallel trends: that the parliamentary behavior of moonlighting MPs, had they not taken a job, would have followed the same trajectory as that of legislators who are not in the private sector. Because MPs self-select into and out of moonlighting employment, it is important to check the plausibility of this assumption. In particular, we need to examine whether the parliamentary behavior of moonlighting MPs changes prior to employment start. I therefore also estimate the following variation of an event study specification:

$$y_{i,t} = \sum_{k=1}^2 \alpha_k \mathbb{I}_{\{\text{Job Entry in } t+k\}} + \beta \mathbb{I}_{\{\text{Earnings}_{i,t} \geq 1,000\}}$$

<sup>14</sup>Results are robust to using different cutoffs, including an indicator for any earnings (see Supporting Information E.1, p. 18).

<sup>15</sup>They are minister, minister of state, parliamentary secretary, frontbench team, shadow cabinet, committee chair, and committee member. Because these roles depend on whether an MP’s party is in government or opposition, specifications that focus on Conservative MPs omit the shadow cabinet indicator, and those focusing on Labour MPs omit the minister, minister of state, and parliamentary secretary indicators. For descriptive statistics, see Supporting Information C.1 (p. 3).

$$+ \sum_{k=1}^2 \tau_k \mathbb{I}_{\{\text{Job Exit at } t-k\}} + \lambda X_{i,t} + \gamma_i + \delta_t + \varepsilon_{i,t}. \quad (2)$$

This equation continues to estimate one overall effect for currently holding a private sector job, but in addition includes two indicators that estimate MPs’ behavior in the two years before starting private sector employment, as well as two indicators for the two years after leaving the private sector. This more flexible specification can capture the dynamics of changes in MPs’ parliamentary behavior both when entering and leaving their private sector jobs. It makes it possible to analyze the timing of any changes in parliamentary behavior and to probe the plausibility of the parallel trends assumption.

## 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). For each dependent variable, I estimate one model that pools MPs from all parties, one for Conservative MPs only, and one for Labour only.<sup>16</sup>

When MPs hold a private sector job, they are about 0.1 percentage points more likely to cast a floor vote in defiance of their party’s leadership. This effect is driven by Conservative MPs, who are about 0.2 percentage points more likely to rebel.<sup>17</sup> Given that on average there are about 250 divisions per year, this implies that among Conservatives, moonlighting affects only about 0.5 votes annually. In addition, the effect is only statistically significant at the 10% level. 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, if at all, when they hold a private sector job.

The second set of models shows that when legislators moonlight, they attend about 2.2 percentage points *more* votes. The effect is again driven by Conservative MPs,

<sup>16</sup>All results are robust to using different cutoffs for the main independent variable, including controls for whether MPs have held different parliamentary positions in the past, excluding MPs who never held a private sector job, and using alternative difference-in-differences estimators (see Supporting Information E, p. 18).

<sup>17</sup>Results are robust when using the share of rebellious votes out of all *attended* votes as the dependent variable (see Supporting Information E.3, p. 18).

**TABLE 1 Effect of Private Sector Employment on Parliamentary Behavior**

	Vote Rebellion (Share)			Vote Participation (Share)			log(Number Parliamentary Questions + 1)		
	All	Conservative	Labour	All	Conservative	Labour	All	Conservative	Labour
Earnings $\geq$ £1,000	0.001 <sup>†</sup> (0.001)	0.002 <sup>†</sup> (0.001)	0.001 (0.001)	0.022** (0.008)	0.028** (0.011)	0.008 (0.009)	0.375** (0.079)	0.455** (0.098)	0.015 (0.133)
Outcome mean	0.008	0.010	0.004	0.736	0.803	0.687	2.823	2.293	3.489
Observations	4,691	2,214	1,861	4,691	2,214	1,861	4,714	2,219	1,874

Notes: Regressions include MP and year fixed effects and controls (entered parliament, left parliament, minister, minister of state, parliamentary secretary, shadow cabinet, frontbench team, committee chair, and committee member). Standard errors are in parentheses, clustered at MP level.

<sup>†</sup> $p < 0.1$ , \* $p < 0.05$ , \*\* $p < 0.01$ .

who cast about 2.8 percentage points more votes. This amounts to seven divisions per year. There is no significant effect for Labour MPs.

Finally, the last set of models shows that when MPs have outside employment, they ask significantly *more* parliamentary questions, yet again driven by Conservative MPs. A member of that party who asks the median 12 questions per year is expected to ask about 19 questions when holding a second job—an increase of almost 60%. There is no significant change for Labour MPs.

Table 1 thus shows that Conservative MPs behave differently when they have a private sector job.<sup>18</sup> 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 Conservative 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 among moonlighting Conservative MPs related to their outside jobs? In the next two sections, I investigate these questions in detail. Note that there are several potential explanations for why effects are concentrated among Conservative MPs. For example, it could be because they are members of a center-right party, because their party is in government, or because they have more earnings to begin with. The data and research design used here cannot discern between these explanations.

<sup>18</sup>The effects are mainly driven by regular employment rather than press activities or speeches (see Supporting Information D.2, p. 10).

## Change in Vote Attendance: Explanation and Consequences

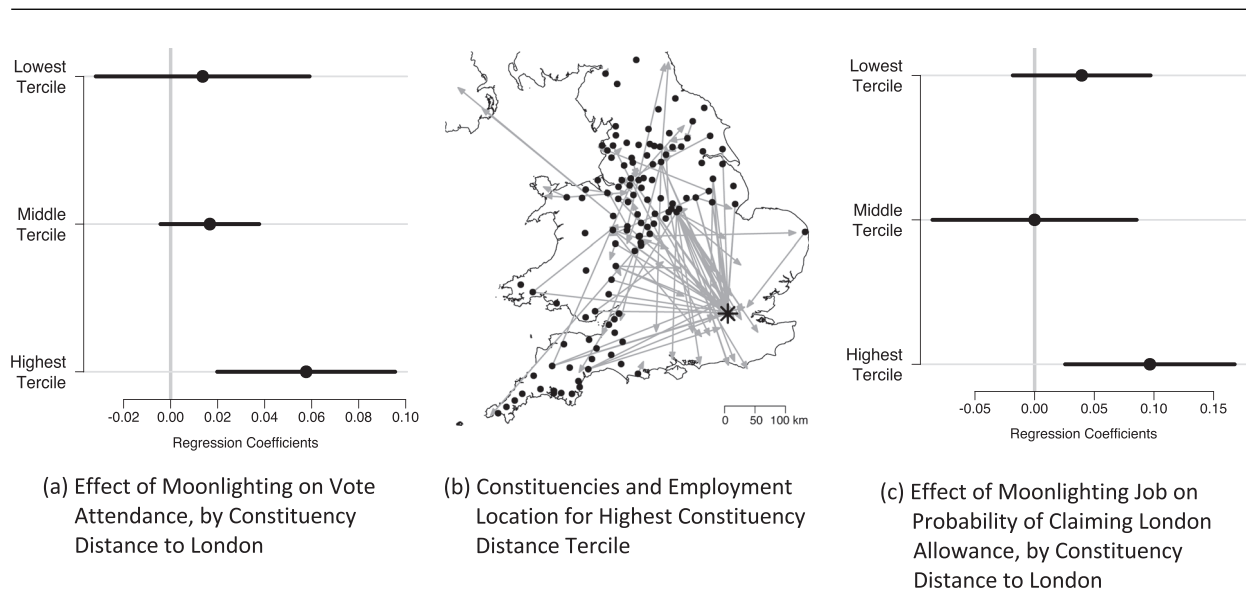
The finding that Conservative MPs are *more* likely to attend votes when holding a moonlighting job sharply contrasts with conventional wisdom, which posits a trade-off between effort exerted on public versus private positions. Studies that find support for this trade-off mostly use cross-sectional designs, whereas I focus on within-MP variation. And indeed, moonlighting Conservative MPs are overall less likely to cast votes (77.6% vs. 82.6%) but are, *within-MP*, more likely to attend when they have outside earnings.

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 from London. Their share of votes attended increases by 5.6 percentage points when they hold a private sector position. MPs whose constituencies are closer to the capital do not change their vote attendance when they moonlight.

The points in Panel (b) show the locations of the one-third of Conservative-held constituencies located farthest from London. The arrows point to the addresses of MPs' employers, the overwhelming majority of which are located in the capital. This suggests that the increase in vote participation is driven 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.



**FIGURE 2 Explaining the Positive Effect of Private Sector Jobs on Vote Participation, Conservative MPs**



*Notes:* Panels (a) and (c): difference-in-differences estimates (with 95 percent confidence intervals) of moonlighting job by constituency distance to London, estimated in separate regressions. Panel (b): constituencies (black points), employment location (gray arrows), and London (star).

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 residence. For Conservative MPs in the highest-distance tercile, the probability of claiming this 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 in parliament, other factors must be considered. At least in the United Kingdom, outside jobs ease the logistics of being present in parliament, which more than counteracts any time trade-off.

In Supporting Information D.3 (p. 11), I show that this increase in attendance has only a limited impact on policy. First, I demonstrate that moonlighting employment does not affect attendance for 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 MPs do not hold private sector jobs, showing that the average outcome margin would shift by two to four votes. This is a modest magnitude given typical vote margins in the House of

Commons, and it is unlikely to have had a decisive impact on whether motions passed. However, vote attendance is only one measure of effort. For example, these MPs might also have more informal discussions with colleagues or participate in more meetings. It is plausible that this impacts policy in more subtle and so far unmeasured ways.

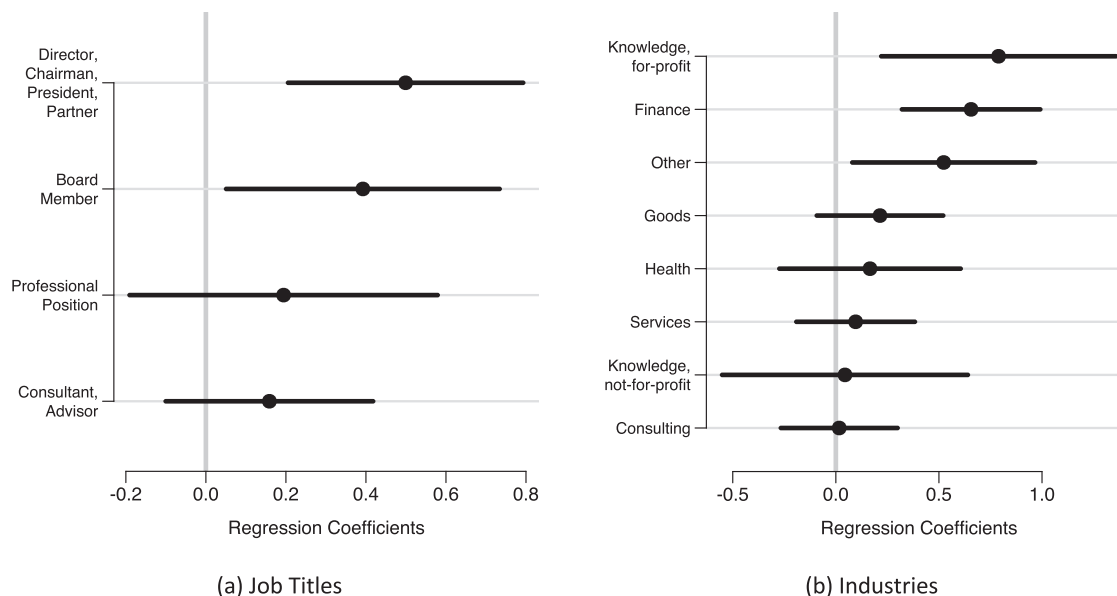
### **Change to Parliamentary Questions: A Targeted Pattern**

The most striking finding in Table 1 was the 60% increase in the number of written parliamentary questions that Conservative MPs ask when holding a private sector job. In this section, I examine heterogeneity in effect sizes by job title and industry, investigate to whom the additional questions are addressed, and analyze what kind of information moonlighting MPs try to elicit.

#### **Which Moonlighting MPs Ask More Questions?**

First, I analyze whether all MPs ask more questions when they moonlight or whether the effect is more pronounced for those with certain job characteristics. Panel (a) of

**FIGURE 3 Effect of Private Sector Employment on Written Parliamentary Questions by Job Title and Industry, Conservative MPs**



Notes: Difference-in-differences estimates (with 95 percent confidence intervals) of (a) job titles and (b) industries on number of written parliamentary questions ( $\log+1$ ).

Figure 3 breaks down the effects by Conservative MPs' *job titles* by replacing 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 when holding such a post. For board members, it is expected to increase to 17.8 questions. For consultants and those in professional positions, the effect is closer to zero and not statistically significant.

In Panel (b), I estimate separate effects of employment in different *industries*. Those in the for-profit "knowledge" sector (i.e., law, for-profit education companies, publishing) exhibit the largest increase, from 12 to 26.4 questions per year. For MPs working in the finance industry, the expected increase is to 23.1 questions, and to 21.1 for those in other industries. The effects for the remaining industries are also positive, but smaller in magnitude and not statistically significant.

The increase in questions is thus not uniform across MPs. First, it is driven by legislators in leading oversight positions—so those with the greatest stakes in the companies they work at. Second, the effect is most pronounced in two industries. The for-profit knowledge industry mostly consists of law firms that hire MPs to represent a client, and many employers in the finance

industry are smaller asset management and investment advice companies (see Supporting Information C.5, p. 5). Thus, it is fair to say that the effects are concentrated in industries in which knowledge and information are crucial.

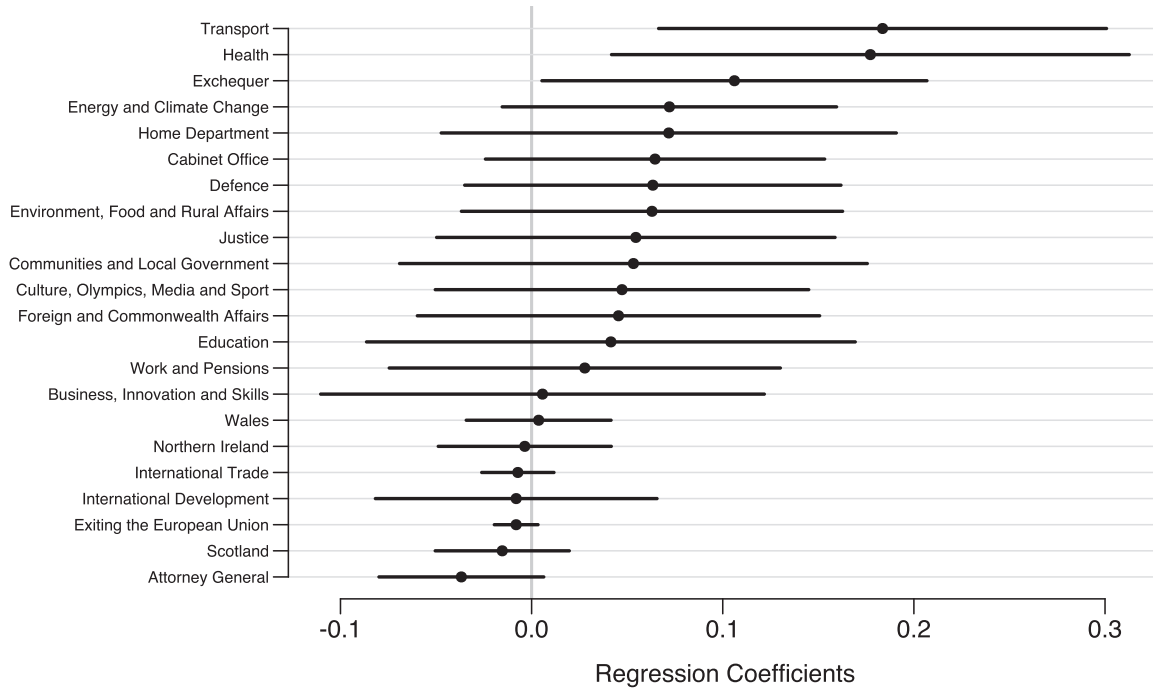
### To Whom Are Moonlighting MPs Asking More Questions?

When asking these additional questions, do moonlighting MPs target specific ministries, potentially those 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* by Conservative MPs as the dependent variable.<sup>19</sup> Figure 4 shows that 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.

To examine what accounts for these different effect sizes, Figure 5 shows the relationship between the estimates from Figure 4 and four ministry characteristics: number of employees, operating budget, procurement spending, and number of projects in the government's

<sup>19</sup>I add one before taking the log.

**FIGURE 4 Effect of Private Sector Employment on Written Parliamentary Questions by Ministry, Conservative MPs**



*Notes:* Difference-in-differences estimates (with 95 percent confidence intervals) of moonlighting job on number of written parliamentary questions (log+1) to different ministries, from separate regressions.

major projects portfolio.<sup>20</sup> The increase in the number of questions when holding a private sector job is positively correlated with all four of them.<sup>21</sup> However, the correlations are larger for the two indicators that measure departments' business relationships with the private sector (procurement and major projects, both around 0.7) than the two indicators measuring department size (employees and operating budget, both around 0.5). Of course, Figure 5 shows only simple correlations, so the usual caveats apply. Nevertheless, it strongly suggests that moonlighting MPs ask more questions to more important departments, and in particular to ministries that have greater financial ties with the private sector.<sup>22</sup>

### What Are Moonlighting MPs Asking About?

Finally, what types of questions do Conservative MPs ask when they hold a private sector position? To find out, I hand-coded all 16,794 questions directed by Con-

servative MPs to the Departments of Transportation and Health, the two ministries that saw the largest increases in Figure 4. 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.

I then estimate separate 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.<sup>23</sup> Figure 6 shows that when MPs hold an outside job, they first and foremost increase the number of questions asking for internal information on departmental policies and projects. The coefficient for questions about factual information is also positive and significantly different from zero. In contrast, there are no significant increases in the number of requests for details on timing or urging action.<sup>24</sup>

<sup>23</sup>I add one before taking the log. For results estimated separately by ministry, see Supporting Information D.5 (p. 16).

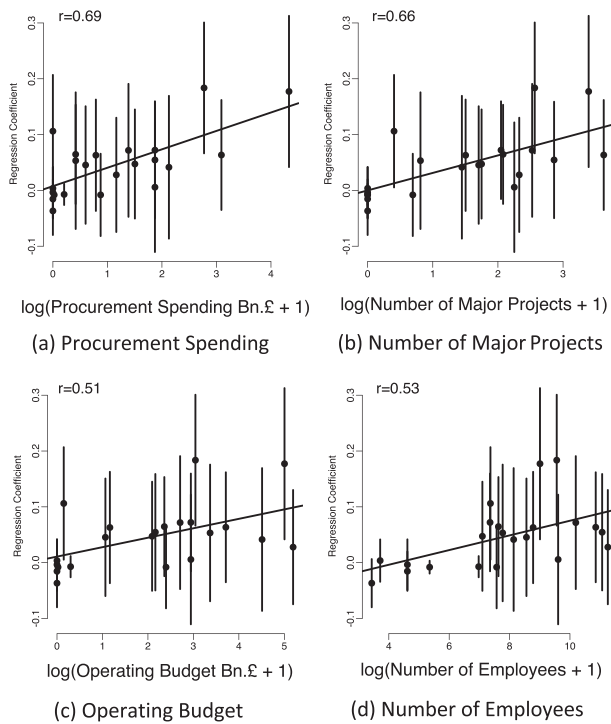
<sup>24</sup>These patterns can also be found for the behavior of MPs who work as directors or in the for-profit knowledge or finance industry (see Supporting Information D.6, p. 16).

<sup>20</sup>All variables are logged due to their skew.

<sup>21</sup>The indicators are also positively correlated with each other.

<sup>22</sup>The results are similar when focusing only on the number of questions asked by MPs working as directors or in the for-profit knowledge and finance sectors (see Supporting Information D.4, p. 13).

**FIGURE 5 Correlations between Ministry Characteristics and Effect Size from Figure 4**



Notes: Relation between ministry characteristic and effect sizes (with 95 percent confidence intervals) from Figure 4.

## Discussion

The results in this section can tell us something about how moonlighting jobs lead MPs to ask more parliamentary questions. One plausible, and relatively innocuous, 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 then ask more questions to draw attention to them. In fact, such a scenario might reflect MPs being better connected to the “real world,” one of the purported benefits of moonlighting.

However, the effects shown here do not seem consistent with such a story. If it were true, we would have expected that MPs who hold professional positions, and thus most directly experience the effects of government policy on private businesses, would ask more questions. However, this is not the case. Similarly, MPs in sectors such as goods, services, or health would be expected to ask more questions, but there is again no effect. And if greater general interest were the driver of the increase, we would not expect such a strong correlation between

the rise in the number of questions and a ministry’s intersection with the private sector; or that an increase is seen in questions about internal government policy, but not in requests for action. In other words, we would have expected that the effects would be relatively evenly distributed across the various categories, which they clearly are not.

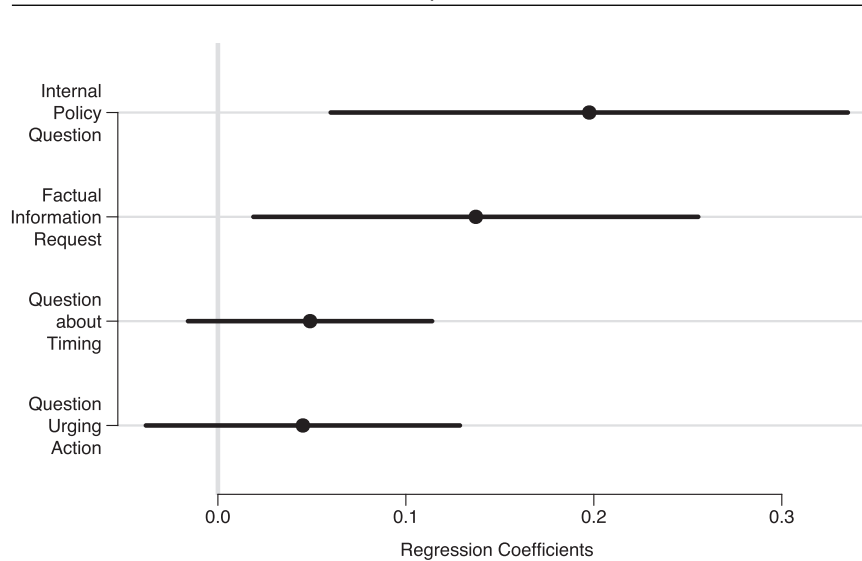
Instead, there is a pattern where MPs who have leading company roles and who work in industries in which information on government policy is more important ask more questions; they ask about details of policies such as plans for and the state of departmental projects; and they do so for ministries that are larger and have greater financial links to the private sector. This targeted pattern in terms of who asks, whom they ask, and what they ask about is more consistent with a scenario in which MPs in private sector positions where information is especially important, consciously or unconsciously, 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.

What might this look like in practice? Even though all parliamentary questions are public, it is difficult to establish a direct link between specific queries and MPs’ private sector jobs. Especially in the jobs where we see the largest increases (law and finance), we usually do not know what MPs work on when moonlighting or who their ultimate clients are. However, one potential example comes from a Conservative MP, who in early 2011 joined Odey Asset Management to provide “political advice to asset managers in relation to international and domestic affairs.” At the time, Odey held a significant stake in Circle Health, a company that later became the first private entity to run a hospital for the National Health Service (NHS).<sup>25</sup> Two months after starting the job, the MP submitted a question to the Secretary of State for Health, asking him “what plans he has for the future role of private healthcare providers in the NHS following implementation of his proposed structural reforms.” Thus, shortly after taking up a job in the finance industry, this MP asked for specific information about ministerial plans in a sector that their employer had a financial stake in.

To be clear, this does not show that this MP purposely used parliamentary questions to get information for the company they were working for. It is certainly plausible that they would have asked this question even if they had not held the job. However, the example is reflective of a more general pattern in which moonlighting

<sup>25</sup>See <https://www.theguardian.com/business/2011/nov/13/circle-health-social-enterprise-hedge-fund-manager>.

**FIGURE 6** Effect of Private Sector Employment on Content of Written Parliamentary Questions, Conservative MPs



*Notes:* Difference-in-differences estimates (with 95 percent confidence intervals) of moonlighting job on number of types of parliamentary questions (log+1) to Ministries of Transportation and Health, from separate regressions.

Conservative 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 influenced by their moonlighting employment and let it have an effect on their parliamentary questions, either consciously or unconsciously.

### Timing of Changes to Parliamentary Behavior

MPs self-select into private sector positions. This raises the possibility that the changes in parliamentary behavior documented above do not coincide with or follow their job appointments, but instead precede them. One scenario is that MPs might know that they will take up a private sector job with a certain company in the near future and thus change their parliamentary behavior in anticipation. Another possibility is that MPs change their parliamentary behavior and are then rewarded with lucrative employment, or that they even actively seek out a high-paying job by changing their behavior in office. Of course, such pre-employment changes would not alter our normative assessment of the consequences of moonlighting for the better, and in fact they might lead us to judge it to be *more* problematic than if there are no lead

effects. Nevertheless, it is important to study the temporal dynamics of the changes in MPs' parliamentary behavior using Equation (2).<sup>26</sup>

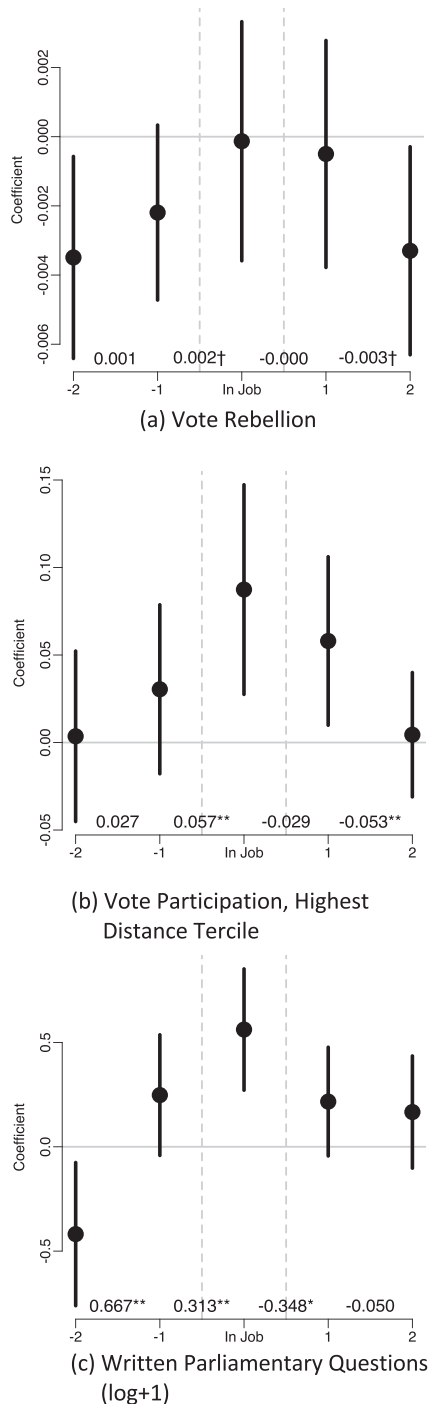
Figure 7 shows the results for the three dependent variables, focusing on Conservative MPs only. The coefficients marked “-2” and “-1” estimate the value of the dependent variable for MPs who are about to take up a private sector job two years and one year before they do so, relative to the control group. “In Job” is the effect of currently holding a job. Finally, “1” and “2” show the effects for MPs in the two years after leaving their private sector jobs.

Panel (a) demonstrates that there is a significant increase in rebellions from one year before taking an outside job to when holding one. The difference between two years and one year prior to holding a job is small and not statistically significant, so there is no pre-employment change in voting behavior. When MPs leave their private sector position, their rebellion rate stays at a higher level for a year, after which it drops back down.

Panel (b) examines the temporal dynamics of vote participation. I focus on Conservative MPs in the highest-distance tercile only, as they drive the overall effect. Again, there is a clear and significant increase from one year prior to when holding a job, but no significant

<sup>26</sup>Results are similar when using the dynamic approaches proposed by Callaway and Sant'Anna (2021) and Sun and Abraham (2021), see Supporting Information E.7–E.8, pp. 25–28.

**FIGURE 7 Temporal Dynamics of Private Sector Employment on Parliamentary Behavior, Conservative MPs**



Notes: Point estimates and 95 percent confidence intervals from Equation (2) model. “-2” and “-1”: years prior to entering a job; “In Job”: holding a job; “1” and “2”: years after leaving a job. Numbers provide differences between two adjacent coefficients († $p < 0.1$ ; \* $p < 0.05$ ; \*\* $p < 0.01$ ).

change prior to employment. After MPs leave their employment, their vote attendance decreases over the next two years.

Finally, Panel (c) shows that for parliamentary questions, there *is* a pre-employment trend: MPs increase the number of questions they ask from two years to one year 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.

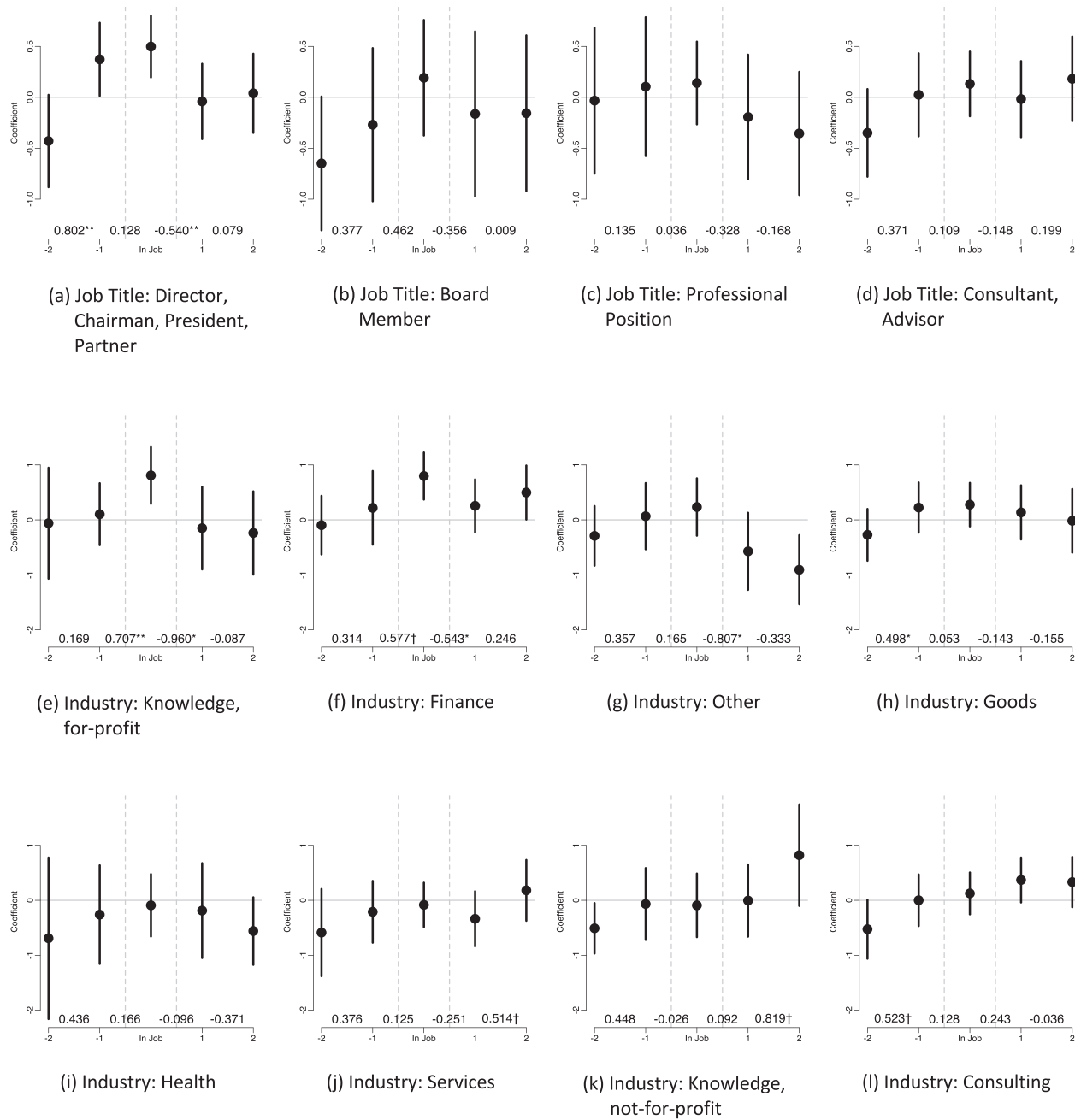
Thus, the change in the number of parliamentary questions that MPs ask starts *before* they begin moonlighting. How can we explain this? Figure 8 takes a first step toward answering this question by showing the temporal dynamics for different job titles and industries. The first row makes clear that the increase from two years to one year prior is most pronounced among future company directors. Lead effects are small or absent for the other job titles. The second and third rows show that significant increases prior to taking a job can only be observed for MPs working in the goods and consulting industries. In contrast, for the two industries in which having a job has the largest effect on parliamentary questions, for-profit knowledge and finance, there are no significant lead effects but clear increases when holding a job. Note that in most subgroups, there is a significant decline in questions in the year after MPs leave their private sector positions.

Thus, the pre-trend is driven by a subset of positions and industries. Do these MPs know they are about to take up a certain job and ask more questions in anticipation, do they receive employment offers as a reward for asking certain questions, or are they even trying to land a lucrative job this way? To find out, I examine the extent of prior connections between MPs and future employers for all 242 regular employment spells by Conservative MPs that started after 2010 and began at least one year into their parliamentary career.<sup>27</sup> For each spell, I searched for previous links in publicly available sources. Examples for such prior connections include MPs who had previous employment spells in the same corporation, worked for other companies in the same conglomerate, or have long-running friendships with the firm owner. I found a documented prior connection going back at least one calendar year before the employment start date for 36% of the spells.

However, there are large differences across jobs. Crucially, MPs who work as directors, the job title for which Figure 8 showed clear lead effects, are far and away the

<sup>27</sup>I only look at spells that began in 2011 or later since my data do not contain information on parliamentary behavior prior to 2010.

**FIGURE 8 Temporal Dynamics of Private Sector Employment on Written Parliamentary Questions by Job Title and Industry, Conservative MPs**



Notes: Point estimates and 95 percent confidence intervals from Equation (2) model. “-2” and “-1”: years prior to entering a job; “In Job”: holding a job; “1” and “2”: years after leaving a job. Separate regressions for job titles (first row) and industries (second and third row). Dependent variable: Number of written parliamentary questions (log+1). Numbers provide differences between two adjacent coefficients ( $† p < 0.1$ ;  $* p < 0.05$ ;  $** p < 0.01$ ).

most likely to have a documented link with their future employer before taking a job (55%). In addition, the two industries with significant pre-trends (goods and consulting) are characterized by a large share of MPs working as directors (47.7% and 40.5% of spells, respectively,

compared to 27.7% overall).<sup>28</sup> This suggests that the pre-trend in the number of parliamentary questions is likely

<sup>28</sup>These figures refer to employment spells, whereas Figure 1(d) refers to MP-years. For full results, see Supporting Information D.7 (p. 16).

driven by anticipation: Many MPs, especially company directors, have a prior connection to their future employer, so they may already know that they will take a job there soon, or they may already have an informal role that is only later formalized.

From a normative perspective, these pre-trends are unlikely to drastically alter our assessment of moonlighting, as the change in parliamentary questioning behavior is still driven by the private sector jobs. It does raise one additional problem: If voters know that an MP is employed in the private sector, they can scrutinize the MP's parliamentary behavior and see whether they believe it is influenced by the moonlighting job. If MPs change their behavior in anticipation of a job, voters have no way of making a connection until later. However, if we found significant pre-trends among groups of MPs without prior connections to their future employers, we would have to worry that MPs are rewarded for asking questions or that they audition for jobs by doing so, which would perhaps raise more pressing normative concerns about moonlighting.

On a technical level, the lead effects do indicate that the parallel trends assumption is violated. However, this does not invalidate the results in the previous sections. In fact, the effects of moonlighting jobs on the parliamentary behavior of Conservatives are likely *larger* than estimated there. The coefficient of holding a job on parliamentary questions for Conservatives was 0.455 using Equation (1), but it is 0.562 using Equation (2). This implies an increase from 12 to 21 questions per year, rather than 12 to 19. Similarly, in Supporting Information E.7 (p. 25), I reestimate the main models using the approach by Callaway and Sant'Anna (2021), allowing for a one-year anticipation period, and the estimated effects of moonlighting employment are again larger than in Table 1. Finally, in Supporting Information E.5 (p. 20), I show that all findings discussed above hold when using Equation (2) instead of Equation (1).

## Conclusion

The influence of corporate money on politicians' actions in office is a hotly debated topic. Most of the research 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 either directly or indirectly—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 its consequences. In this article, I used the most comprehensive and detailed data assembled to date and a research design that controls for many potential confounders to take an important step toward understanding how private sector employment affects MP behavior.

From a normative perspective, there are both reassuring and worrying results. On the one hand, it is not the case that private sector jobs affect roll-call votes in a sizable and decisive way. In addition, common concerns that moonlighting reduces MPs' legislative effort are likely overblown, and it may indeed do the opposite. And finally, many legislators do *not* change how many parliamentary questions they ask when holding a job (e.g., Labour MPs, Conservative MPs with professional positions). On the other hand, the increase in questions observed among Conservative MPs in many private sector jobs that follow a targeted pattern suggests that moonlighting can be detrimental to democratic governance. A more benign consequence of the increase is that it wastes taxpayer money when bureaucrats have to answer queries that do not address constituents' concerns or serve to hold the government accountable. A more serious potential consequence, however, is that it may provide companies with an advantage that entities who cannot afford to hire an MP do not have. More broadly, the increase in parliamentary questions raises the possibility that MPs change their behavior in other, as yet unobserved, ways when they hold a private sector job.

This makes it important to conduct further research on the topic. First, we need to examine other dependent variables, especially indicators of more hidden ways to acquire information or affect policy. For instance, MPs may use emails or phone calls to informally get information, they may change what they speak about on the floor of parliament, or they may act differently in committees.

Second, studies with similar research designs should be conducted in other contexts where moonlighting is allowed, for example, in Germany, France, Australia, or state legislatures in the United States. It is plausible that the effects are larger in other contexts, as the United Kingdom's regulation of moonlighting is comparatively strict, fewer MPs engage in it 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 MPs from some parties.

Third, it will be important to examine what consequences hiring a sitting MP, and the associated



behavioral changes, has for companies. Are they more likely to receive government tenders, and do they see positive financial returns to their hire?

Fourth, we need to further study the effect of moonlighting on political effort. I have shown here that working in the private sector does not need to come at the expense of legislative effort. However, it is clear that MPs have to cut down on something when they take up an outside job. What are they cutting down on, and what are the consequences?

Finally, we should also subject common arguments in favor of moonlighting to empirical scrutiny. Do we see a more diverse set of people in office when they are allowed to hold second jobs? Do these jobs give MPs greater subject-matter expertise that translates into higher-quality legislation?

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 mostly a positive force for the functioning of democracies? The answers to the questions above 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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## Supporting Information

Additional supporting information may be found online in the Supporting Information section at the end of the article.

**Appendix A:** Cross-National Regulation

**Appendix B:** Background Information on Moonlighting Regulation and Register Data

**Appendix C:** Additional Information on Data

**Appendix D:** Additional Analyses

**Appendix E:** Robustness Checks