Post-Political Careers: How Politicians Capitalize on Public Office

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Abstract

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 a registered lobbyist. Furthermore, former officials join boards more quickly and face fewer ethics regulations compared to lobbying. Increasing restrictions on lobbying also appears to push former officials towards 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.

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Introduction

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 (Blanes i Vidal, Draca, and Fons-Rosen 2012; Bertrand, Bombardini, and Trebbi 2014). 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 post-political 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 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 thirty percent 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 office holder 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 paper 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' services on corporate boards of directors, and we directly compare board service to lobbying activity. We introduce a new (public) dataset on lobbying and board service for 1,209 former U.S. 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 post-political employment opportunity, service on corporate boards of directors. Corporate boards of directors provide high-level governance for firms; members' duties include selecting the CEO 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.

We assembled a dataset of all former politicians and high-level office-holders in the United States from 1992 to 2014. There is not a well-defined list of top office holders in American politics. As a result, we cast a wide net. Our dataset 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 dataset 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 non-executive director on the board of a

[1]See Appendix G for a case study of the post-political career of Sen. Evan Bayh, who simultaneously served as a law partner, finance executive, media commentator, and on four boards of directors after leaving the Senate, earning over $3m per year.

[2]See the NYSE's *Corporate Governance Guide* for an overview of the role of boards of public companies.

[3]See Appendix A for more information on our dataset and selection criteria.

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 (Table A1) presents the rates of board service and federal lobbying for the office-holders in our sample. 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.

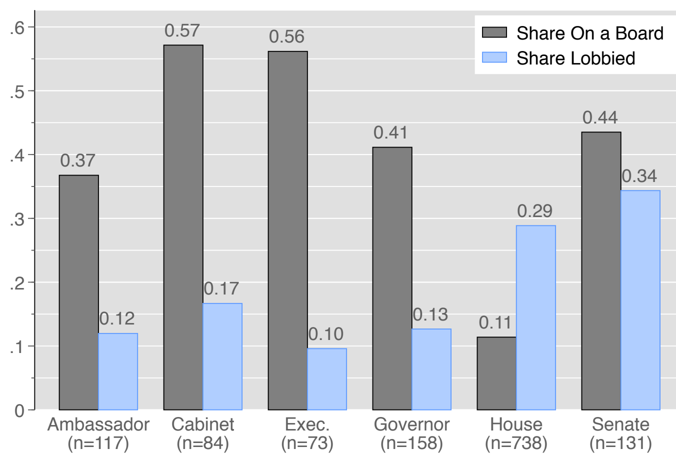


Figure 1: Corporate Board and Lobbying Participation Rates

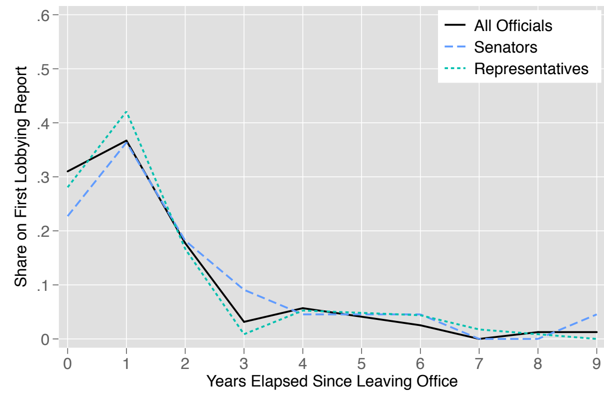
This is a surprising result, given the scholarly and regulatory attention focused on lobbying. There are several possible explanations. Because of the gaps in lobbying disclosure rules, the lobbying rates reported in this paper (and in the vast body of research that makes use of lobbying disclosure reports) likely understate the true rate of all activity that a reasonable observer would consider lobbying. On the other hand, 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 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 boards, 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 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

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

(a) Time to First Corporate Board



(b) Time to First Lobbying Report

Figure 2: Time to First Corporate Board or Lobbying Report

firms prefer recently-departed politicians for their boards because they possess higher levels of valuable social and human capital.

Figure 2a 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. 52% 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, complementary explanation is that board service can be performed in lieu of lobbying while that avenue is restricted. Figure 2b 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 forego 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 similar 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 Members of Congress, 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 post-office employment for House versus Senate members after HLOGA, while also taking into account any differences in post-office 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 where 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 they retired after the implementation of HLOGA with the Senate indicator. The coefficient on the interaction variable Post HLOGA $\times$ 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 towards board service occurs when

[5]For more intuition on the empirical setup, see Figure C1 in the Appendix, 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.

Table 1: Effects of HLOGA on Post-Office Employment on Lobbying

	Lobbied		Joined Board	
	(1)	(2)	(3)	(4)
Senate	0.0824	0.0966	0.193***	0.183***
	(0.0587)	(0.0679)	(0.0258)	(0.0224)
Post HLOGA × Senate	-0.181**	-0.217**	0.0870**	0.0919**
	(0.0735)	(0.0806)	(0.0328)	(0.0299)
Female		-0.0374		-0.0433
		(0.0503)		(0.0482)
Democrat		-0.148**		0.000362
		(0.0541)		(0.0371)
Age		0.000649		0.00120
		(0.00156)		(0.00178)
State FEs	Yes	Yes	Yes	Yes
Year Left Office FEs	Yes	Yes	Yes	Yes
Observations	375	375	375	375

Standard Errors, clustered by year of eligibility, are in parentheses.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
Individuals Leaving Office in 2007 are omitted from sample.

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

[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 2: Relationship Between Board Service and Lobbying

Office	N	Share On a Board	Share Lobbied	Share Both	Jaccard Index
Ambassador (G20)	117	0.368	0.120	0.060	0.140
Cabinet	84	0.571	0.167	0.083	0.127
Congress — House	738	0.114	0.289	0.051	0.147
Congress — Senate	131	0.435	0.344	0.191	0.325
Executive Branch	73	0.562	0.096	0.055	0.091
Governor	158	0.411	0.127	0.070	0.149
All Officials	1209	0.242	0.242	0.069	0.168

that all board members are lobbyists and all lobbyists are board 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 post-political 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 post-office 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 post-political 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 post-office 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 post-political employment, based on past service in government, may pose through the possibilities of *quid pro quos*, future employment concerns warping policy decisions, and contributing to the revolving door. In order to adjudicate between these possibilities, we must first work towards 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

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

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 non-lobbying 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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Online Appendix

A Data Collection

To compare corporate board and lobbying participation, we assembled a dataset of all former politicians and high-level office-holders in the United States from 1992 to 2014.[10] There is not a well-defined list of top office holders in American politics. While some positions, such as senators, governors, and cabinet secretaries, may be obvious, others may also be important, especially when analyzing the revolving door and the influence of former politicians. As a result, we cast a relatively wide net; we endeavored to collect a large and broad sample of officials, both elected and appointed. First, we include the top elected officials in the U.S.: members of the House, the Senate, and state governors.[11] Second, we include high-level presidential appointees: all cabinet officials, as well as other top officials, including National Security Advisors, White House Chiefs of Staff, and directors of the Central Intelligence Agency and National Intelligence.[12] Finally, we include all ambassadors to the G20 countries (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, and the European Union). While choosing any set of countries will be somewhat arbitrary, we selected the G20 countries as they all have large economies and relatively

[10]We chose 1992 as our cutoff date for two reasons. First, the boards data (see below) begins in 2000. Including office holders from too far before that year could include many officials who served on a board before 2000 but not subsequently, and therefore understate our results. Second, 1992 includes the end of the George H.W. Bush Administration, a point when many people left office. By including 1992, the data set includes presidential appointees from four presidential administrations — two Republicans and two Democrats.

[11]We exclude presidents and vice presidents as the sample size since 1992 (three of each) is so small.

[12]The titles of the various homeland security and intelligence agency directorships change several times across this period; we include the top directors regardless of title.

prominent ambassadors. Overall, our sample includes 1,209 former officials holding 1,332 offices (some officials hold more than one office over the time period studied here). Table A1 lists the types of offices included in our sample. Appendix Tables A3, A4, and A5 list all of the offices in each category. Table A1 also presents overall participation rates by category. Table A2 replicates these results for officeholders who left office in 2000 or later only. The similarity in these results shows that our cutoff of 1992, rather than 2000 (which matches the boards data), does not substantially alter our results.

We collected the data on former office holders from a variety of sources, including election results, the Biographical Directory of the United States Congress, and agency websites. For each official, we collected basic biographical data including dates of birth and death, gender, and political party (where available). Birth and death dates are especially important when analyzing post-political careers. Officials who retire or leave office when they are younger are more likely to seek employment, and will be able to work for longer than those who leave office later in life. The post-political careers of a fifty-year-old and a seventy-five-year-old leaving office at the same time are not comparable. As a result, we define an eligibility period from the year an individual left office through either the year they turn eighty or the year of death, whichever occurs earlier.[13] While a few people over the age of eighty may continue to work, most are retired. By excluding people over the age of eighty (or who died younger), we are able to establish a pool of people who generally could be employed after leaving office.

We merged our dataset of former politicians to two databases, BoardEx and OpenSecrets, which track corporate board membership and lobbying, respectively. BoardEx collects and organizes data on corporate personnel and relationships and maintains a comprehensive record of directorships for firms traded on public exchanges in the U.S. from 2000 to the

[13] The results do not substantially change if we apply a lower age cutoff.

present.[14] OpenSecrets maintains a database of registered lobbying activity, based on the reports filed with the House Office of the Clerk and the Senate Office of Public Records. We manually matched the names of the office holders in our sample to the BoardEx and OpenSecrets databases to determine if these candidates held board positions on public firms traded between 2000 and 2014 or lobbied in this same time period.[15] Of the 1209 individuals in our data set, 64% were matched to the Boardex data and 32% to the OpenSecrets data.[16]

We define corporate board service as serving as a non-executive director on the board of a publicly-traded company. We exclude executive/internal directors and those who serve on a board because they are an executive at the firm, such as the CEO or Executive Chairman. Executive positions are very different roles than external board members; executives work full-time jobs at their firms while external board members serve in a very limited part-time capacity. In addition to determining if an official ever served on a board after leaving office, we also use a second measure of board service, *boards per year*. This is a continuous measure that accounts for both the number of boards that a former official may serve on as well as the number of years that they serve on boards.[17] We define lobbying as appearing on a lobbying report as a paid lobbyist employed by a lobbying firm. We exclude in-house

[14] `http://corp.boardex.com`

[15] BoardEx contains complete data of all board members from 2000–2013. In some cases BoardEx includes previous board positions, but this may not be complete for all directors and all companies in earlier years. As a result, we restrict our analysis of board positions to this period. However, we include a larger range of offices and public service (1992–2012) in order to increase the pool of eligible candidates for board positions. For more on the BoardEx data, see Palmer and Schneer (2016).

[16] Many individuals who did not serve on a public company's board matched to the BoardEx data. For example, BoardEx might include someone who only served on a private company's board or as a corporate executive. Similarly, OpenSecrets might include someone who is registered as a lobbyist but has not appeared on a report for paid lobbying.

[17] *Boards per year* is calculated as the total number of board-years served, divided by the number of years since leaving office in which an official could have served on a board (alive and under the age of 80).

lobbying (where the lobbyist is an employee of the beneficiary), and pro-bono lobbying (reports where the amount paid is zero). We exclude these categories because in-house lobbyists and lobbyists who only work pro-bono work in a very different capacity than firm lobbyists. In-house lobbyists only have one client, their direct employer; they may also have other responsibilities beyond lobbying. Pro-bono lobbyists generally volunteer to advocate for less established organizations and causes, rather than for firms or established interest groups. Using these definitions and the pool of eligible former office holders defined above, we calculate participation rates for each activity.

Table A1: Board Service and Lobbying by Office Type

Office Type	N	Share On a Board	Boards per Year	Share Lobbied
Ambassador (G20)	117	0.368	0.506	0.120
Cabinet	84	0.571	0.950	0.167
Congress — House	738	0.114	0.088	0.289
Congress — Senate	131	0.435	0.608	0.344
Executive Branch	73	0.562	0.796	0.096
Governor	158	0.411	0.481	0.127
All Officials	1209	0.242	0.310	0.242

Table A2: Board Service and Lobbying by Office Type, Officials Leaving Office After 1999

Office Type	N	Share On a Board	Boards per Year	Share Lobbied
Ambassador (G20)	79	0.342	0.478	0.114
Cabinet	58	0.517	0.849	0.155
Congress — House	444	0.092	0.075	0.250
Congress — Senate	84	0.357	0.454	0.262
Executive Branch	48	0.458	0.558	0.062
Governor	106	0.387	0.419	0.057
All Officials	773	0.223	0.273	0.204

Table A3: Board Service by Ambassadorship

Office	N	Share On a Board	Boards per Year	Share Lobbied
China	5	1.000	1.658	0.000
United Kingdom	6	0.667	1.353	0.000
Japan	6	0.667	0.733	0.167
Mexico	5	0.600	0.985	0.200
Canada	7	0.571	1.281	0.571
Italy/San Marino	2	0.500	0.500	0.000
India	6	0.500	0.477	0.167
Italy	4	0.500	0.438	0.250
Germany	7	0.429	0.343	0.143
Brazil	7	0.429	0.179	0.000
France	5	0.400	1.031	0.000
European Union	8	0.375	0.449	0.250
Saudi Arabia	7	0.286	0.531	0.143
Turkey	7	0.286	0.061	0.143
Indonesia	8	0.250	0.201	0.000
Russia	5	0.200	0.050	0.000
South Africa	8	0.125	0.240	0.000
Argentina	6	0.000	0.000	0.000
Australia	6	0.000	0.000	0.000
Australia/Nauru	1	0.000	0.000	0.000
South Korea	7	0.000	0.000	0.143
Career	53	0.283	0.318	0.019
Non-FSO Career	11	0.364	0.513	0.091
Political	59	0.441	0.647	0.203
All Ambassadors	117	0.368	0.506	0.120

Table A4: Board Service by Cabinet Position

Office	N	Share On a Board	Boards per Year	Share Lobbied
Sec. of Health and Human Serv.	4	1.000	3.029	0.000
Sec. of Energy	7	0.857	1.343	0.000
Sec. of Agriculture	5	0.800	0.941	0.200
Sec. of Education	4	0.750	0.332	0.000
Sec. of Transportation	6	0.667	1.204	0.333
Sec. of Commerce	9	0.667	1.026	0.333
Sec. of Labor	5	0.600	1.796	0.000
Sec. of State	7	0.571	0.248	0.000
Sec. of Housing and Urban Dev.	6	0.500	1.030	0.167
Sec. of the Treasury	8	0.500	0.961	0.125
Sec. of Defense	6	0.500	0.549	0.000
Sec. of the Interior	5	0.400	0.560	0.400
Sec. of Homeland Security	3	0.333	1.333	0.000
Sec. of Veterans Affairs	6	0.333	0.546	0.500
Attorney General	5	0.200	0.143	0.400
All Officials	84	0.571	0.950	0.167

Table A5: Board Service by Executive Branch Officials

Office	N	Share On a Board	Boards per Year	Share Lobbied
EPA Administrator	6	0.833	1.059	0.167
U.S. Trade Rep.	7	0.714	1.594	0.143
Dir. of the FBI	3	0.667	0.641	0.333
White House Chief of Staff	11	0.636	1.107	0.182
Dir. of the OMB	11	0.636	0.475	0.000
Surgeon General	5	0.600	0.858	0.000
National Security Advisor	7	0.571	0.532	0.000
Dir. of the CIA	9	0.556	0.700	0.000
Dir. of the NSA	4	0.500	0.137	0.000
SBA Administrator	7	0.429	0.950	0.000
Dir. of National Intelligence	3	0.000	0.000	0.000
Solicitor General	7	0.000	0.000	0.286
All Officials	73	0.562	0.796	0.096

B Additional Results

B.1 Partisan Differences

Table B1: Partisan Differences in Board Service and Lobbying

On A Board							
	Democrats		Republicans		z-test		
	N	Share	N	Share	Diff.	z	p
Ambassador (G20)	27	0.556	23	0.478	0.077	0.545	0.586
Cabinet	35	0.571	49	0.612	-0.041	-0.376	0.707
Congress — House	384	0.104	366	0.123	-0.019	-0.811	0.417
Congress — Senate	62	0.403	66	0.485	-0.082	-0.929	0.353
Executive Branch	35	0.543	30	0.600	-0.057	-0.464	0.643
Governor	77	0.325	78	0.487	-0.163	-2.059	**0.039**
All	620	0.232	612	0.284	-0.052	-2.088	**0.037**

Lobbied							
	Democrats		Republicans		z-test		
	N	Share	N	Share	Diff.	z	p
Ambassador (G20)	27	0.185	23	0.174	0.011	0.103	0.918
Cabinet	35	0.257	49	0.122	0.135	1.589	0.112
Congress — House	384	0.253	366	0.328	-0.075	-2.272	**0.023**
Congress — Senate	62	0.274	66	0.424	-0.150	-1.777	0.076
Executive Branch	35	0.057	30	0.133	-0.076	-1.058	0.290
Governor	77	0.130	78	0.128	0.002	0.031	0.975
All	620	0.226	612	0.281	-0.055	-2.229	**0.026**

Officeholders with unknown or independent party affiliations are excluded. For officials who switch parties during their careers, we use their last identified party while in office.

B.2 Board Service Over Time

Public officials serving on corporate boards after retirement is not a new phenomenon. Figure B1 plots board service rates by year for all officials and selected categories. The trends are all generally flat, indicating stable participation rates since 2000. However, the number of eligible officials in our sample increases each year (more officials enter and leave office than the number who leave the sample due to age or death). Thus, while the percentage of officials serving on a board is roughly constant, the number of officials serving is increasing. For example, there are 489 officials in our sample who left office in 2000 or earlier, and who are eligible to serve on a board in 2000. Of these, 18% served on at least one board in 2000, and those who served averaged 2.5 boards per year. In 2013, there are 988 officials in our sample who are eligible to serve on a board. 16% served on at least one board in 2013, and those who served averaged 1.7 boards per year. One potential reason for the decline in boards per year for those who serve on boards is that new regulations implemented during this period limit individuals from serving on as many different boards simultaneously as in the past.

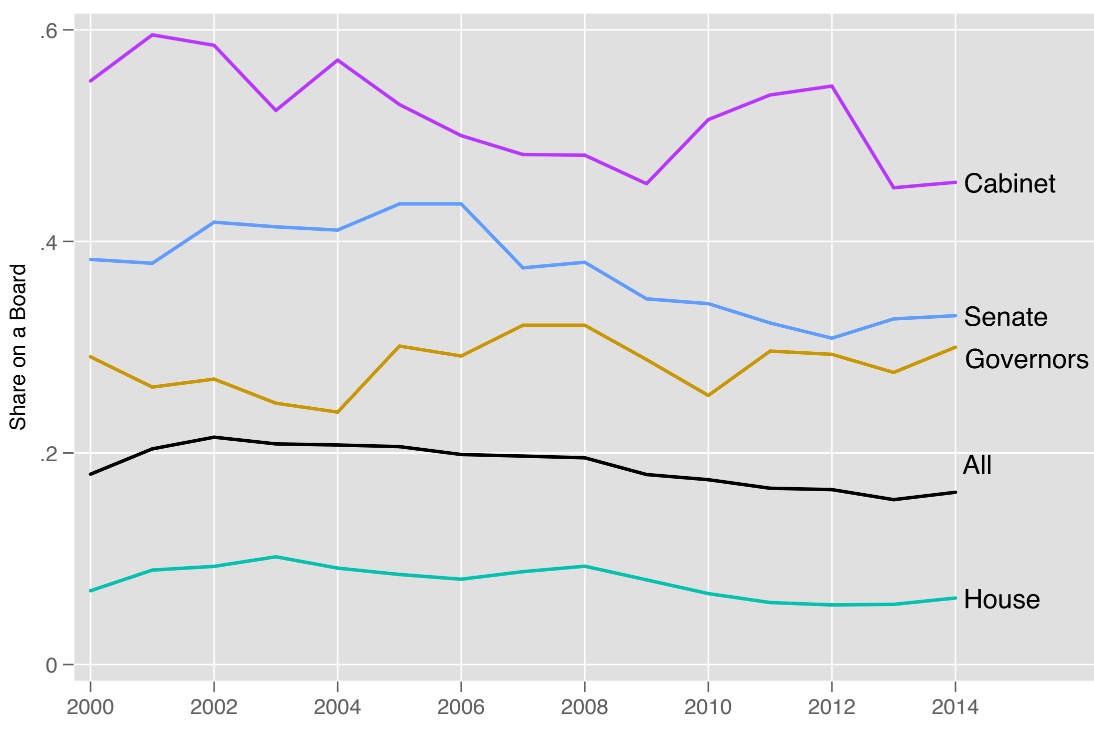

Figure B1: Board Service Rates by Year

C Substitutes and Complements

Figure C1 presents the Kaplan Meier estimates of survival rates for former House and Senate members who left office before and after the implementation of HLOGA. In this framework, "survival" is equivalent to not registering as a lobbyist. Our focus is on the first two years after leaving office. The figure illustrates a sharp disparity in the share of former Senate members who work as registered lobbyists in the first two to three years after leaving office depending on whether they left office before or after an additional cooling off year was added. The same disparity does not exist for members of the House.

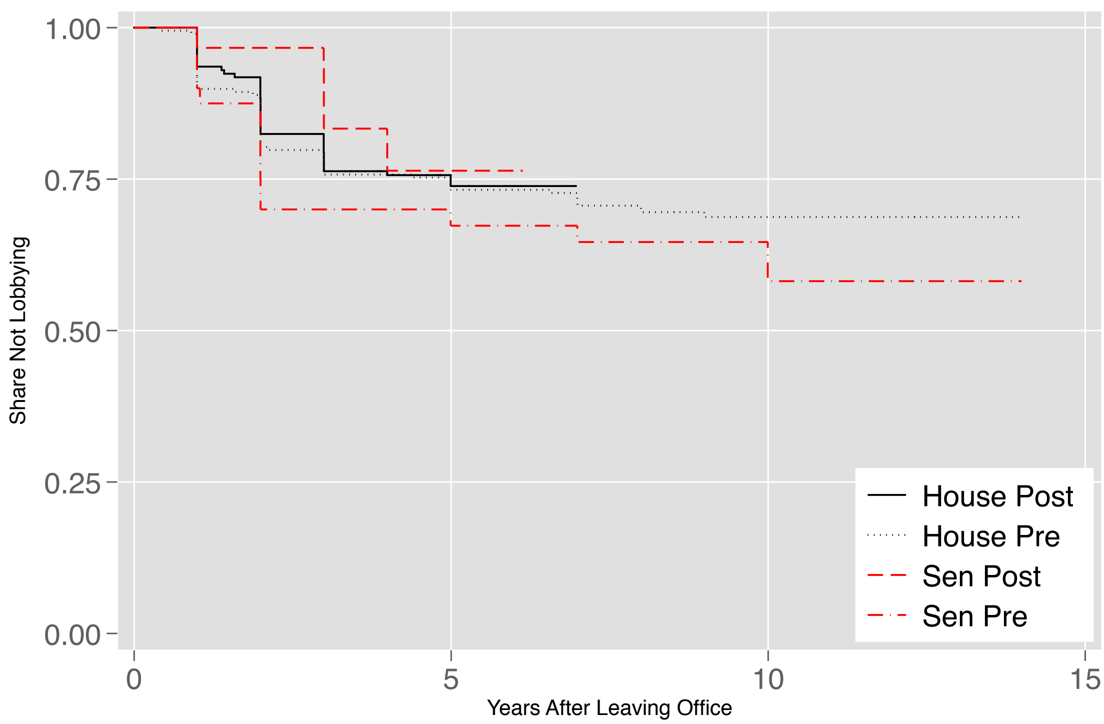

Figure C1: Lobbying

The two tables below report the results from the fixed effects specification in the body of the paper, as well as an alternative approach using a cox proportional hazard model (specifications 1 and 2). In this example, a "death" is equivalent to joining a board or registering as a lobbyist. As with the specifications reported in the paper, we find an increase in the hazard rate for senators post HLOGA when it comes to joining boards in the first two years after leaving office; additionally, we find a decrease in the hazard rate for these same senators when it comes to registering as a lobbyist.

Table C1: Effects of HLOGA on Post-Office Employment on Lobbying

	Lobby Log Hazard Ratio		Lobby Indicator	
	(1)	(2)	(3)	(4)
Senate	0.000288	0.0792	0.0824	0.0966
	(0.116)	(0.285)	(0.0587)	(0.0679)
Post HLOGA $\times$ Senate	-1.122*	-1.257*	-0.181**	-0.217**
	(0.652)	(0.761)	(0.0735)	(0.0806)
Female		-0.743		-0.0374
		(0.689)		(0.0503)
Democrat		-0.950***		-0.148**
		(0.324)		(0.0541)
Age		0.00718		0.000649
		(0.0124)		(0.00156)
State FEs	Yes	Yes	Yes	Yes
Year Left Office FEs	Yes	Yes	Yes	Yes
Observations	375	375	375	375

Standard Errors, clustered by year of eligibility, are in parentheses.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
Models 1 and 2 estimate Cox model; Models 3 and 4 estimated with least squares.
Individuals Leaving Office in 2007 are omitted from sample.

Table C2: Effects of HLOGA on Post-Office Employment on Boards

	Join Board Log Hazard Ratio		Join Board Indicator	
	(1)	(2)	(3)	(4)
Senate	1.175***	1.087**	0.193***	0.183***
	(0.273)	(0.485)	(0.0258)	(0.0224)
Post HLOGA × Senate	2.649***	2.660***	0.0870**	0.0919**
	(0.419)	(0.572)	(0.0328)	(0.0299)
Female		-0.0713		-0.0433
		(1.408)		(0.0482)
Democrat		-0.197		0.000362
		(0.518)		(0.0371)
Age		0.0145		0.00120
		(0.0176)		(0.00178)
State FEs	Yes	Yes	Yes	Yes
Year Left Office FEs	Yes	Yes	Yes	Yes
Observations	375	375	375	375

Standard Errors, clustered by year of eligibility, are in parentheses.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
Models 1 and 2 estimate Cox model; Models 3 and 4 estimated with least squares.
Individuals Leaving Office in 2007 are omitted from sample.

C.1 Strategic Retirement in Congress

Our fixed effects results cannot totally account for the possibility that changes in the cooling off period faced by members of the Senate also influenced the decision to retire. If this were the case, it might induce biases in our estimates due to sample selection. The logic would be that incumbents seeking to cash out and earn income from lobbying immediately after leaving office would see that they would have to wait an additional year to lobby Congress; in turn, this delay might lead them to decide not to retire. As a result, the pool of Senators newly eligible for outside employment might include an artificially low number of individuals who wanted to lobby in the first place. By this logic, sample selection might lead us to overestimate the direct impact of the policy change on declines in lobbying.

To assess this possibility, we can examine retirement rates in the House and Senate before and after the policy change. Figure C2 illustrates the changes in the share of members of the House and Senate who chose to retire across time.[18]

If the concern we articulated above was occurring, then we might expect to see a differential decline in the share of Senators retiring as compared to the share of former members of the House, and furthermore this decline would persist in the years following the policy change. We do not observe evidence in line with this account. While the 2009 retirement rate in the Senate does appear to slightly dip slightly relative to the House rate, it actually increases to the widest margin we observe in 2011. Considering that the House and Senate are subject to the same partisan tides year to year, there is not a strong ex ante reason to think that one chamber should be differentially affected (adding to this account, in both the House and the Senate retirement by party was roughly equal with 5 Democrats and 6 Republicans retiring in the Senate and 11 Democrats and 8 Republicans retiring in the House).

[18] Underlying data available at `https://www.opensecrets.org/members-of-congress/departures-by-cycle`.

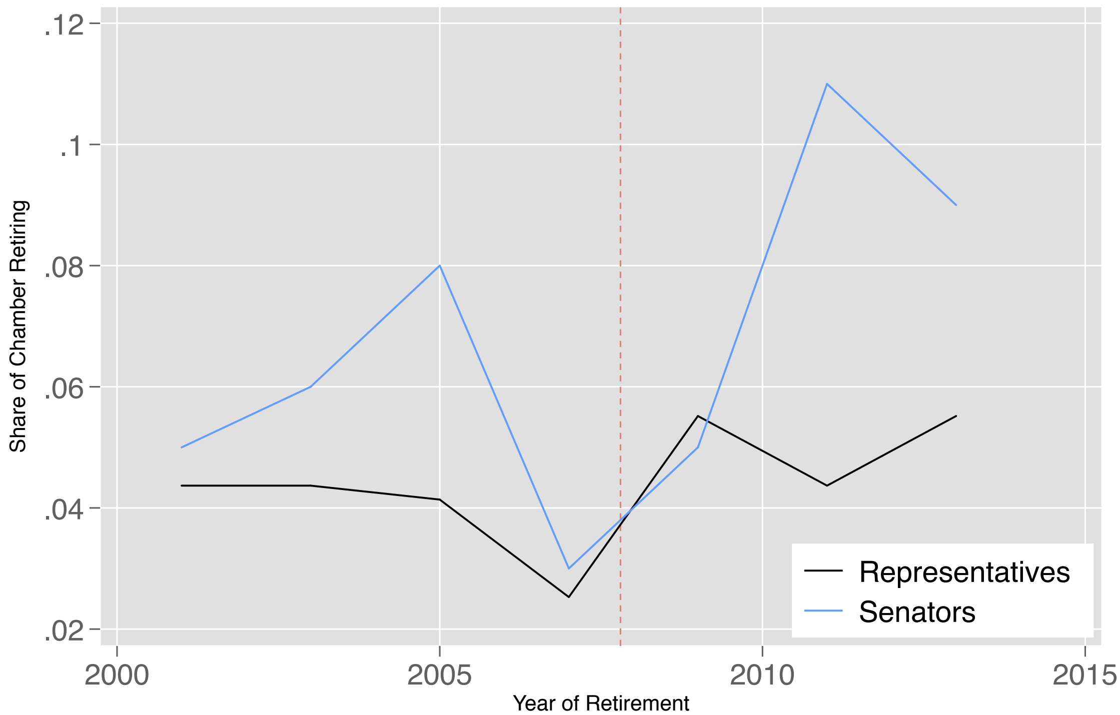

Figure C2: Retirements by Year

Thus, while we cannot entirely rule out bias due to selection, the evidence we have does not appear consistent with an account in which the full extent of the result is driven purely by selection out of retirement for former members disposed towards lobbying.

D Predicting Employment on a Board or as a Lobbyist

We also explore the role that other variables play in predicting service on a board or as a lobbyist. Narrowing our sample to former members of Congress, we examine several broad categories of characteristics: (1) Having a leadership role within the institution (as a party leader, committee chair, or ranking member); (2) Demographic and other characteristics (age when leaving office, gender, party); and, (3) past employment (previously worked in banking or business, as a lawyer, or served in the military). We obtained this data for the House and for the Senate; pooling across chambers and for each chamber separately, we then estimated two linear probability models where the outcome variable was an indicator for whether someone had served on a board in the first model and had registered as a lobbyist in the second model. Figure D1 presents the results.

Broadly speaking we find that the direction and magnitudes for the predictors listed above operate similarly in terms of predicting service as a board member or as a lobbyist. The most notable difference is actually based on gender — the only instance in our pooled specification for which the sign of the point estimate switches direction for boards versus lobbying. Female members leaving office are more likely than male members to join boards; however, they are less likely to go on to work as lobbyists. We think this likely reflects that work on a board has a much more public-facing dimension than working as a lobbyist, and so boards are more concerned with having a diverse set of directors. Lobbying firms, which largely operate behind the scenes, have no such concerns.

Moving on to the other predictors, we find that holding a leadership role within the institution correlates positively with service as both a board member and as a lobbyist. Specifically, holding a position as a committee chair (if in the majority party) or as a ranking member (if in the minority) is positively associated with service on a board and as a lobbyist. The same is true for the few members who at some point served in a party leadership position.

Most likely, several factors contribute to the observed positive relationship. First, holding a leadership position signals some measure of skill, clearly valued by firms seeking board members and lobbying firms seeking lobbyists. Second, holding a party leadership position places someone in a highly visible position; firms seeking board members in particular may want to hire someone with a public profile. This could explain why, for both the House and Senate, the effect of holding a leadership position increases the probability of joining a board more than it increases the probability of registering as a lobbyist. Third, both party leaders and committee leadership are senior members of their institution and, due both to their position and the length of their tenure, have likely developed extensive connections within Congress as well as a deep understanding of the intricacies of policy-making in the legislative branch.

In terms of other demographic characteristics, we find that members of the House who are Democrats and who are over 65 are both less likely to join boards or to work as lobbyists. Leaving Congress at an older age may simply signal that an individual is ready to retire rather than seek other employment opportunities.

In terms of past employment, the strongest relationship we can identify is between previous employment as an attorney and subsequently registering as a lobbyist. Past employment in the military or in business or banking generally has a positive relationship to subsequent employment on a board or as a lobbyist, but is generally not statistically significant for former members.

When examining the results chamber by chamber, the most noticeable difference is that the correlation between Senator characteristics and lobbying is generally not significant — possibly because relatively few senators go on to lobby in the first place in conjunction with the smaller sample sizes in the Senate as compared to the House.

Another puzzle is why members of the House serve on boards at quite low rates compared to other offices within our sample. Our within-chamber estimates do not seem to directly speak to this puzzle, though we do have one possible explanation that rationalizes the observed differences. Specifically, we note that the observable characteristics for members of the House appear to operate in mostly similar ways as in the Senate. Furthermore, as far as we can tell, in terms of the observablce characteristics we are measuring, there are not stark differences between members of the House versus the Senate. As a result, we hypothesize that some other, unmeasured factor is likely particularly important in predicting future board service and, further, Senators tend to possess more of it than former members of the House. One likely candidate would be fame/name recognition. The typical member of the Senate (and the typical former Cabinet member, for example) has a much higher public profile than the typical former member of the House. While we cannot measure this directly, this hypothesis — that there is an important unmeasured characteristic that explains the difference — appears consistent with the effects that we observe in Figure D1.

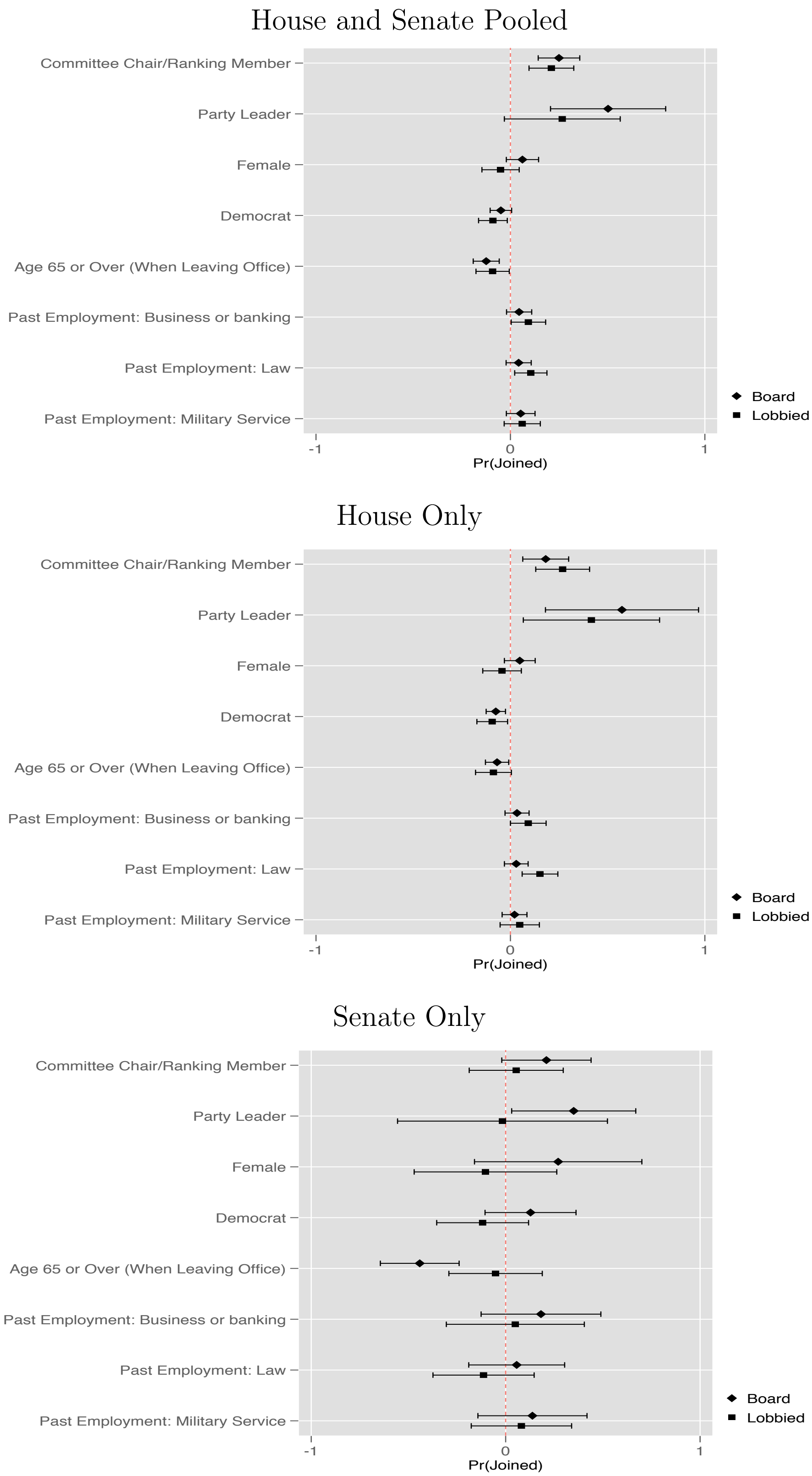

Figure D1: Predictors of Employment as a Lobbyist or Board Member

E Details on Employment Restrictions for Former Government Officials

This section provides details on the restrictions placed on former government officials in terms of the types of work they are able to perform. 18 U.S.C. Section 207 of the US Code is the primary source for conflict of interest law. Detailing every post-employment regulation for each office is actually quite complex and subject to changes depending on, for example, specific guidelines set forth by individual agencies or executive orders such as the one imposed January 21, 2009 by President Barack Obama that imposed limits on certain executive branch personnel that go beyond the limits in the US Code.

Here, we draw on a CRS Report "Post-Employment, 'Revolving Door,' Laws for Federal Personnel" to provide the beginnings of a sketch of what restrictions former officials are facing as of the end of 2014.

- Executive Branch
  - Switching Sides
    * Lifetime ban on "switching sides," i.e., performing representational activities on a particular matter for specific parties that one worked on directly while under government employ (Maskell 2014, p. 3).
    * Two-year ban on representational conduct similar to in the lifetime ban, but for matters that they may not have worked on directly but that were under their official responsibility (Maskell 2014, p. 3).
  - "Cooling off" periods
    * Senior officials (including high level military officers, and anyone paid at a rate on the Executive Schedule) face a one year cooling off period on represen-

tational activities that seek to influence their former departments or agencies (Maskell 2014, p. 4).

    * Very senior officials (Cabinet officers and other high-ranking officials, as well as the Vice President, employees of the office of the President and some White House employees) may not engage in representational activities directed at their former agency or anyone in a high level position in the entire executive branch (Maskell 2014, p. 5). This does not prohibit lobbying before Congress.

  - Trade and Treaty Negotiations

    * One year ban on using information not subject to FOIA for aiding / advising anyone other than the US in treaty or trade negotiations

  - Foreign Governments

    * Former senior and very senior officials are banned from representing, aiding or advising foreign entities for a year in engaging with any department or agency of the US (Maskell 2014, p. 6).

  - Obama Administration Restrictions

    * Obama administration appointees agree to a pledge prohibiting them from lobbying executive branch officials covered by the Lobbying Disclosure Act for the remainder of the Obama administration (Maskell 2014, p. 6).
    * Two year cooling off period restricting senior Obama appointees from lobbying their former agencies and departments (Maskell 2014, p. 6).

- House and Senate

  - "Cooling off" periods

    * Members of the House have a one-year cooling off period in which they may

not lobby or make engage in other representational activities with a member or employee of either chamber of Congress (Maskell 2014, p. 11).

    * Senators face a two-year cooling off period with restrictions similar to the ones listed above for former members of the House(Maskell 2014, p. 11).
    * Some exceptions exist. For instance, former members of Congress are not prohibited from lobbying for state or local governments, parties and political organizations (Maskell 2014, p. 12).

  - Trade and Treaty Negotiations
    * One year ban on using information not subject to FOIA for aiding / advising anyone other than the US in treaty or trade negotiations (Maskell 2014, p. 12).
  - Foreign Governments
    * One year ban on representing foreign entities before the United states
  - Floor Privilegs
    * Floor privileges (normally granted to former Members) are restricted for ex members of the House and Senate who have registered as lobbyists

- Governors
  - Specific restrictions vary from state to state, though generally any lobbying restrictions placed on a governor would restrict activities within the state and would not restrict lobbying Congress or executive branch agencies.

F Politicians on Corporate Boards of Directors

Corporate boards of directors play a critical role in the governance of public and private firms. Board members engage in corporate oversight, help shape strategy, set executive compensation, oversee mergers and acquisitions, and other tasks. Boards also oversee audits of firm finances, investigate problems, and help manage crises. While we might conceive of lobbying as a relatively narrow activity (particularly when lobbying on one particular issue or for one particular client), the job description for a board member is much more expansive.

Former officials on corporate boards, in addition to the above responsibilities, provide specialized human and social capital from their government experience (Lester et. al. 2008). Former officials bring in-depth knowledge about policy and regulation. For example, a former senator may have played a role in writing legislation regulating a particular industry or activity, and a former cabinet secretary may have overseen the process of implementing the regulations. Such experience is often explicitly cited by companies when they announce that a former official is joining the board (Palmer and Schneer 2016, pp.183–184). Officials also may maintain connections to their former colleagues in government, providing opportunities for shadow lobbying. Additionally, beyond engaging in representational activities, former government officials who serve on boards can also generate good will for a firm through their existing public reputations developed while in office.

Unlike lobbying, there appears to be no stigma for former politicians serving on corporate boards. President Obama had a general policy of not hiring lobbyists for administration positions. Corporate board positions, however, were not viewed as similarly problematic. For example, between leaving the Senate in 2009 and serving as Secretary of Defense from 2013 to 2015, Chuck Hagel served on the board of Chevron Corp., but this did not negatively impact his appointment.

G Case Study: Evan Bayh

The primary obstacle to the study of post-political careers is observability: if we cannot see what officials do after they leave office and how they are compensated, we cannot make inferences on the value of holding office. However, there is one exception to this observability problem: when a former official returns to public office. If an official leaves public service for the private sector and then later returns (or seeks to return), their finances and employment history may be disclosed. Evan Bayh's last-minute entry into the 2016 Indiana Senate race provides such an opportunity. As a candidate for the Senate, Bayh, a former governor and senator, was required to disclose his income sources and assets.

Table G1 lists Bayh's sources of income for 2015 and 2016 based on his Senate candidate disclosure report. In addition to the activities listed below, Bayh listed several other paid activities, including the board of a private healthcare company, and providing "strategic advice" to six other companies. Based on these disclosures, Bayh earned over \$3.2 million per year.

Table G1: Evan Bayh's Primary Sources of Income, 2015-2016

Activity	Employer	Dates	Reported Income Jan. 2015–Oct. 2016
Finance Executive	Apollo Global Management	Jan 2011-Present	\$2,038,152
Law Firm Partner	McGuireWoods	Jan 2011-Present	\$1,950,396
Corporate Board	Berry Plastics Group, Inc.	Oct 2011-Present	\$400,000
	RLJ Lodging Trust	Apr 2011-Present	\$360,000
	Fifth Third Bank	Jun 2011-Present	\$400,000
	Marathon Petroleum Corp.	Jul 2011-Present	\$600,000
Media Contributor	Fox News	Mar 2011-Jul 2016	\$440,034
Paid Speeches			\$82,000

Employment and compensation as of September 2016.

Three aspects of Bayh's post-political career are especially important. First, the range and volume of these activities are surprising. Partner at a law firm and strategic advisor at a financial company are both ostensibly full-time jobs, yet Bayh balanced them both with four corporate boards, media appearances, and paid speeches. Second, Bayh's activities do not include formal lobbying. Bayh did not register as a lobbyist and did not officially lobby Congress or any federal department or agency such that it had to be disclosed. However, he did extensive work advocating for policies that benefitted his clients (Severns and Arnsdorf 2016). Any study restricted to registered lobbying would miss Bayh's work as a senior advisor. Finally, the timing of Bayh's employment — particularly his speedy transition from public service to private employment — is remarkable. Bayh joined Apollo Global Management and McGuire Woods within a month of leaving office, and he joined four boards of directors and signed his deal with Fox News by the end of the year. Unlike lobbying Congress, which requires that Senators wait for a two year "cooling off" period before commencing work, Bayh capitalized on his government service less than a month after leaving office. Furthermore, Bayh began his job search and negotiations while still in the Senate, ten months before leaving office. While he discussed employment opportunities with oil and financial companies, Bayh cast important votes in the Senate on issues pertaining to those industries (Werner 2016; Bresnahan 2016). Such meetings and votes do not mean any *quid pro quo* or corrupt dealings occurred, but Bayh's simultaneous role as a Senator and as a seeker of lucrative employment highlights the precarious ways in which future employment concerns intersect with policy making.

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