

Learning and Earning in Legislatures*

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Abstract. This paper applies Gary Becker's (1993) human capital framework to the analysis of the post-elective salaries of former members of Congress. The study is based on a mail survey of a representative sample of former members of Congress conducted in 2004 that queried ex-legislators about their post-elective careers. Our primary objective is to assess the effects of training in congressional politics on the wages ex-legislators earn. To do so, we test variants of human-capital hypotheses tailored to fit politics, such as the effects of general, as contrasted with specialized, training in congressional politics in augmenting post-elective salaries. We find that four factors shape legislators' post-elective wages: pre-congressional salary, year of entry, tenure, and variables closely related to training in Congress—in particular, assignment to powerful legislative committees, acquisition of broad skill packages, investment in training that expands skill sets, and life-cycle driven declines in such investments.

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Rational-behavior models of legislatures frequently focus on the electoral benefits derived from congressional activities (Mayhew 1974; Fiorina 1989), principal-agent issues (Peltzman 1984; Kalt and Zupan 1984; Denzau and Munger 1986; Lott 1987), or the “rents” obtained through office holding (Rose-Ackerman 1978; McChesney 1987; Parker 1996). We add to this repertoire by offering the view that legislatures provide opportunities for members to acquire unique political “skills.” These skills encompass such things as knowledge of the intricacies of the Federal bureaucracy and the law-making process, experience in making public policy, and contacts in government—all economically valuable to groups doing business with government, which includes most groups in society, ranging from universities to large industries.

Legislators attain these skills with the expectation that this acquired human capital can be subsequently rented in the labor market once they leave Congress. Rationality leads legislators to consider their lives (and livelihoods) beyond Congress, and the attendant prospects of reentering the labor force; accordingly, they prepare for this eventuality during their terms in office by acquiring suitable human capital. Thus, we introduce a political variant of Becker’s (1993) human-capital argument: during office holding, politicians make investments in human capital—namely, themselves—by undertaking activities in which they obtain skills, knowledge, expertise, experience, and the like; this array of skills, or stock of human capital, serves to increase their marketability by impressing potential employers. In short, service in politics and political institutions are resume-builders in the truest sense of the term, and those with the best credentials receive the most lucrative post-elective salaries and the top jobs as well.

One of the dilemmas tormenting political scientists and economists is trying to explain why candidates literally spend millions of dollars to obtain public office that compensates them at a fraction of these costs. This paradox has provided fodder for attacks on the blatant corruption of political officials, and likewise, assaults on the rationality of politicians. The arguments are straightforward: the only reason rational politicians would spend more to obtain public office than they receive in remuneration is either because they collect quasi-legal pay “under the table” in addition to their salaries, or behave less-strategically than rationality would dictate.

We believe there is another explanation: political office represents investments that are expected to accrue value like any other security. So, whereas doctors and lawyers spend tens of thousands of dollars acquiring post-doctorate degrees and certifications, which will more than offset these exorbitant educational expenses, holding office also represents investments of a sort—

specifically, investments in on-the-job training—which similarly pays-off for politicians when they leave office. In short, politicians spend hefty amounts of money to obtain, and stay in, public office because they expect a good return on their investment.

Despite the centrality we attribute to human-capital production in politics, we do not feel that this is an *all-consuming* motivation of legislators, like perhaps reelection (Mayhew 1974); nonetheless, investments in human capital need not directly enter politicians' utility functions to significantly affect their behavior. Skill accumulation only has to profitably increase the marginal productivity of future employee-politicians, and therefore their potential marketability, to shape legislators' behavior in the present. This is not to deny that such behavior reflects manifold considerations, such as electoral contingencies, constituency preferences, and party. We are only stating the obvious—namely, that if legislators act rationally, we can expect their behavior to be geared toward self-interested ends and, clearly, consideration of post-elective employment is one such end.

Human Capital Production in Legislatures

In studying the organization of legislatures, scholars have highlighted a number of important characteristics, like susceptibility to decentralization (Weingast 1979), accent on retention (Mayhew 1974), and capacity to constrain opportunistic behavior (Shepsle and Weingast 1987; Weingast and Marshall 1988). But lost in such illuminating, firm-like comparisons is the fact that legislatures, like firms, supply training in conjunction with the production of goods, such as laws. And the experiences that go hand-in-hand with lawmaking are matchless: trading votes, becoming informed about legislative practices and procedures (for instance, legislative earmarks, “killer” amendments, “logrolling”), gaining intimate knowledge about important policy issues, making personal contacts with high-ranking government officials, and deriving first-hand knowledge from hands-on opportunities to formulate legislation (e.g., committee mark-ups, “pork-barreling”), to name a few. Given the panoply of skills acquired through legislative service, Congress is, among other things, a workplace for the production of marketable human capital.

We might say that legislatures provide settings whereby politicians acquire esoteric information, skills, and experiences as by-products of their involvement in lawmaking. As one ex-legislator, reflecting on his “training” in Congress, wrote at the end of his survey: “10 years in Congress was a Ph.D. in people, issues, and management. It was the big leagues—if you didn't like the sight of blood, especially your own, you couldn't compete.” Although many see legislative activities as exclusively serving electoral goals, or downright focused on internal career ambitions, we believe there is more to congressional service than just that. Specifically, the experiential learning that goes on in Congress also incorporates the formation of profitable human capital. By coupling training with lawmaking, then, Congress ensures legislators will be able to derive marketable human capital from their every-day legislative experiences. It is interesting to

note that even university programs, designed to prepare students for careers in politics, emphasize practical, on-the-job experiences, such as legislative internships, and many courses in their curriculums are taught by present (or past) political practitioners.

Training

The notion that institutions couple production with on-the-job training leads to the assumption that *all the activities undertaken by legislators contain elements of formal or informal on-the-job training*. Production occurs along with training, so activities involved in the former will necessarily incorporate training. For instance, legislators gain a mastery of the legislative process as a result of their efforts to navigate through it. Training involves investments of human capital, but politicians differ in how much, and in what activities, they invest their capital; this serves to differentiate politicians. This implies that politicians make trade-offs in their investments while in office, pursuing some training opportunities in greater depth rather than others, and incurring opportunity costs as a result. In doing so, legislators reveal their preferences for certain types of training experiences (i.e., specialized or general), and their expectations about prospective post-elective returns (i.e., occupational mobility or lucrative post-elective wages, respectively).

We envision legislators as *investing* human capital in obtaining highly-marketable legislative skills through on-the-job training experiences within the institution. The most profitable aspects of that training include knowledge of, and experience with, the ins-and-outs of the law-making process; these are skills without substitutes. Among other things, legislators discover ways of cashing in on cooperation-inducing norms like “universalism” (Mayhew 1974; Weingast 1979) to pass particularistic (“pork”) legislation, and surreptitious means for side-tracking agency investigations of special interests (Faith, Leavens, and Tollison 1982). Equally salable, legislators can become savvy about the internal machinations of the Federal bureaucracy (Downs 1967) affecting economic regulation, and the contrivances in the symbiotic relationship—“cozy triangles”—between agencies, legislators, and groups (Fiorina 1989). Clearly, one reason why such legislative skills are marketable is because they can engineer profits for groups in society.

Aside from imparting skills, training in congressional politics serves another useful purpose: it provides signals as to the expected productivity of former members of Congress in the same way as educational achievement signals firms about the future productivity of employees (on the latter point, see, Riley 1976). Since employers know they can be “cheated” by hiring unproductive employees—for instance, those who have let their human capital atrophy and depreciate—they look for devices to help them screen-out the latter. Training in legislative politics serves this objective because it is visible to employers. For instance, employers have the wherewithal to spot legislator incompetence, or lack of interest in policy questions, during committee deliberations. Voters (Stigler 1971; Downs 1957), like consumers (Akerlof 1970; Nelson 1970; Klein and

Laffler 1981), may be rationally ignorant, but those employing politicians find that a less cost-efficient strategy to follow.

Specific and General Training

Training in congressional politics, as well as firms, can be differentiated in terms of the specificity of the skills and knowledge acquired through institutional service. For our purposes, specific training refers to investments in on-the-job training resulting in the acquisition of specialized skills and knowledge that are relevant to a narrow set of occupations or vocations (for instance, banking). Often this type of training produces skills dedicated to a particular industry, policy area, or sector of the economy. General training, in contrast, represents investments in training to acquire a broader set of skills relevant to a wider assortment of occupations, and less specialized to a particular industry, policy field, or economic sector. In sum, we equate general training with the acquisition of a wider spectrum of political skills and experiences, a greater breadth of information, and a more inclusive understanding of politics.

We might think of broadly-trained legislators as having more extensive knowledge of “government”—i.e., how the system works, and can be worked—as a result of serving on numerous party-committees, holding leadership positions on substantive committees, deliberating diverse political issues, learning the intricacies of legislative procedures, interacting with numerous federal agencies and officials, developing diverse portfolios of committee assignments, and the like. Conversely, specialized-legislators could be characterized as having a more restricted understanding of the ins-and-outs of Washington politics due to the less cosmopolitan nature of their congressional training (e.g., lack of service on a diverse set of committees, involvement in a narrow range of issues).

Electoral Effects of Skill Sets

We have emphasized the marketable skills derived from legislators’ investments in human capital, but we cannot easily dismiss the notion that some of the human capital produced by legislators is committed to keeping them electorally afloat, rather than serving post-elective employment demands. It is hard to dispute the claim that human capital stockpiled while in office is perhaps best dedicated to staying in office, since reelection is the only way to accumulate additional terms of office holding, and subsequent opportunities for acquiring further human capital. And, undeniably, many human-capital producing legislative activities may well-serve electoral objectives, like practices within congressional committees (see, for example, Mayhew 1974; Fiorina 1989).

All the same, it remains far less clear how acquiring *general* and *specialized* skill packages serves this electoral imperative, legislators’ constituency “explanations of Washington activity” notwithstanding (Fenno 1978). Indeed, despite a relatively close-fitting prediction model ($R = .51$), none of the training variables in our analysis (e.g., general training, broad skill set, investments in training, years of committee service) are significantly related to

legislators' *average margin of electoral victory* during the course of their congressional careers. It would appear, then, that the acquisition of general and specialized skill sets serves post-elective objectives to a greater degree than electoral ones. Which is to say, human capital produced with post-elective designs in mind, like general and specialized training, may in fact serve these purposes and few others.

General Training as a Salary Premium

We anticipate differential wage-effects stemming from investments in congressional training, with salary benefits accruing to ex-legislators with a comprehensive education in congressional politics. General training in congressional politics increases post-elective wages for at least two reasons. First, by equipping legislators with an extensive bundle of skills, it increases the number of markets where politicians can rent their human capital, thereby furnishing them with greater employment versatility and *options*. And the greater the number of suitors, the larger the salaries ex-legislators can command.

Second, the relative scarcity of inclusive skill packages produced through general training, and the paucity of opportunities for acquiring them (for instance, through service on important legislative committees), means that a higher price can be charged to rent this human capital. Since "specialists" dominate the membership of Congress, their superior number reduces their leverage in wage negotiations, while at the same time, placing a premium on skills acquired through general training. As a consequence, higher wages are paid to those possessing the more rare political skills. So, the acquisition of an extensive set of congressional experiences, skills, and knowledge should enhance post-elective earnings to a greater degree than specialized human capital.

Planning

Finding a "good" job after leaving Congress entails a large amount of pre-departure thought and planning, as well as training. For example, legislators have to choose between acquiring inclusive or specialized skill sets, or somehow blending the two together, and then implementing strategies for pursuing the training to obtain these skills; planning is clearly vital. Take, for instance, the large number of ex-legislators (56%) who, prior to exiting, "anticipated working at the job [they] held immediately after leaving Congress."¹ Such "anticipation," no doubt, included a good measure of pre-exit planning.

Some might resist the notion that planning and preparation for post-elective employment is a purposive act of legislators. This contention is, of course, only an assumption designed to illuminate features of legislative behavior that seem to have escaped notice; and its value is best appraised in exactly these terms—that is, its ability to further inquiry. It would be easy to side-step this issue by simply asserting that, by assumption, planning for post-elective employment is a conscious endeavor inherent in anticipating investment returns, and leave the matter at that. However, we believe this proposition is defensible,

and that the reader is owed nothing less. While there is considerable empirical evidence to support this proposition (Parker 2008), our argument here is based upon the rationality of planning, and the necessity of long-term preparation for post-elective employment.

Rationality of Planning

Legislators are implicitly assumed to act with purpose, which implies that an element of planning enters into decisions about investments in human capital. For instance, whether to move to one committee rather than another, or to stay put in the hopes of obtaining a leadership position on the current committee, may depend upon the desire to develop a more (or less) specialized skill set. Planning in this sense involves the same type of cost-benefit calculations so common to economics and rational-choice models: weighing the costs and benefits to various investment strategies.

This is not to discount or even diminish the role of opportunity and luck in shaping these investment plans; nonetheless, it is not too much of a stretch in logic or imagination to anticipate that rational legislators will have expectations of how investments in certain legislative experiences will benefit them in the present, as well as once they leave Congress, and then plan their activities (i.e., investments) accordingly. Nor do we intend to minimize the effects of career longevity and electoral safety. Still, legislators need to consider how their congressional activities relate to the marketability of their human capital: legislators can't escape the possibility, indeed plausibility, that they will eventually leave office some day since only about 2% die in office.

While some legislators tire of public service, perhaps due to the grind of elective office, and seek different vocations, others exit due to voters' decisions. So, for example, despite the well-documented longevity of congressional careers, there has been a noticeable upsurge in the number of House members retiring (Ornstein et al. 1996, 60; Hall and Van Houweling 1995, 132). A number of interpretations can be offered to explain this change, but the net result is the same—simply put, legislators have found better things to do with their time than serve in Congress. “It is probably fair to say,” Richard Fenno (1978, 222) observes, “that at some point most members ask themselves how badly they want to be reelected.” Arguably, then, congressional careers are not so inviolable as to render post-elective planning obsolete.

And electoral safety does not negate post-elective planning either. For instance, repeated reelection does not enhance the likelihood of success in the next election (Erikson 1976, 630), thereby eliminating thoughts of post-elective employment. Furthermore, subjective assessments of electoral safety may be far more relevant to legislators than objective measures of marginality. “Once having gone through a testing election, early or late, a member will entertain the possibility of its recurrence forever. Even when he is being spared, it will be happening to someone he knows. And he will take it as a warning signal to himself” (Fenno 1978, 13). Electorally-safe politicians also know they are *never* out of harm's way—they could still lose office due to circumstances beyond their

immediate control, something akin to “random terror” (Mann 1978). This may not sound like much of a threat but it is probably treated as such by risk averse politicians. “[M]embers of Congress feel uncertain and [electorally] vulnerable—if not today than yesterday, if not yesterday then tomorrow” (Fenno 1978, 234).

In either case, rational politicians consider what they would do if that state of affairs—namely, parting with governmental employment—should come to pass. This necessitates thinking about the skills and abilities acquired prior to, and through, office holding, and how they might contribute to post-elective employment and earnings. Accordingly, politicians see office holding as entailing more than just fulfilling office responsibilities—it also provides opportunities to acquire skills and contacts that are useful in preparing for post-elective employment, a haunting prospect hanging over the heads of all elected officials.

Necessity of Preparation

Our emphasis on the post-elective returns to office holding is not intended to ignore the obvious—in particular, investments in training, and the subsequent production of human capital, benefit legislators while they are in office, not merely after they leave. There are, undeniably, other “future” or expected benefits, derived from the stock of human capital legislators accumulate while in Congress, that stop far short of post-election ones. For instance, the accumulation of a durable set of general skills may pave the way for assignment to powerful committees, and open the door to the institutional influence that follows such positions.

Given that the production of human capital provides returns that can be realized while in, and after leaving, Congress, the argument might be advanced that legislators engage in activities that benefit them while they are *in* Congress, and then as they leave, those activities *coincidentally* open doors for them in the labor market. Put differently, the search for post-elective employment involves no conscious preparation whatsoever. We are certain that legislators wish it were that easy; indeed, without any encouragement, a number of respondents wrote on their surveys that preparation for post-elective employment was a critical, but neglected (in terms of analyzed), aspect of life transitions for legislators.

It seems highly questionable that, in the absence of any preparation whatsoever, investments made to accomplish in-office goals, also increase post-elective salaries and pave the way for career changes. Or, perhaps more to the point: why would rational legislators base the production of human capital on its calculated benefit to their congressional careers, but then leave post-elective employment to the vagaries of the labor market, fate, coincidence, and fortune? That really doesn’t sound very rational for politically-astute decision makers.

We do not want to belabor the point, but some of the post-elective opportunities members contemplate, like career changes, necessitate more than lackadaisical groundwork; the same can be said about the acquisition of broad skill sets. It is quite doubtful that legislators could ever entertain the prospects of these post-elective returns—i.e., higher wages and career mobility—without preparation for them years in advance; pursuing training befitting these goals

also necessitates strategic thinking and “politicking.” The acquisition of broad skill sets requires substantial investment in training in congressional politics, which is largely a function of time spent in the institution. For instance, acquiring a broad skill set may involve obtaining a high-profile position in the party’s leadership, or a position on an elite committee, which necessitate considerable groundwork. Similarly, career changes, even if only to become lobbyists, demand years of specialized training.

In addition, preparation seems indispensable for employment to which legislators anticipate devoting a large proportion of their remaining earning years. What is more, at this point in their lives (most are well-beyond their peak productive years), post-elective employment likely represents the last shot most have at high-earning jobs, or new careers; hence, given both the significance and inescapability of the outcome (i.e., reentering the labor force), we expect legislators to spend time earnestly preparing for this inevitability. Conceivably, then, the acquisition of human capital for these purposes entails considerable preparation over a congressional career.

Data

Our analysis is based on a mail survey of 229 former members of Congress—214 former members of the House of Representatives, and 15 ex-senators—conducted from September through December of 2004; three-waves of mailings were employed in obtaining these interviews, with a respectable 45% return rate. Our respondents were drawn from a list of former U.S. Senators and Representatives who were members of the non-profit organization, The United States Association of Former Members of Congress, as of January, 2004. The survey probed such issues as the salaries of legislators before and after entering Congress, the type and number of jobs held before and upon leaving Congress, and the skills acquired while in Congress and how they benefited post-elective employment. We have compared the characteristics of our survey respondents with the broader universe of legislators who have left Congress since the 1950s, and found our sample to be quite representative in all relevant respects, such as, seniority, reasons for exiting Congress, and pre-legislative occupation. Thus, there is no evidence that our sample is biased due to some unique characteristic of the population from which our survey of former members of Congress has been drawn.

Dependent Variable: Legislator’s Post-Elective Salary

This is the central dependent variable in the analysis, and is measured in terms of the midpoints of the following salary categories: less than \$40,000, \$40,000-60,000, \$61,000-80,000, \$81,000-100,000, \$101,000-150,000, \$151,000-200,000, \$201,000-250,000, and over \$250,000, the latter midpoint was assumed to be \$300,000. These salary-midpoints are converted to 2004 dollars.

Independent Variables and Hypotheses

Breadth of Skill Set

This measure is based on a factor analysis of the responses of our ex-legislators to five survey questions querying them about the extent to which they felt their experiences in Congress provided the necessary skills for various types of private and public [government] sector occupations: high-level corporate executive, mid-level corporate executive, interest group representative, high-level appointed governmental official, and mid-level governmental official.² We anticipated that these five questions would form a unidimensional scale since they reflect the same phenomenon—specifically, the degree to which experiences in Congress supplied occupational proficiency—and this was the case. Table 1 describes the factor loadings associated with each of the individual items; factor scores were computed based on these loadings and assigned to each respondent. The resulting scale—i.e., *breadth of skill set*—describes the extent to which Congress provided experiences that equipped legislators with the necessary skills for a wide-range of public and private vocations.

We interpret the variety and diversity of employment possibilities as representing the broad or inclusive nature of the skills acquired through congressional service. We hasten to add that this is not simply a measure of the degree to which legislators dabble in diverse areas, thereby accumulating, perhaps, breadth without skill-depth. Skill proficiency is incorporated into the measurement of the “breadth of skill set”; hence, it reflects not merely the range of vocational skill sets acquired, but also skill proficiency. So, at the upper end of the scale are ex-legislators who felt that congressional service provided them with all the necessary skills for jobs that ran the gamut from lobbying, to high-level CEO’s in the private sector; in contrast, those at the bottom of the scale felt that few of the skills necessary for such employment opportunities were obtained during their terms of service. We anticipate that ex-legislators with more inclusive skill sets will have greater employment opportunities due to their job-versatility and, as a result, receive higher post-elective salaries.

Investments in Training

Careers in Congress supply more than mere on-the-job training; reputations are formed and votes are taken, for example. And some income-earning assets may be acquired prior to entering Congress, such as party affiliation and previous employment. With this in mind, we queried ex-legislators about how important they thought the following factors were in obtaining their first job after leaving Congress: committee assignments, leadership positions, contacts made as a member of Congress, prior political experience, voting record, party affiliation, reputation among voters, employment experiences prior to entering Congress, and expertise gained while in Congress.³ As with the measure of “breadth of skill set,” these variables were also subjected to a factor analysis. We expected these nine variables to cluster into two dimensions: the

first dimension representing investment in on-the-job training experiences in Congress—committee assignments, leadership positions held, contacts made while in Congress, and expertise acquired; the second dimension representing an assortment of assets that also create human capital, but are less tied to congressional job-training experiences—prior political experiences, voting record, party affiliation, reputation among voters, and pre-congressional employment experiences. Our expectations were borne out.

Table 2 describes the factor loadings associated with the individual dimensions. We rotated the extracted (component) solutions so that the factors were independent of each other (i.e., varimax rotation); this results in a measure of the relevance of job training (factor 1) to post-elective employment that is not confounded by other forms of human capital (factor 2), and vice versa. That is, we are able to obtain a measure of the relevance ex-legislators attach to their *experiences* in Congress [in finding their first job] that is largely independent of other pertinent forms of human capital. Factor scores were subsequently computed based on these loadings and assigned to each respondent.

We conceptualize dimension or factor 1 as measuring *investments in on-the-job training*: ex-legislators who attribute significance to a whole array of training experiences can be viewed as investing heavily in them while in Congress; those at the lower end of the scale, attributing little value to these experiences, are assumed to have invested less in training during their tenure in Congress. We use the “investments in training” scale alone, and in combination with measures of legislators’ skill sets, to estimate the effects of investments in congressional training. The remaining orthogonal dimension serves as a measure of human capital derived through non-training experiences in Congress, and is accordingly labeled *non-training assets*.

General Training

This is a second-degree interaction term between breadth of skill set and investments in congressional training (i.e., breadth of skill set X investments in training). The rationale behind the construction of this variable is that *general training* represents the acquisition of broad skill packages through investments in job training. We expect general training to increase post-elective salaries because it engenders inclusive skill sets, thereby providing greater options and flexibility in post-elective employment. This enables legislators to pick-and-choose their employment, ensuring job-hunting under the most auspicious conditions.

Congressional Committees

The income-earning effects of institutional mechanisms for general and specialized training—i.e., congressional committees—are captured by differentiating committees into those that are powerful and possess the broadest jurisdictions in Congress (*prestige*), and those that are narrow in jurisdiction, attractive primarily to clientele or special interests (*interest group*).⁴ Perhaps a

crude delineation of congressional committees, it serves our purposes quite well. It does so by distinguishing between legislators who have received a more comprehensive or inclusive education in congressional politics, due to their positions on legislative committees possessing broad jurisdictions and executing considerable power, from those who are more impoverished in both regards (i.e., specialized training). We measure the effects of committees in terms of the number of years ex-legislators spent on these two types of committees. Again, we expect the inclusive education in congressional politics provided by prestige committees to function like general training in enhancing post-elective wages.

Life-Cycle Effects

Life-cycle effects in acquiring human capital (see, for instance, Becker 1993, 108-116) are incorporated into our treatment of politicians' investments in human capital through a third-degree interaction term (i.e., investments in training \times broad skill set \times tenure in Congress). Applying to legislators the premise that demand curves for human capital are negatively inclined (Becker 1993, 112-113), leads to the proposition that investments in expanding skill sets shrink with time. Such a diminished demand for broadening or extending existing skill sets is, indeed, a noticeable feature of the careers of legislators (Hibbing 1991, 418).

There are at least two explanations for declining investments [in general training] with seniority. First, legislators have learned quite a lot after several terms of congressional service, so acquiring additional skills and information may not be worth the marginal gain. Second, long tenure usually means a shorter period to obtain returns thereby reducing investment incentives (Becker 1993, 114; Mincer 1962; Ben-Porath 1967; Schultz 1961). We expect that dwindling investments in broadening political skills weakens the economic leverage of former legislators by signaling, for instance, a potential shirking problem, or advancing stages of skill depreciation.

Generational Effects

We argued in a previous study (Parker 1996) that the membership of Congress is undergoing a transformation: legislators who cherish the intrinsic returns of office holding, such as power and national prominence, are being replaced by others who value more the material gain derived from public office. And Congress holds an attraction for the latter because of its pivotal role in dispensing economic rents to special interests (Stigler 1971). What has resulted, then, is a form of adverse selection (Akerlof 1970), as recent legislative cohorts engage in rent-seeking activities to a greater degree than earlier generations. For example, raising and spending more money on their congressional campaigns (Parker 1996, 107-113), shifting more of their campaign debt to interest groups, and taking lobbying jobs more frequently after leaving Congress (Parker 2008). For these reasons, we include a variable—namely, *year of entry*—in our analysis to account for possible generational change in the type of member coming to

Congress.

Even if motivated by material gain, recent congressional cohorts may have a difficult time realizing this objective once they leave Congress. There are at least three reasons why recent generations may receive lower post-elective wages. For one thing, their wealth-pursuing behavior may be all too transparent to potential employers. For instance, shaking-down special interests for campaign funds is a sure indicator of more than business acumen—it conveys information about character to potential employers; and, as noted, recent generations of legislators are far more likely than earlier ones to shift their campaign debt to special interests (Parker 2008, chapter 6).

Second, employers rightfully fear that with all the asymmetries in information, and the attendant coordination problems endemic to politics and the legislative process, it is easy to be cheated. In light of their demand for wealth, recent generations of legislators may be viewed as more likely to exploit the costs of employer-monitoring and policing. If employers do, in fact, harbor such concerns, they may offer lower wages to cover expected losses from employee unreliability and opportunism, thereby reducing the salaries offered recent generations of legislators.

Third, employers, aware that competitive bidding for the services of these ex-legislators' is certain to result in higher employer-costs, either in salaries or employee turnover, may be less disposed to pay top-wages to hire more recent generations of ex-legislators whose job-loyalty is always up for sale. And it would be prudent for employers to anticipate job turnover on the part of recent cohorts, since we observe statistically-significant negative relationships between year of entry and amount of time spent in the first ($r = -.21$) and second ($r = -.17$) post-elective jobs; controlling for tenure in Congress does nothing to diminish the significance of these relationships. Thus, employers loathing job turnover on the part of wealth-maximizing ex-legislators may hire others who are more likely to stay on the job for longer periods, and less likely to be persistently on the prowl for higher-paying jobs. This may reduce the salaries these legislators can command in the market, as economically-wise employers factor the possibility of job turnover into the salaries offered. In sum, there is evidence that recent congressional cohorts differ from their predecessors with respect to their appetites for wealth, which may diminish their attractiveness as employees, and consequently, the salaries they receive in post-elective employment.

Ability and Endowments

In estimating post-elective earnings, we consider the income-earning effects stemming from differences in ability. In our analysis, *pre-congressional salary* and *prior office* holding, serve as proxies for economic and political abilities respectively. Ex-legislators with the highest pre-congressional salaries are viewed as possessing greater “economic talent”; those with political experience prior to entering Congress are considered as having a greater “aptitude for politics.” Prior office holding is an indicator of talent in the political sphere since it usually incorporates a knack for fund-raising, public speaking,

leadership, nurturing “contacts,” and the like. We recognize that pre-congressional wages, or prior political office holding for that matter, depend upon a number of factors, including nepotism and luck; nonetheless, to a significant extent, ability is involved. In short, prior political office holding and pre-congressional salary represent talents, and these abilities should increase the post-elective wages of ex-legislators *ipso facto*.

Even though pre-congressional salary reflects more than just ability, this is a benefit rather than a drawback to our analysis since, for this very reason, we can use it to represent the market value of the human capital with which legislators entered Congress. To shape post-elective wages, then, congressional training must overcome the effects of not only political and economic talents, but in addition, all factors and endowments incorporated into human capital, and capitalized into pre-congressional salaries. Sharing the same equation with pre-congressional salary is therefore a stern test for the effects of training: they must appreciably increase the market value of human capital *beyond* pre-congressional levels. We measure pre-congressional salary in the same manner as post-congressional salary—i.e., midpoints of salary categories.

Constituency Reputation

We also include a composite measure of legislator-reputation that incorporates constituent perceptions of their legislator’s trustworthiness, leadership, and constituency service. These assets are far less salvageable than, say, the skills and knowledge acquired about congressional politics, but legislators invest in such capital and there may be some economic benefits to doing so (Parker 2004, 114-15).⁵ We expect high levels of reputational capital to enhance post-elective wages.

Additional Variables

We introduce a few additional variables into the analysis—*party affiliation* (Democrats coded as 1), *tenure* (number of years of congressional service), and *membership in the Senate* (coded as 1)—because of the interesting questions associated with each. Do senators, because of their broader representational and institutional responsibilities, earn more than House members? Do Republicans, as a result of their attachments to business’ interests, receive higher salaries than Democrats? Does continuously surviving reelection and “staying in office” (i.e. tenure in Congress) ensure a lucrative post-elective salary? Initially, we included a measure for “retirement from office,” but since the variable had no statistically significant influence, it has been excluded from the analysis; the lack of significance may be due to the small number of retired legislators sampled.

A Critique of Past Research on Legislators’ Salaries

While very few studies have examined the post-elective employment of

legislators⁶ (Lott 1990; Borders and Dockery 1995; Parker 1996, 137-140), until the classic work of Diermeier and his colleagues (Diermeier, Keane, and Merlo 2004 and 2005) none had tackled the question of their post-elective salaries. Our study differs from theirs in important respects, resulting in contrasting conclusions which we believe are related to these differences. Here we highlight some of the major differences.

Salary Data

We begin by noting that Diermeier and his colleagues (Diermeier, Keane, and Merlo 2004) do not directly obtain information about the salaries of ex-legislators. Instead, they assign post-elective salaries based upon wage-function estimates derived from surveys of Chicago lawyers conducted in 1975 and 1995, adjusting these salaries by billing rates to account for the geographic location of law practices. The assumption, and probably valid in many instances, is that ex-legislators are hired by law firms either as lawyers or lobbyists. With respect to public sector employment, the authors obtained the annual salaries of office holders by scanning state statutory codes and/or contacting the relevant offices directly. While this is quite an impressive and ingenious job of computation, we believe that it creates problems in their subsequent analyses since these wage calculations are more than a step or two removed from actual legislators' salaries.

Truncated Sample

One major problem with their analysis of post-elective earnings is that it ignores large groups of ex-legislators. In particular, occupations in the business and financial sectors would escape classification as employment in lobbying or law, as would vocations in education or philanthropic institutions; together they represent 28.5% of the post-elective employment of former legislators (Parker, 2008, table 5-1). Admittedly, the proportion of ex-legislators finding employment as lobbyists, lawyers, and governmental officials (65.1%) is considerably larger than those entering vocations in business and non-profit institutions like universities and colleges. Nevertheless, their analysis ignores the wages of these latter two groups which, by the way, tend to receive the lowest post-elective salaries. Thus, by neglecting the salaries of these occupational groups, Diermeier and his colleagues (Diermeier, Keane, and Merlo 2005) have biased their analysis in important respects because these legislators are among the poorest paid of the lot.

Specification Errors

Third, Diermeier, Keane, and Merlo (2005) fail to include "pre-congressional salary" in their equations predicting post-elective wages, despite the fact that this store of human capital affects post-elective earnings because it represents the capitalization of the value of pre-congressional human capital. As

such, it is essential that this variable be included in estimating equations; otherwise, the impact of training on post-elective wages will also be capturing the influence of the stock of human capital that legislators possessed prior to entering Congress, thereby confounding the measurement of legislative training. Moreover, pre-congressional salary supplies a theoretically useful and relevant baseline for comparing the effects of job training in congressional politics.

In addition, their measure of committee influence (Diermeier, Keane, and Merlo 2005), simply conceptualized as membership on a major congressional committee, ignores the basic human-capital premise that returns are based upon investments. Thus, the really important consideration is not whether one served on a major legislative committee, but how long they did so. In sum, Diermeier and his colleagues (Diermeier, Keane, and Merlo 2005) may have misspecified their explanatory equations by excluding an important variable—namely, pre-congressional salary—and inappropriately calculating the influence of committees, all of which can lead to faulty impressions of the role of congressional service in enhancing post-elective wages.

Salary Estimates

Finally, there are questions surrounding the validity of their derived post-elective salary estimates. We noted earlier that their salary estimates would be distorted simply because they have excluded a large number of former legislators who chose post-elective vocations outside of law, lobbying, and government. We now suggest that these salary estimates are flawed, probably due to the computation of wages, as we alluded to earlier. In particular, their wage-function extrapolations for ex-legislators may be a poor proxy for actual wages. For example, the authors assign legislators who left Congress before 1985, the estimates for the 1975 wage function, and all others, estimates from the 1995 wage function. Such calculations seem rather gross. We can demonstrate that their salary calculations (Diermeier, Keane, and Merlo 2004) are suspect by comparing the salary estimates they computed for ex-legislators with the latter's self-reporting of post-elective wages.

We can identify 51 former legislators in our study who also have had their salaries computed by Diermeier and his colleagues (Diermeier, Keane, and Merlo 2005). We have transformed these latter salary estimates into 2004 dollars, and then correlated them with the self-reported salaries for the same legislators. Not surprisingly, considering that the variables are measuring the same thing, the two estimates are positively correlated, but nevertheless at an unexpectedly modest level ($r = .39$). When we examine further these salary estimates, in terms of a paired-samples t-test, and employ a one-tailed test of significance since we can anticipate a positive relationship a priori, the differences between our salary estimates and those derived by the Diermeier-Keane-Merlo are statistically significant ($alpha < .056$). Even though both estimates are related, the Diermeier-Keane-Merlo estimates provide a biased view of the self-reported salaries of former legislators, even for those who fall within the narrow range of occupations (i.e., lawyers and government officials)

they examine.

Thus, in addition to their truncated sample, and the possibility of specification errors in their equations, the Diermeier-Keane-Merlo estimates differ from the salary estimates supplied by legislators themselves; exhibit considerably less variation than the latter, and tend to underestimate self-reported post-elective wages.⁷ Admittedly, it would be preferable to compare both wage-estimates to more objective information, such as income-tax filings or statutorily-required reports, to better assess which procedure comes closest to actual salary figures. But in the absence of such information, self-reporting in anonymous surveys seems an arguably better second-best solution to obtaining valid representations of post-elective salaries than can be derived through their particular wage-function extrapolations.

Contrasts between our findings and those of Diermeier, Keane, and Merlo (2005) can be expected to arise from divergence over matters of theory, research design, data, variable measurement, and equation specification. We are not being picayune, since these are not minor issues, but that should not detract for one moment from the incredible modeling and data collection that Diermeier and his colleagues (Diermeier, Keane, and Merlo 2004, 2005) accomplished; we do not want to undercut that effort in the least. Nonetheless, we believe their analysis has resulted in an incomplete characterization of the effects of congressional training on the post-elective wages of former legislators, and that our analysis is a significant improvement over their treatment of this question.

The Effects of Human Capital on Legislators' Post-Elective Salaries

The conclusions reached in this section are based upon an appropriate research design for testing the effects of congressional training on post-elective wages. In particular, by including *pre-congressional capital* in our wage-equation, we obtain measurements of changes in the market value of human capital resulting from service in Congress. Consequently, our analysis represents a sort of quasi-experimental, “before-and-after” approach, to congressional service, where we have pre and post measurements of salary, controlled for relevant aspects of legislative service, and distinguished theoretically between the *contrasting* effects of general and specialized training on post-elective salaries (see Cook and Campbell 1979, especially 124-126). Such research designs are at their best in dealing with problems of internal validity.

Our statistical analysis draws upon our formulation of the *politicians' human capital model*, which incorporates measures of pre-congressional human capital, like ability, non-training assets, and congressional training—such as, breadth of skill set and investments in training (Parker 2008, chapter 3). To this model, we add a few less-theoretical variables, to create a quasi-experimental design where we can assess the effects of congressional training in increasing post-elective salaries *beyond* pre-congressional levels:

$$W = f(X_1, \dots, X_{14})$$

where,

W = post-elective wages of legislators in their first job after leaving Congress (in 2004 dollars)

Ability and Endowments:

X₁ = pre-congressional salary (in 2004 dollars)

X₂ = prior political experience (1= yes; 0=no ne)

Non-Training Capital:

X₃ = non-training assets

X₄ = reputational capital

On-The-Job Training in Congress:

X₅ = years of service on interest group committees

X₆ = years of service on prestige committees

X₇ = investments in on-the-job training

Breadth of Skills:

X₈ = breadth of skills acquired

X₉ = general training (breadth of skills acquired X investments in on-the-job training)

X₁₀ = life-cycle investments in general training (breadth of skills acquired X investments in on-the-job training X tenure)

Additional Influences:

X₁₁ = year of entry into Congress

X₁₂ = Senator (yes = 1; 0 = no)

X₁₃ = Party affiliation (Democrat = 1; Republican = 0)

X₁₄ = Tenure (years of congressional service)

Overall Regression Results

Table 3 describes the regression results; the .05 level of statistical significance, in a two-tailed significance test, is used to isolate important variables. This equation accounts for a respectable 26% of the variation in the post-elective salaries of ex-legislators, with four factors significantly influencing wages—pre-congressional salaries, year of entry into Congress, tenure, and variables associated with the acquisition of political skills. One way of thinking about the relative influence of these variables is to just rank-order the absolute magnitudes of the standardized regression coefficients from lowest to highest. Hence, by this method, the least influential [significant] variable on post-elective salaries is years spent on a prestige committees (Beta = .167), followed, in turn, by a group of three variables with similar effects—specifically, breadth of skill set (Beta = .224), general training (Beta = .236), and pre-congressional salary (Beta = .268). Economic talent and acquired training-skills seem to play a greater role in boosting post-congressional wages than mere service on powerful committees, despite the relevance of the latter to internal legislative influence. Still, tenure (Beta = -.351), and year of entry (Beta = -.308), are, by far, the most important variables in the equation, with effects about twice the size of those attached to prestige-committee service. How long you stay in Congress, and

when you arrived, shape post-elective salaries to a far greater degree than either training or economic talent.

Ability and Endowments versus Training

The significant effects of pre-congressional salary are to be expected since it represents the value of abilities [and endowments], and such attributes will certainly affect subsequent earnings. Seen in this light, the effects of training are indeed impressive. For instance, the skills acquired through on-the-job training—i.e., broad skill sets and general training—rival the effects of economic talent (pre-congressional salary) on post-elective wages, and are about twice as influential as political aptitude (prior political office holding, $\text{Beta} = .114$) in this regard. Overall, training seems to be at least as influential as “ability” in shaping post-elective wages. What makes the impact of these training variables even more remarkable is that they noticeably increase the market value of human capital beyond pre-congressional levels. Political ability is important to post-elective earnings, but congressional training may be a good substitute.

General-Training Effects

General training increases the post-elective salaries of ex-legislators ($\text{Beta} = .236$), and the breadth of skill sets is only marginally less important in this respect ($\text{Beta} = .224$). Likewise, institutions specializing in general training, such as prestige committees, function in a similar manner, but to a lesser degree ($\text{Beta} = .167$). On the whole, then, increasing the breadth of skill sets through congressional service and training of some sort, increases post-elective wages. Specialized training does not, apparently, provide a salary boost, as is the case in labor economics (see, for instance, Williams 1991; Topel 1991). This result is, nonetheless, quite compatible with our theoretical perspective: legislators with inclusive skill sets have a larger market in which to rent their human capital, which ensures them highly-competitive wages.

Inclusive skill sets can be thought of as encompassing what Grossman and Shapiro (1982, 1068) have termed the “*option value*” of general training. “A worker with general training has the option of choosing in which industry to seek employment. This allows him to work in a very risky industry when conditions are favorable there, while avoiding the industry if times turn bad.” So, ex-legislators, equipped with wide-ranging skill packages, obtain higher salaries than others because they can be selective in choosing their jobs, thereby ensuring employment under auspicious conditions. For instance, broadly-trained legislators may be able to secure top positions in large corporations, say, as CEOs, when stock holders find political experience and talents alluring and profitable. But when those opportunities are foreclosed, perhaps as a result of public skepticism or disdain for politicians, they can take refuge elsewhere, such as the many avenues of governmental employment; they always have the option to dart back into private-sector employment when the time is ripe. From this perspective, general training, or broad skill sets for that matter, is self-insurance

for legislators.

Life-Cycle Discount

As expected, senior legislators are penalized for their diminished investments in general training during the later course of office holding (Beta = -.187), although this relationship only flirts with statistical significance. The predicted negative relationship is consistent with our own expectations that diminished investments in general training are penalized. While the statistical significance of this variable is worrisome, its close conceptual and computational association with tenure (i.e., tenure is one of the factors used in computing life-cycle investments) accounts for some of this variable's apparent unreliability. Not surprisingly, excluding tenure from the equation enhances considerably the significance of this variable (i.e., $\alpha < .003$), with only a marginal lose in the explanatory value of the equation. For these reasons, we discuss the effects of this theoretically-relevant variable.

Senior legislators have undoubtedly accumulated large amounts of general training from their on-the-job congressional experiences during the course of their careers; however, as time goes on, we have speculated, they invest less in that endeavor. For instance, they may minimize their efforts to keep abreast of the latest developments in their policy areas, reduce the time spent maintaining and nurturing their personal contacts with bureaucrats, or curtail their involvement in the legislative life of Congress. Such reduced investments are unlikely to escape the notice of employers since, as many economic models of information accumulation suggest, an individual's job experiences, or investments in human capital, create information about their skills relevant to the performance of various tasks (see, for example, MacDonald 1980 and 1982; Harris and Weiss 1984).

Thus, prospective employers should be able to assess the *future* productivity of ex-legislators by observing their *recent* investments in human capital. Diminished investments in expanding existing skills, or acquiring new ones, during later stages of congressional careers might signal those contemplating hiring senior ex-legislators that the latter's skills have declined, and do not warrant premium dollar; hence, employers discount the value of the skills acquired by senior ex-legislators, and pay them accordingly. This variable is about equivalent to prestige committee service in affecting post-congressional wages, and exercises considerable less influence than the other measures of training—i.e., broad skill set and general training.

Generational Tax

Recent generations of ex-legislators command far lower salaries than those entering Congress decades earlier (Beta = -.308). We have suggested that employers are sensitive to employee characteristics in trying to create a good job match. There are a number of considerations that probably enter employer-estimates off how successful that match will be, and recent generations are

unlikely to excel at any of the important job traits. For instance, job turnover looms important in this regard but, as noted, recent generations have a penchant for spending less time in their jobs than earlier cohorts. In addition, recent generations have accumulated less human capital vis-à-vis training in congressional politics ($r = -.15$), and are less constrained by their reputations because they have invested so little in them ($r = -.12$). All of these factors probably play a role in depressing the salaries recent generations of ex-legislators collect, since they are all important employee characteristics.

Tenure Effects

It is reasonable to envision legislative tenure as a by-product of a “sorting” process that operates through the electoral system to eliminate from office those legislators who are poor “agents,” for example, legislators at odds with the preferences of their constituents (Lott 1987; Dougan and Munger 1989; Lott and Reed 1989). As a consequence, surviving legislators possess characteristics (for instance, campaign skills) that differ from those screened-out. In this way, survival of the fittest may result in legislators who are unusually qualified for office, and extremely adept at staying in office. It might be argued that this “sorting” process also affects post-elective earnings by producing legislators with talents and characteristics that are highly-valued in the market as well as politics, and, therefore, well-compensated.

If such a process were at work, senior legislators, who have repeatedly survived the electoral sorting process, should earn more than those who were earlier sorted-out of office; however, we observe a robust negative relationship between tenure and post-elective wages (table 3). The sorting process may produce electorally-able politicians, but there is no evidence that such a process produces legislators who can *directly* translate their resulting office longevity into post-elective income.

Just spending time in Congress is clearly insufficient for raising post-elective wages, as attested to by the strong negative relationship between tenure and post-elective salaries (Beta = $-.351$). Legislators have to do “something” with their time, such as wisely expanding skill-proficiency, for congressional service to raise post-elective salaries. It may be, as Woody Allen wryly observed, that “eighty percent of success is showing up,” but from a look at the effects of tenure, employers expect far more from those who have served in Congress. Of course, this does not mean that tenure has no positive effects whatsoever on the earning-power of legislators. As table 4 shows, tenure is the most important factor explaining investments in congressional training (Beta = $.303$). With tenure, greater opportunities arise for legislative training, thereby encouraging legislator investment. For example, with increasing seniority come opportunities to chair legislative committees and join the party’s leadership corps. Thus, a *positive, indirect* effect of tenure on post-elective salaries is seemingly plausible: tenure increases investments in congressional training which, in conjunction with the acquisition of inclusive skill packages (i.e., “general training”), enhances wages.

Institutional Effects

There seems to be no bonus attached to service in the Senate: the post-elective earnings of ex-senators are not statistically different from the salaries of former House incumbents. Senators have an easier time finding good employment (Parker 2004, 134-36), but their post-elective salaries are not in keeping with the higher status of their office relative to that of members of the House. However, because there are so few senators in the analysis, we are not entirely confident in this conclusion.

Summary

We have demonstrated how the post-elective salaries of former legislators are affected by their investments in human capital. These investments are encouraged by the fact that political institutions behave like firms, in the sense that they couple production with training. Thus, legislators are “trained” in all the activities that go into the fashioning of laws, not merely marking-up committee bills, but also rent-seeking and interceding in the affairs of the federal bureaucracy—skills that are economically valuable to groups with interests in governmental policies.

Legislators who have been broadly-trained, however, appear to be the only ones able to profitably parlay their congressional education into handsome post-elective wages. The higher salaries associated with general training, and the acquisition of inclusive skill sets, result from two factors. First, these skills are scarce, in part, because they are so costly to acquire within Congress, like membership on the House Rules Committee, or service in positions of political leadership. Second, the option value associated with general-training capital enables former legislators greater choice in deciding where to ply their talents, and the most profitable economic sectors or occupations to propitiously enter.

Table 1**Breadth of Skill Set Acquired Through Congressional Service*****Breadth of Skill Set Scale***

Questionnaire Item	Factor Loading^a	Communality
High-level corporate executive	.769	.591
Mid-level corporate executive	.807	.652
Interest group representative	.783	.614
High-level appointed official	.840	.705
Mid-level appointed official	.809	.655

a. Principle component extraction.

Source: Authors' survey of former members of Congress, 2004.

Table 2
Factors Important in Obtaining First Job after Leaving Congress

Questionnaire Item	Investments in		Communality
	Training	Non-Training Assets	
	Factor 1 Loading ^a	Factor 2 Loading	
Committee assignments	.843^b	.141	.730
Leadership position held	.761	.179	.611
Contacts made as a member of Congress	.759	.352	.700
Expertise gained in Congress	.806	.255	.715
Prior political experiences	.457	.538^b	.498
Voting record	.359	.609	.499
Party affiliation	.247	.648	.482
Reputation among voters	.261	.620	.452
Pre-congressional employment experience	.394	.570	.480

a. Principle components for factor extraction; varimax rotation of extracted solution.

b. Factor loadings >.5 marked in bold.

Source: Authors' survey of former members of Congress, 2004.

Table 3**Explaining Legislators' Post-Elective Salaries (in 2004 dollars) ^a**

Variable	B	Error	Beta	t	Significance
Pre-congressional salary	.176	.045	.268	3.930	.000
Prior political experience*	47.160	28.533	.114	1.653	.100
Interest group committee*	.835	1.558	-.084	-1.192	.235
Prestige committee*	3.886	1.795	.167	2.164	.032
Non-training assets*	-17.303	11.031	-.104	-1.569	.118
Investment in training*	8.561	12.646	.053	.677	.499
Reputational capital*	6.345	10.306	.040	.616	.539
Broad skill set*	37.985	12.885	.224	2.948	.004
General training*	34.852	15.376	.236	2.267	.025
Life-cycle investments*	-1.522	.905	-.187	-1.680	.095
Party*	-3.159	20.670	-.010	-.153	.879
Senator*	-2.529	44.104	-.004	-.057	.954
Year of entry*	-4.644	1.121	-.308	-4.143	.000
Tenure*	-7.241	2.061	-.351	-3.512	.001

Statistics:

R = .51

R-squared = .26

N = 201

*These coefficients are per \$1000 in salary.

a. Former legislators who retired after leaving Congress are included in this table.

Source: Authors' survey of former members of Congress, 2004.

Table 4**Explaining Investments in On-The-Job Training: The Role of Tenure**

Variable	Beta	t	Significance
Senator	-.180	-2.767	.006
Pre-congressional salary	-.026	-.388	.699
Tenure	.303	3.689	.000
Prior political office	.195	2.932	.004
Interest group committee	.114	1.544	.124
Prestige committee	-.027	-.359	.720
Reputational capital	.144	2.270	.024

Statistics:

R = .42

R-squared = .18

N = 218

Source: Authors' survey of former members of Congress, 2004.

Footnotes

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1. The exact wording of the question was as follows: "Was there ever a time during your congressional career that you anticipated working at the job you held immediately after leaving Congress?"

2. The wording of this question is as follows: "Experience gained in serving as a legislator often helps people to get a job after they hold office. We want to know how much your experiences in Congress helped to prepare you for various types of jobs after your congressional career. For each of the following jobs, estimate how well your job as a legislator prepared you for that type of employment—provided none of the necessary skills, provided a few of the necessary skills, provided many of the necessary skills, provided all of the necessary skills, or can't judge?"

3. The exact wording of the question is as follows: "Thinking of the first job you held after leaving Congress, how important would say the following factors were in obtaining that job—very important, somewhat important, of little importance, not important at all, or don't know?" We have used the "first job" as a reference point for two reasons. First, we need to assure that all of the members of our sample have the same referent in-mind when evaluating the factors important in their obtaining post-elective employment. We believe that this is preferable to just asking legislators to identify important experiences. Second, after the first job, post-elective experiences, rather than on-the-job training in Congress, may be responsible for future employment thereby confounding the measurement of the effects of training on subsequent post-elective employment. We included an open-ended question at the end of the questionnaire asking respondents if there were "any other aspects of your congressional career not mentioned [in this series of questions] that played a role in obtaining your first job after leaving Congress?" No additional responses were provided, though one respondent felt that "contacts" should be divided into personal and non-personal relationships.

4. Budget, Appropriations, House Rules, Ways and Means, Senate Finance are considered prestige or elite committees; Agriculture, Armed Services, Energy and Commerce, Financial Institutions (Banking), Interior, Merchant Marines and Fisheries, Transportation and Infrastructure. Because of some differences in the jurisdictions of committees over time, and between the House and Senate too, this list should be considered as a general description of the types of committees classified as supplying specialized (interest group) or general (prestige) on-the-job training.

5. These reputational variables are only relevant to a small subset (33) of our

group of ex-legislators, unfortunately; therefore, we must encourage caution in interpreting the impact of the composite variable derived from them. The variables comprising our measure of reputational capital were derived from pooled NES surveys from 1978-2000; in particular, the candidate “likes and dislikes” asked of voters in the districts of these legislators. We tabulated the number of voters characterizing their legislator as possessing the qualities of leadership, demonstrating a concern for constituents, and inspiring trust or confidence, and then calculated the percentage of each districts’ voters (in the pooled sample) who saw their legislator in these terms. These three variables were subsequently factor analyzed, and a single component emerged; this component represents the reputational capital of legislators among their constituents. Ex-legislators without data on these measures are placed at the mean of the factor-generated scale. The use of this variable should be construed as entirely exploratory.

6. We would be remiss not to mention the path-breaking work of John Lott (1990) in this regard, since he was the first to raise questions about, and analytically explore, the post-elective employment of legislators. Our study differs from his in important respects. For instance, he explores an entirely different question—i.e., whether the prospects for post-elective employment in government or as lobbyists, on the part of legislators or their children, might eliminate shirking in some manner—and concentrates his analysis on the existence of last-period problems among retiring legislators. Our study, nonetheless, builds upon his in connecting congressional behavior to post-elective employment.

7. The estimated mean for the 51 former legislators similar to both studies, derived from self-reporting of post-elective salary, is \$277,878, with a standard deviation of \$232,437; the comparable salary estimates from the Diermeier, Keane, and Merlo study (2005) are a salary mean of \$229,406 and a standard deviation of \$93,652.

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