SHORT ARTICLE

Postpolitical Careers: How Politicians Capitalize on Public Office

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Former government officials have many different opportunities to cash in on their public service, but most academic research and government ethics regulations focus on lobbying. We argue that this focus understates the extent and diversity of employment opportunities available to former officials. Using a new data set of officeholders in American government (members of Congress, governors, members of the cabinet, executive branch officials, and ambassadors), we show that, with the exception of members of the House, former officials are more likely to join boards of public companies than they are to work as registered lobbyists. Furthermore, former officials join boards more quickly and face fewer ethics regulations compared to lobbyists. Increasing restrictions on lobbying also appears to push former officials toward alternative employment such as board service. Our findings demonstrate the breadth of the labor market for former politicians and suggest fruitful new avenues for research on political careers.

Political careers rarely end when a government official leaves office. Former officials have a wide range of job options, including returning to their previous careers, joining a university or think tank, or continuing in public service. Many officials, however, seek out employment opportunities that capitalize on the political connections and expertise that they developed while in office. Former legislators and their staff join lobbying firms and seek to influence their former colleagues (Bertrand, Bombardini, and Trebbi 2014; Blanes i Vidal, Draca, and Fons-Rosen 2012). Cabinet members rotate between positions in government and working for private corporations (Etzion and Davis 2008). Former presidents make millions of dollars giving paid speeches (Kruse 2015). In this manner, government service can operate as a conduit for joining the corporate elite, as an executive, advisor, or board member for a firm or as a lobbyist working on behalf of a firm.

The tendency for former government officials to cash out after leaving office raises at least three points of concern. First, there is the possibility that some former officials have engaged in a quid pro quo, trading favorable policy decisions while in office for future employment. Second, officials may shape their decisions in office, consciously or unconsciously, to maximize future employment prospects. Third, a departure from government is not always permanent, and the revolving door between government and the private sector may create close ties between politicians and moneyed interests that influence policy making.

While political scientists and policy makers agree that postpolitical activities matter, both groups tend to focus most of their attention on lobbying and generally ignore the many other paths by which former officials can profit from their government service. Congressional and executive branch ethics rules are concentrated on registered lobbying and on reducing conflicts of interest from the rapid transition between government and lobbying. Other activities, such as joining a company, providing strategic advice to (but not lobbying for) firms, or giving paid speeches, are not stringently regulated by governmental ethics rules after an official leaves office.

A singular focus on registered lobbying overlooks a range of activities performed by former officeholders that also exploit

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political connections developed through government employment. This omission occurs along two dimensions. First, "shadow lobbying" that is not reported on lobbying disclosure reports comprises a significant portion of the total lobbying dollars spent. LaPira (2014) estimates that more comprehensive lobbying disclosure rules would force a 30% increase in the total number of lobbyists identifying themselves on disclosure reports. Second, a range of other forms of employment, related to but distinct from lobbying, have not received the same scrutiny from academic researchers. Employment as an advisor, board member, or consultant to a firm can allow a former officeholder to provide strategic guidance and represent the interests of the firm to the government entity that he or she once worked for—without registering as a lobbyist.

In this article we make two contributions to the literature on the returns to office. First, we show that the focus on registered lobbying is a substantial and meaningful omission in the literature. We systematically examine former officials' service on corporate boards of directors, and we directly compare board service to lobbying activity. We introduce a new (public) data set on lobbying and board service for 1,209 former US politicians and offices. We find that, for most types of former officials in our sample, service on a corporate board is a more likely outcome than employment as a lobbyist. Second, we show that, at least in some contexts, lobbying and board service are substitutes rather than complements. This is significant because it means regulations barring registered lobbying by former politicians may simply direct them to other positions, such as serving on boards, where their experience and connections are still valuable. Overall, our focus on how the decision to serve on a board relates to the decision to lobby distinguishes our contribution from past literature studying politicians who serve on boards (Lester et al. 2008; Palmer and Schneer 2016).

REGISTERED LOBBYING AND CORPORATE BOARD DIRECTORSHIPS

Former officials capitalize on their positions in many ways other than formal registered lobbying.[1] Here, we compare registered lobbying with another lucrative postpolitical employment opportunity, service on corporate boards of directors. Corporate boards of directors provide high-level governance for firms; members' duties include selecting the chief executive officer and other officers, setting executive compensation, shaping firm strategy, and providing general oversight of the corporation.[2] Former officials may be valuable members of corporate boards because they provide unique human and social capital from their time in government (Lester et al. 2008; Palmer and Schneer 2016). We show that rates of board service exceed lobbying, that officials begin employment on boards more quickly than they do as lobbyists, and that some variation in employment patterns occurs depending on the type of past government service.

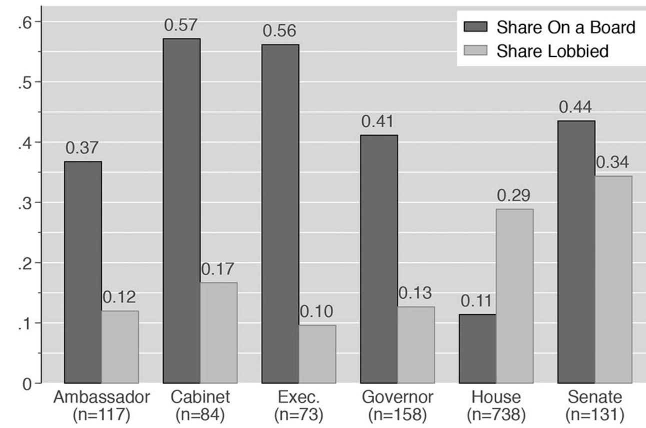

Figure 1. Corporate board and lobbying participation rates

We assembled a data set of all former politicians and high-level officeholders in the United States from 1992 to 2014. There is not a well-defined list of top officeholders in American politics. As a result, we cast a wide net. Our data set includes members of the House and the Senate, state governors, cabinet officials, and other top officials, including national security advisors, White House chiefs of staff, directors of the Central Intelligence Agency and National Intelligence, and ambassadors to G20 countries. Overall, our sample includes 1,209 former officials holding 1,332 offices (some officials hold more than one office over the time period studied).[3] We merged our data set of former politicians to two databases, BoardEx and OpenSecrets, which track corporate board membership and lobbying, respectively. We define corporate board service as serving as a nonexecutive director on the board of a publicly traded company. We define lobbying as appearing on a lobbying report as a paid lobbyist employed by a lobbying firm (excluding in house and pro bono).

We begin by comparing participation rates for lobbying and service on corporate boards. Figure 1 presents the rates of board service and federal lobbying for the officeholders in our sample (see also app. tables A1–A4, B1, C1, C2, and G1).

1. See app. G (apps. A–G are available online) for a case study of the postpolitical career of Senator Evan Bayh, who simultaneously served as a law partner, finance executive, and media commentator and on four boards of directors after leaving the Senate, earning over $3 million per year.

2. See the New York Stock Exchange's "Corporate Governance Guide" (https://www.nyse.com/cgguide) for an overview of the role of boards of public companies.

3. See app. A for more information on our data set and selection criteria.

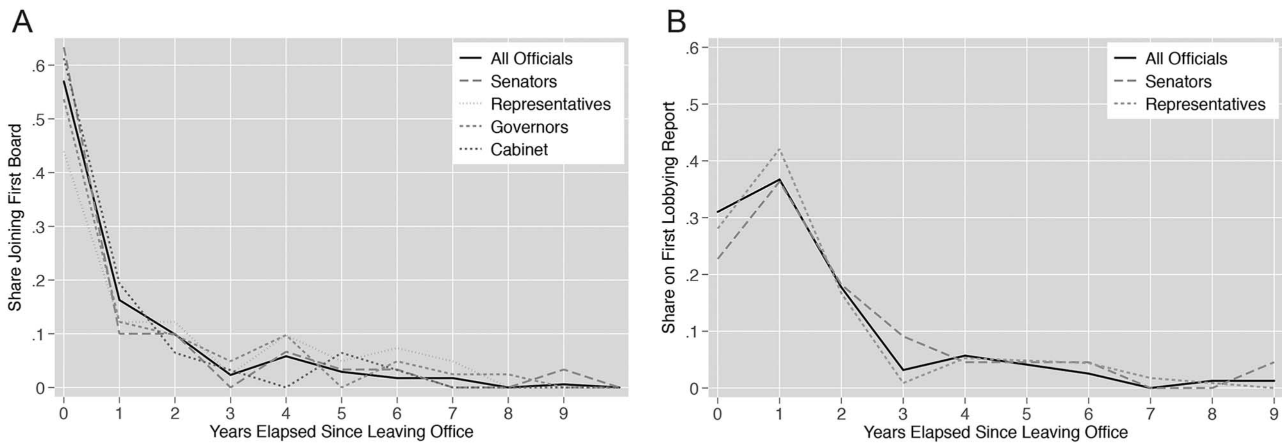

Figure 2. Time to first corporate board (*A*) or lobbying report (*B*)

Former Representatives and Senators exhibit the highest lobbying rates, but only former members of the House are more likely to lobby than to serve on a board. For all other groups, board service exceeds lobbying.

This is a surprising result, given the scholarly and regulatory attention focused on lobbying. There are several possible explanations. Because of the gaps in lobbying disclosure rules, the lobbying rates reported in this article (and in the vast body of research that makes use of lobbying disclosure reports) likely understate the true rate of all activity that a reasonable observer would consider lobbying. But, the job description for a board member is more expansive and goes beyond using past political connections to lobby. Board members engage in corporate oversight, help shape strategy, set executive compensation, oversee mergers and acquisitions, and perform other tasks. Beyond engaging in representational activities, former officials serving on boards can also generate good will for a firm through their existing public reputations developed in office. Former officeholders may also simply prefer employment on a board as compared to lobbying. Board service does not carry the stigma of lobbying, while still allowing former government officials to make use of the skills and connections accumulated in office.

Excluding the House, the differences in rates of board service for elected versus appointed officials are not statistically significant. This suggests that experience in public office in both elected and appointed positions appeals to firms seeking politically connected directors. That said, we do observe the highest rates of service among the cabinet and executive branch, and cabinet secretaries and executive appointees tend to serve on more boards than senators, governors, and ambassadors. Unlike board service, lobbying shows a very different pattern. Senators lobby the most but at a lower rate than they serve on boards. House members are a close second, lobbying at more than double the rate of any other category. Overall, 30% of former members of Congress (MCs) in our sample lobbied, compared to 12% of all other officials.[4] There is little partisan variation in board service and lobbying rates. Both board service and lobbying are done by officials of both parties at similar levels across office categories (table B1).

Officials who accept board seats tend to do so quickly after leaving office. Unlike lobbying, which requires cooling-off periods, federal ethics rules do not explicitly regulate board service; an official can serve in public office one day and serve on a board the next. For example, Senator Mike Johanns (R-NE) retired from the Senate after one term on January 3, 2015 (Johanns had previously served as the governor of Nebraska and secretary of agriculture). Five days later, Johanns joined the board of directors of Deere & Co., the tractor and farm equipment manufacturer. Officials do not generally leave office, work a variety of other jobs, and then join corporate boards later on in their careers. Lester et al. (2008) argues that firms prefer recently departed politicians for their boards because they possess higher levels of valuable social and human capital.

Figure 2*A* plots the number of years between leaving office and accepting their first board position for the officials in our sample who have left office since 2000 and have served on at least one corporate board. Fifty-two percent of these officials accepted their first board seat in the same year that they left office, and another 20% accepted in the following year. The steep decline of the curve illustrates the swift rate of accepting board positions (among those who choose to do so). The dashed lines plot the number of years to first board position for senators, governors, and cabinet officials. While the (depreciating) value of human and social capital explains part of the quick transitions that we observe, an additional,

4. Within office categories, there is significant variation in board service but consistently low levels of registered lobbying. See tables A3–A5.

complementary explanation is that board service can be performed in lieu of lobbying while that avenue is restricted. Figure 2*B* illustrates the effect of these restrictions—unlike with board service, a transition into employment as a lobbyist occurs most frequently after being out of office for a year.

LOBBYING AND BOARD SERVICE ARE SUBSTITUTES

Next, we turn to the intersection of board service and registered lobbying. Are these activities substitutes, such that officials required to forgo one option are more likely to participate in the other, or complements, such that reducing barriers to participation in one activity means former officials grow more likely to participate in both? One way to examine this question is by looking at how changing ethics regulations affect the employment choices made by former officials. We hypothesize that cooling off periods for lobbying (which generally apply to lobbying one's prior institution but not other branches of government) lengthen the time until registering as a lobbyist and encourage substitution from lobbying into board service. Our logic is that, as the cost of lobbying immediately after retirement increases (in the form of an outright ban on lobbying Congress), legislators choose other activities that allow them to make use of skills similar to the ones they would have used as lobbyists. Legislation on cooling off periods has been applied to different offices at different points in time and, therefore, provides a unique opportunity to test this hypothesis explicitly.

We narrow our focus to the Honest Leadership and Open Government Act of 2007 (HLOGA), which (among other things) imposed additional disclosure requirements on lobbying activity, imposed restrictions on gifts to MCs, and increased the cooling off period for Senators from one to two years. Before HLOGA, which took effect in 2008, members of both the House and Senate faced a one year cooling off period; in 2008 and after, however, Senators had to abide by a longer, two year cooling off period. Although HLOGA had many other provisions, none of them applied differentially to the House versus the Senate.

All MCs who retired in 2008 or later were subject to cooling off restrictions, but the length of the cooling off period only changed for Senators retiring post-HLOGA. Thus, a comparison of postoffice employment for House versus Senate members after HLOGA, while also taking into account any differences in postoffice employment between the two chambers pre-HLOGA, identifies the effect of an additional year cooling off period on the choice to lobby or join a board.[5]

We use a fixed effects approach to estimate the effect of an additional cooling off year on the choice to lobby or join a board. Specifically, we estimate a linear probability model for which the outcome is a binary variable indicating whether an individual worked as a lobbyist or served on a board in the two years immediately after leaving office. Observations record the chamber of MCs, year of retirement, state, and demographic characteristics such as age, gender, and party. When estimating the model, our key variables of interest are an indicator for whether a member served in the Senate (as opposed to the House) and the interaction of an indicator for whether members retired after the implementation of HLOGA with the Senate indicator. The coefficient on the interaction variable post-HLOGA × Senate estimates the effect of an additional year cooling off period on the probability of lobbying or board service. We include state fixed effects to control for the possibility that geographic location might influence the probability of board service or lobbying.[6] Fixed effects capturing the year each MC left office control for year-specific differences in board service or lobbying rates not due to the policy change. Note that we cannot include a post-HLOGA indicator variable on its own because it would be collinear with the year-left-office fixed effects.

Table 1 presents the results. We find that an additional year cooling off period leads to roughly a 20-percentage-point decrease in rates of registered lobbying and a 9-percentage-point increase in rates of board service in the first two years after leaving office. While limited to Congress, these results suggest substitution toward board service occurs when additional restrictions on lobbying are imposed—with a significant portion of the decline in registered lobbying offset by increases in board service.[7]

While we cannot identify the effects of restricting lobbying on rates of board service outside of Congress, we do observe less than perfect overlap between the sets of officials engaged in these activities. Table 2 compares the participation rates of each activity across offices using the Jaccard index, a measure of overlap.[8] A value of 0 indicates that no board members are lobbyists and no lobbyists are board members (no overlap); a value of 1 means that all board members are lobbyists and all lobbyists are board

5. For more intuition on the empirical setup, see fig. C1, which displays survival estimates separately for House members and Senators before and after the policy change.

6. For example, proximity to cities that serve as a headquarters for certain types of firms might increase the odds of board service for all MCs from a given state.

7. Appendix C provides more details and robustness checks; we also present results that suggest biases due to sample selection from strategic retirement likely play a minimal role.

8. The Jaccard index measures the ratio of the intersection of two sets to the union of two sets. The value ranges from $0 \leq J(A, B) \leq 1$.

Table 1. Effects of HLOGA on Postoffice Employment on Lobbying

	Lobbied		Joined Board	
	(1)	(2)	(3)	(4)
Senate	.0824	.0966	.193***	.183***
	(.0587)	(.0679)	(.0258)	(.0224)
Post-HLOGA × Senate	−.181**	−.217**	.0870**	.0919**
	(.0735)	(.0806)	(.0328)	(.0299)
Female		−.0374		−.0433
		(.0503)		(.0482)
Democrat		−.148**		.000362
		(.0541)		(.0371)
Age		.000649		.00120
		(.00156)		(.00178)
State FEs	Yes	Yes	Yes	Yes
Year left office FEs	Yes	Yes	Yes	Yes

Note. Standard errors, clustered by year of eligibility, are in parentheses. Individuals leaving office in 2007 are omitted from sample. HLOGA = Honest Leadership and Open Government Act; FE = fixed effects. $N = 375$.
* $p < .10$.
** $p < .05$.
*** $p < .01$.

members (full overlap). The evidence suggests it is simply not the case that the former officials lobbying are the same as those on boards and vice versa.

The share of officials engaging in both activities is greatest in the Senate and lowest in the executive branch and House. One possible reason for this difference is that firms are seeking one set of skills from former Senators (such as connections), such that lobbying and board service are similar activities, while firms are seeking expertise rather than connections from executive officials. Former House members may simply not have the stature to serve on boards, which depresses the degree of overlap possible. These results also highlight the unique value of a Senate seat, where both postpolitical career paths are common, relative to the House (mainly lobbying) and appointed officials (mainly boards).

CONCLUSION

Our findings suggest that we must look beyond lobbying to fully understand the private-sector career choices of public officials. Studying registered lobbying alone understates the extent to which former officials cash in after having held office. We provide a fuller picture of postoffice employment for a range of different former officials. Other than members of the House, all government officials in our sample are more likely to serve on corporate boards than to register as a lobbyist. And the cycle into and out of employment, as well as the degree of overlap between those who lobby and those who serve on boards, suggests that lobbying differs from board service in several important ways. For instance, officials who join boards do so more quickly and evidently without the stigma associated with lobbying or "influence peddling" more broadly.

Efforts to regulate postpolitical employment also overlook alternatives to lobbying. We find that increasing the restrictions on registered lobbying leads former MCs to increase their rate of board service. Furthermore, looking across our full sample, the officials who do lobby or join boards appear as relatively distinct groups; less than one-third of those who participate in one activity do both. Thus, if lobbying cooling off periods seek to place meaningful restrictions on postoffice employment to avoid the appearances of quid pro quo, then an exclusive focus on lobbying falls doubly short by pushing former lobbyists into additional board service and by targeting an activity that many other former officials avoid anyway.

A larger (normative) question is whether these patterns present a problem. If we believe that the benefits to holding office are too low to attract the best people into public service, then expectation of future returns makes government service more appealing. The opposing argument, however, emphasizes the risks that lucrative postpolitical employment, based on past

Table 2. Relationship between Board Service and Lobbying

Office	N	Share on a Board	Share Lobbied	Share Both	Jaccard Index
Ambassador (G20)	117	.368	.120	.060	.140
Cabinet	84	.571	.167	.083	.127
Congress—House	738	.114	.289	.051	.147
Congress—Senate	131	.435	.344	.191	.325
Executive branch	73	.562	.096	.055	.091
Governor	158	.411	.127	.070	.149
All officials	1,209	.242	.242	.069	.168

Note. The count of all officials differs from the sum of officials across offices because some officials held positions across multiple offices and some others held the same office more than once. The all officials row counts these individuals only once.

service in government, may pose through the possibilities of quid pro quos, future employment concerns warping policy decisions, and contributions to the revolving door. In order to adjudicate between these possibilities, we must first work toward a full accounting of the wide-ranging employment options for high-ranking government officials.[9] Examining post-political employment on corporate boards shows that, if anything, the concerns that arise from former officials becoming registered lobbyists are understated. Finally, we are able to examine corporate board service here only because the disclosure of public company board membership and compensation is required by SEC regulations (which are entirely independent of government official ethics regulations). Other activities—private company boards, employment in nonlobbying capacities, strategic or policy advising, paid speeches, media appearances, and many others—are not disclosed. The lack of disclosure regulations for government officials (apart from registered lobbying) may serve the interests of politicians but prevents the public from observing how their former officials are capitalizing on their time in government.

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9. We focus here on the private sector, but future research might include additional employment options, such as nonprofits, education, and other government service.