

When time is money: sideline jobs, ancillary income and legislative effort

Steffen Hurka, Lukas Obholzer, and William T. Daniel

ABSTRACT

Moonlighting, the pursuit of (paid or unpaid) sideline jobs by democratically elected politicians, regularly evokes public outcry. This study provides an empirical test of the claim that moonlighting goes hand-in-hand with a lower degree of parliamentary effort. The article draws upon original data on the number of outside jobs and the remuneration received by Members of the European Parliament (MEPs) during the 7th legislative term (2009-2014). Controlling for key intervening variables that affect legislative effort, we find that higher ancillary income is associated with lower participation in roll-call votes, but that this relationship is mostly driven by a small circle of heavy moonlighters. However, our analysis demonstrates that representatives with a greater number of outside jobs are also more, instead of less, likely to draft committee reports. The findings have important normative implications and speak to policy debates about the regulation and transparency requirements of outside jobs in legislatures.

KEYWORDS European Parliament; Legislative effort; Moonlighting; Outside earnings; Report allocation; Roll-call vote participation

The publisher's version of this article is available at

<http://www.tandfonline.com/doi/full/10.1080/13501763.2017.1285341>

DOI: 10.1080/13501763.2017.1285341

Citation: Hurka, Steffen, Obholzer Lukas, and Daniel, William T. (2017). When time is money: sideline jobs, ancillary income and legislative effort. *Journal of European Public Policy* (early view, DOI: 10.1080/13501763.2017.1285341).

1. Introduction

In 2011, the European Parliament (EP) underwent a significant institutional crisis when two reporters from *The Sunday Times* exposed legislators ready to accept payment in exchange for ‘legislative consultancy work’, including the proposal of certain legislative amendments. The results of the undercover investigation, which has come to be known as the ‘cash-for-laws-scandal’, sent shockwaves through the institution. In response to the revelations, then-EP president Jerzy Buzek immediately set up a working group, entrusted with the task of developing countermeasures. The result of these deliberations was a new code of conduct for Members of the European Parliament (MEPs), which came into force on 1 January 2012.

The new code introduced stricter rules for the disclosure of ancillary income and the types and number of (remunerated) activities MEPs pursue next to their mandate – a phenomenon that is commonly referred to as *moonlighting* (Gagliarducci, Nannicini, and Naticchioni 2010). MEPs were obliged to file a standardized declaration of interest form and update the information as soon as their income or activities change. While this new code of conduct has been criticized for its alleged lack of teeth, it does provide unprecedented insight into characteristics of MEPs that may have important implications for the legislative business of the EP. Most importantly, we may wonder if moonlighting entails any consequences for a legislator’s commitment, such as participation in voting and holding the important position of rapporteur. This paper sets out to tackle this challenge, making use of an original dataset that assembles personal characteristics and moonlighting activity of all MEPs during the seventh legislature (2009-2014).

The question of whether sideline jobs distract democratically elected representatives from exercising their mandate bears significant societal and policy relevance. Most importantly, it touches upon implicit popular assumptions that moonlighting legislators pursue their outside work at the expense of their parliamentary mandate. Only recently, scholarship on the determinants and consequences of moonlighting has developed and brought to light first insights for some national parliaments (e.g. Gagliarducci, Nannicini, and Naticchioni 2010; Arnold, Kauder, and Potrafke 2014). However, existing empirical investigations have hardly analysed moonlighting in the EP, with the important exception of Staat and Kuehnhanss (2016). This is an important research gap in itself, given the fact that the EP has increased its power over EU legislation tremendously in recent decades (Rittberger 2012). It is also of broader significance in that the representatives are elected under distinct variants of proportional electoral systems and have markedly different backgrounds, allowing for nuanced insights of general comparative relevance.

In order to address the questions raised above, this paper proceeds as follows: in the following sections the paper reviews extant literature on the determinants of legislative effort and develops a set of hypotheses. It then introduces the data, which are used to test the contention that moonlighting may affect legislative effort in the EP. The paper proceeds with a presentation of the results, before drawing several conclusions.

2. Existing research on moonlighting and legislative effort

Are moonlighting MEPs less committed to their parliamentary mandates than non-moonlighting MEPs? Or do their outside activities indicate that they are highly efficient

‘workaholics’ and ‘multi-taskers’—able to fulfil multiple obligations without shirking their duties as elected representatives? Given the on-going debate, the answer to these questions is of great importance for political parties, who nominate candidates for office, and for voters, who ultimately decide on the electoral fate of these candidates.

In recent years, the phenomenon of moonlighting in legislatures has gained increasing attention among scholars of political science. First attempts to unravel the political determinants and consequences of moonlighting were made in the Italian (Gagliarducci, Nannicini, and Naticchioni 2010; Fedele and Naticchioni 2015), and German contexts (Arnold, Kauder, and Potrafke 2014; Geys and Mause 2012, 2014; Mause 2009; Becker, Peichl, and Rincke 2009). Moonlighting in the United Kingdom (UK) House of Commons has also attracted some academic attention, both with regard to the behaviour of moonlighters prior to elections (Geys 2013) and with regard to the legislative behaviour of politicians in their final term (Geys and Mause 2016).

The findings of the existing literature regarding the consequences of moonlighting for legislative business are somewhat mixed. While many find that moonlighting negatively affects legislative effort, they disagree over whether this effect is statistically significant. For the Italian context, Gagliarducci et al. (2010) find that legislators who dispose of higher ancillary income tend to show higher rates of absenteeism. The possibility of earning outside income, so the argument goes, raises the opportunity costs of showing up in parliament. This finding was interpreted as indicating a trade-off for the voter, who must decide between ‘bad but dedicated’ and ‘good but not fully committed’ politicians (Gagliarducci, Nannicini, and Naticchioni 2010, 688). More recently, Fedele and Naticchioni (2015) qualify this finding, arguing that the negative impact of moonlighting on voting attendance only holds for market-

fit politicians, whose ‘motivational rewards from doing politics’ (Fedele and Naticchioni 2015, 3) are lower than those of their public-fit counterparts. In Germany, Arnold, Kauder, and Potrafke (2014) have refuted the relationship between ancillary income and legislative absenteeism. While the differing findings may be a matter of research design, the broader implication remains that little scholarly consensus on the effects of moonlighting on legislative effort presently exists.

In the context of the EP, research on monetary incentives for legislative effort has focused almost exclusively on the impact of a salary reform in 2009, when the institution harmonized the base salaries of its members to 38.5 per cent of the salary of a judge at the European Court of Justice (Mocan and Altindag 2013; Braendle 2015; Fisman et al. 2015). Only recent work by Staat and Kuehnhanss (2016) explicitly addresses the effect of moonlighting on the legislative work of MEPs. The findings of their article are that moonlighting negatively affects an MEP’s ‘written output’, but does not affect MEP plenary activities. Yet, in contrast to these authors, who only analyze a subset of MEPs who served the full term between 2009 and 2014, we extend the scope to all MEPs having served in the term. Moreover, we use additional and more fine-grained measures of moonlighting and introduce conventional control variables, such as committee membership (for a comprehensive overview of the differences in our approaches, please see the online appendix). Accordingly, we do not consider the research question settled and proceed to re-examine the effect of moonlighting on MEP legislative effort in the following section.

3. Is time money? Consequences of moonlighting for legislative effort

Legislative effort is a multi-faceted concept, but voting participation is probably the most basic form of demonstrating a commitment. Showing up in parliament in order to cast one's vote can be reasonably conceived of as the primary duty of any democratically elected legislator who is accountable to multiple principals. Yet, voting participation does not require a legislator to engage in any specific type of detailed case-work, it only requires the legislator to check his or her timetable and weigh the benefits of shirking against the (opportunity) costs of showing up.

For moonlighting MEPs, the results of this cost-benefit-analysis should be different than for non-moonlighting MEPs. On the one hand, we should expect that an increase in the workload an MEP has to cope with next to one's mandate should be directly related to their ability to attend parliamentary votes. More specifically, MEPs with more sideline jobs should be present less frequently in the EP than MEPs with fewer or no additional activities. On the other hand, we might also hypothesize that not every sideline job affects an MEP's schedule to the same extent. While some jobs might require an MEP to devote more time to carry them out (e.g., regular remunerated jobs), others arguably require much less physical presence (e.g., duties on boards and committees). In fact, it is reasonable to assume that remuneration is positively correlated with the time and effort a legislator must expend in order to fulfil the job's duties. According to these considerations, the first research hypothesis on the consequences of moonlighting for legislative effort reads as follows:

H1: *The more legislators engage in moonlighting, the lower their participation rate in EP plenary votes.*

Yet, measuring legislative effort solely in terms of attending votes is hardly sufficient to capture the complexity of the concept. Party groups provide voting lists and a participation in more than 50 per cent of votes is required to qualify for the full daily allowance (currently 304 Euros) on plenary days. Therefore, commitment to a parliamentary mandate should be understood as a multi-faceted concept that entails more than just voting or attendance (Braendle 2015; Arnold, Kauder, and Potrafke 2014; Mocan and Altindag 2013; Fisman et al. 2015). In particular, next to the rather low-effort ‘attendance’ indicator, a legislator’s diligence is adequately expressed by her active participation in the legislative process, which requires more effort and might constitute a more genuine proxy for effort undistorted by financial incentives.

In the context of the EP, this high-effort participation can be measured by the number of reports an MEP drafts as so-called ‘rapporteur’. Rapporteurs are the most central individual political actors in the EP, exerting significant influence on the institution’s policy positions (e.g. Costello and Thomson 2011; Kaeding 2004; Yoshinaka, McElroy, and Bowler 2010; Hurka 2013). Under the ordinary legislative procedure, their role has been strengthened tremendously due to a strong increase in the number of informal trilogue meetings and resulting early agreements between the Council and the EP (Reh et al. 2013). Given the importance of the task, drafting reports does not only require time, but also a certain degree of effort and dedication. Staat and Kuehnhanss (2016) find that higher outside earnings are associated with fewer rapporteurships. In addition, some findings from the German Bundestag suggest that moonlighting negatively affects other types of legislative activities, like oral contributions, interpellations, and group initiatives (Arnold, Kauder, and Potrafke 2014). Accordingly, if MEPs value their outside jobs more than their parliamentary mandate, we

should expect moonlighting MEPs to expend less effort for reports than MEPs with fewer or no outside activities.

At the same time, however, there are also good theoretical reasons to expect a *positive* impact of moonlighting on report allocation. In fact, above everything else, rapporteurs are selected based upon their expertise in a given issue area. MEPs with more expertise in the policy sector addressed by the Commission proposal might therefore enjoy an advantage in comparison to their less experienced colleagues. Accordingly, a high number of outside activities might not only be indicative of a very busy legislator who faces a trade-off between his or her activities inside and outside the EP, but also of an expert, whose knowledge is valued as an asset in a legislature that is at a comparative disadvantage to the Commission and national administrations in terms of resources. If we follow the informational logic of legislative organization (Krehbiel 1991), according to which parliaments compose their committees of policy experts in order to receive unbiased, high-quality committee output that is located at the position of the median legislator in the plenary, these committees might use moonlighting as a cue to select the most knowledgeable legislators from their ranks to perform important jobs. Likewise, if committees are staffed according to the distributional logic (Shepsle 1978), which holds that committee memberships primarily enable legislators with special interests to produce biased legislation to ‘bring home the pork’, legislators might equally use moonlighting as a cue for expertise. Under both theories, moonlighting might thus bolster MEPs’ credentials. Empirical evidence on committee assignment and report allocation suggests that both logics are at play in different committees of the EP (see Yordanova 2009; Kaeding 2004; Yoshinaka, McElroy, and Bowler 2010). While their implications here are observationally equivalent, the theories lend credibility to the expectation of a positive effect of moonlighting on report allocation.

Thus, on the one hand, time constraints might prevent moonlighters from participating actively in the legislative process. On the other hand, moonlighters might be experts whose expertise is valued by the plenary or by special interest representatives. To summarize, we can formulate the following two competing research hypotheses:

H2a: *The more legislators engage in moonlighting, the fewer rapporteurships are allocated to them.*

H2b: *The more legislators engage in moonlighting, the more rapporteurships are allocated to them.*

4. Data and Methods

In order to test the hypotheses developed in the previous section, we use original data on all MEPs from the seventh legislative term (EP7), 2009-2014. Information on moonlighting was retrieved from the declarations of interest, which are publicly available on the website of the EP.¹ In our analysis, we focus on the number of mandates held in other (sub-national) parliaments, regular remunerated activities and memberships on boards and committees, since these three components should be of roughly comparable importance for the time schedule of an MEP.² If an activity is paid, MEPs are required to specify the category of remuneration: (1) 0-499 € per month, (2) 500-1.000 € per month, (3) 1.001-5.000 € per month, (4) 5.001-10.000 € per month, and (5) above 10.000 € per month.

In order to measure moonlighting, we can thus derive two quantitative indicators from these statements: (1) the number of activities pursued beyond the mandate and (2) the remuneration received outside of the EP. While the first indicator is measurable in a rather straightforward manner (i.e., by counting the number of listed commitments), the latter requires a coding decision, due to the categorical nature of the underlying information described above. We follow the approach chosen by Becker, Peichl, and Rincke (2009), who aggregated the means of the individual categories in order to arrive at an estimate of the individual legislators' earnings. Like Becker, Peichl, and Rincke (2009), we face the problem that the final reported category (above 10.000 €) has no upper bound and accordingly, we have to pick one by assumption. We choose 14.000 €, which gives us a roughly linear combination of category means (250 €, 750 €, 3000 €, 7.500 € and 12.000 €).³ Our measure does not include remuneration received for the exercise of other parliamentary mandates, because several MEPs were not clear about the time period for which remuneration was received; additionally, the reported currency of the declared earnings was not always obvious from the forms. Accordingly, the resulting measure of ancillary income is calculated using the means of the five categories listed by the MEPs for regular remunerated activities and payments for work on boards and committees.⁴ The entire dataset consists of 853 observations, each representing an MEP who has served in EP7. For 41 MEPs, we lack information on all different types of moonlighting activity: a problem that results from the fact that these MEPs used old declaration schemes that do not provide detailed information on remuneration. For another four MEPs, we lack data on other variables employed in the analysis. The missing values do not cluster within certain countries or party groups (i.e., shares of missing values roughly correspond to national delegation sizes and party group shares in the plenary). In order to make sure that our results are not driven by individual national delegations in certain party groups, we cluster standard errors accordingly and report the estimates gained from 139 jackknife replications.

An important caveat is that the data we work with is provided by the MEPs themselves and we can therefore only rely on the honesty of the MEPs when they file their financial declarations. Additionally, the code of conduct is only weakly enforced (Cingotti et al. 2014). If legislators are interested in enhancing the effectiveness of the chamber, more transparency on outside jobs and income would be desirable, in particular in order to systematically analyse the question of potential conflicts of interests.

Of all 812 MEPs for which we have moonlighting data, a total of 348 MEPs did not pursue any outside activities at all. Yet, a majority of all MEPs in EP7 pursued at least one outside activity (median=1) which indicates that moonlighting is, in fact, a relevant phenomenon that requires our attention. Upon closer inspection, we find that the task that keeps most MEPs occupied next to their mandate are memberships on boards and committees. Only a total of 55 MEPs held a mandate in at least one other (usually local) parliament in EP7, whereas 122 MEPs pursued at least one regular remunerated activity in addition to their EP mandate. Both figures are relatively small when compared with the fact that roughly every second MEP held at least one membership on a board or committee during his mandate. As far as ancillary income is concerned, we find that many activities are either not remunerated at all or the remuneration falls below the 500 € threshold. Given our coding decision of aggregating the category means, the median ancillary income amounts to 250 €. Furthermore, the average participation rate in EP7 was 83 per cent with a standard deviation of 12 percentage points. All MEPs in the sample drafted 2.5 reports on average, but there is substantial variation across the sample. Due to space constraints, all descriptive statistics are reported in the online appendix.

Data for all remaining variables were taken from the profiles of the MEPs on the official website of the EP and, for *participation*, from VoteWatch.⁵ We consider a set of potentially confounding factors. For instance, Whitaker (2014) finds that older MEPs (*age*) and those from peripheral countries are more likely to pursue careers outside the parliament. Such career considerations might negatively affect MEPs' willingness to expend legislative effort. Hix, Noury, and Roland (2007, 75) likewise argue that the opportunity costs of legislative participation are higher for MEPs whose constituencies are more distant (*Capital's distance to Brussels*). Equally, MEPs' *education* might influence their commitment to their job as representatives, since their level of qualification might be indicative of their expertise and might influence their outside options. In addition, gender has been found to be relevant, with *female* legislators being more active in the legislative arena (van Geffen 2016). It is also critically important to control for *party affiliation*, not only when accounting for participation rates (Hix et al. 2007: 72ff.), but also when estimating a MEP's chances to become rapporteur. This is because larger political groups are able to acquire more reports in the bidding process and thereby augment their members' likelihood to draft reports (Kaeding 2004). Moreover, it has been shown repeatedly that *committee chairs and vice-chairs* are allocated more reports than regular MEPs, simply because they are the ones who must draft a report by default if no party group buys it at the auction. In addition, it is now well established that MEPs from the *accession states (2004, 2007 and 2013)* are at a disadvantage in the report allocation process, although the sources of this underrepresentation are still unclear (Hurka and Kaeding 2012). Some studies also suggest that *seniority* is positively related to the number of legislative reports an MEP is able to obtain (e.g. Daniel 2013). Moreover, not all standing committees of the EP produce the same number of legislative reports and since committees are the key collective actors distributing reports, *committee membership* is a crucial control variable. Further, Hoyland, Hobolt, and Hix (2013) demonstrate that MEPs elected under *preferential voting systems* are less likely to attend roll-call votes, arguably due

to the electoral benefits of presence in the constituency. Finally, also *roll-call participation rates* themselves are a predictor of allocated rapporteurships, because party group coordinators often reward more active MEPs with leadership positions (e.g. Yoshinaka, McElroy, and Bowler 2010).

5. Results

Since different types of dependent variables are analysed, we need to adapt the estimation to the data structure. For the fractional response variable ‘participation rate’, generalized linear models with a logit link function are employed in order to take account of the fact that the variables are bound between 0 and 1 (Papke and Wooldridge 1996). Rapporteurship assignments are count variables and are modelled by means of negative binomial regressions, due to over-dispersion in the data.

First, we analyse the impact of moonlighting on voting participation (Table 1). The analysis reveals a nuanced picture, which varies depending upon whether we look at the quantity or the lucrativeness of the pursued outside jobs. While the mere number of outside activities an MEP pursues is not significantly related to the MEP’s participation rate (Model I and II), the amount of ancillary income is (Model III and IV). More precisely, MEPs who earn more outside income are significantly less present in roll-call votes than MEPs who earn less and the type of income that drives this relationship is remuneration received through regular outside jobs. Although the effects are not particularly strong, they are robust if we aggregate the lower bounds of the income categories instead of the means and if we adjust the incomes for purchasing power.⁶

Table 1. *The consequences of moonlighting for roll-call vote participation in the EP (2009-2014)*

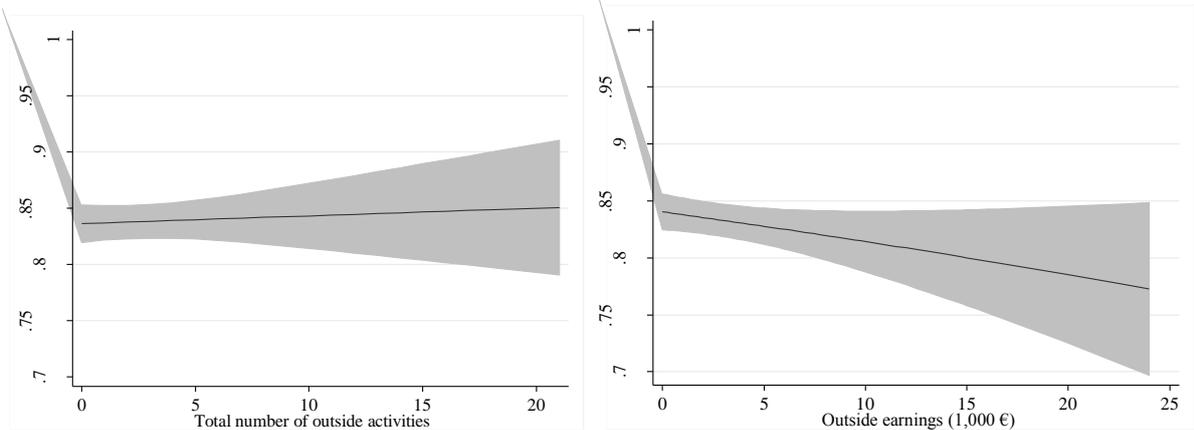
Independent variables	Model I	Model II	Model III	Model IV
Moonlighting (#)	0.01 (0.01)			
Other parliamentary mandates (#)		0.04 (0.08)		
Regular remunerated jobs (#)		0.03 (0.04)		
Board and committee memberships (#)		0.00 (0.01)		
Outside earnings			-0.02* (0.01)	
Outside earnings (regular jobs)				-0.02** (0.01)
Outside earnings (boards/committees)				-0.02 (0.02)
Control variables				
Party groups (reference: S&D)				
EPP	0.06 (0.16)	0.06 (0.16)	0.08 (0.16)	0.08 (0.16)
ALDE	-0.07 (0.15)	-0.07 (0.15)	-0.05 (0.14)	-0.05 (0.14)
GREENS	0.14 (0.17)	0.15 (0.17)	0.14 (0.16)	0.14 (0.16)
ECR	-0.27** (0.13)	-0.27** (0.13)	-0.26** (0.12)	-0.26** (0.12)
EUL-NGL	-0.01 (0.15)	-0.00 (0.15)	-0.03 (0.15)	-0.03 (0.15)
EFD	-0.45 (0.36)	-0.45 (0.36)	-0.46 (0.35)	-0.46 (0.36)
NI	-0.43 (0.28)	-0.43 (0.28)	-0.44 (0.28)	-0.44 (0.28)
Age	-0.00 (0.01)	-0.00 (0.01)	-0.00 (0.01)	-0.00 (0.01)
Female	0.12* (0.06)	0.12* (0.06)	0.11 (0.07)	0.11 (0.07)
University preparatory education (Ref.: technical/vocational)	-0.09 (0.18)	-0.09 (0.18)	-0.07 (0.18)	-0.07 (0.18)
Bachelor's degree or equivalent (Ref.: technical/vocational)	0.03 (0.11)	0.03 (0.11)	0.04 (0.11)	0.04 (0.11)
Postgraduate (Ref.: technical/vocational)	0.19 (0.12)	0.19 (0.12)	0.20* (0.12)	0.20* (0.12)
Capital's distance to Brussels	-0.03** (0.01)	-0.03** (0.01)	-0.03** (0.01)	-0.03** (0.01)
MEP from accession state (2004, 2007 and 2013)	0.07 (0.12)	0.07 (0.12)	0.06 (0.12)	0.06 (0.12)
Preferential voting system	0.06 (0.12)	0.06 (0.12)	0.07 (0.12)	0.07 (0.12)
Committee chair/vice-chair	0.03 (0.07)	0.03 (0.07)	0.04 (0.07)	0.04 (0.07)
Seniority	-0.02 (0.03)	-0.02 (0.03)	-0.02 (0.03)	-0.02 (0.03)
Committee dummies	Yes	Yes	Yes	Yes
Log likelihood	-257.42	-257.40	-257.31	-257.31
N	808	808	808	808

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$; Generalized Linear Models (logit link function); jackknife standard errors in parentheses (clustered for 139 country/party group combinations). Participation rates only apply for roll-call votes held during a MEP's time in office.

Since the coefficients are hard to interpret due to the complex estimation method, some predicted margins help to clarify the effect (see Figure 1). In both graphs, the confidence intervals widen as we move into more extreme regions of the independent variables, which is primarily due to the fact that these regions are populated with fewer cases. However, while the left graph demonstrates the insignificant relationship between the quantity of outside commitments and voting participation, the right graph shows that participation tends to decrease as outside earnings increase. Two observations are of particular importance: first, the decrease in participation occurs at a rather high level of overall participation and second, the largest drops in participation are attributable to the top five percentile of all moonlighters. While the predicted participation rate only drops by 1.2 percentage points when we compare non-moonlighters to the moonlighter at the 95th percentile (4,750 €), participation decreases another 2.5 percentage points for the moonlighter at the 99th percentile (14,000 €) and drops another 3.0 percentage points in the final percentile of the distribution. Accordingly, predicted voting participation drops by about 6.7 percentage points over the full range of the distribution, but most of this decrease is due to a small circle of heavy moonlighters in the EP. In fact, the mean participation rate for the top 5 percentile of moonlighters (76 MEPs) only amounts to 77.4 percent, whereas the same rate is 83.9 percent for the remaining 732 MEPs. Therefore, it is reasonable to conclude that moonlighting only impairs upon roll-call vote participation if it is done excessively.⁷ Overall, the differences we find do not appear particularly large, but our statistical analysis suggests that they are not random. Hence, our results differ from those of Staat and Kuehnhanss (2016, online appendix) who did not find a significant effect of outside earnings on ‘attendance’, a variable which captures whether the MEP signed into a register in the parliament building on the day of a plenary vote (see online appendix). To appreciate the size of our negative and significant effect, it helps to note that it is larger than the difference in participation between co-decision and non-legislative votes or

those with an absolute majority requirement as opposed to those under simple majority (Hix, Noury, and Roland 2007, 83).

Figure 1. *Predictive margins: moonlighting and roll-call vote participation*



Thus, while we fail to confirm an impact of the quantity of the outside jobs an MEP pursues on voting participation, it seems that remuneration matters. One possible causal mechanism for this relationship could be that higher paid jobs require more presence and effort than lower paid jobs. As a result, MEPs have to devote more time to these highly-paid jobs and might therefore miss more votes than other MEPs. They might also be more willing to forego the per-diem remuneration. Indeed, the empirical evidence suggests that the type of outside job held matters for participation in plenary votes. Specifically, if we distinguish between remuneration received for regular jobs and remuneration received for board and committee memberships, we find that only the former drives down participation rates significantly (Model IV). This might be because these jobs require more of the MEPs' scarce time, whereas responsibilities on boards and committees arguably require less time and effort and can be practiced by MEPs without compromising on their participation in votes. On balance, then, this suggests that a trade-off of time commitments rather than mere financial considerations drive the result.

Table 2. *The consequences of moonlighting for report allocation in the EP (2009-2014)*

Independent variables	Model I	Model II	Model III	Model IV
Moonlighting (#)	0.04** (0.02)			
Other parliamentary mandates (#)		-0.07 (0.17)		
Regular remunerated jobs (#)		-0.00 (0.08)		
Board and committee memberships (#)		0.04* (0.02)		
Outside earnings			0.02 (0.02)	
Outside earnings (regular jobs)				-0.01 (0.03)
Outside earnings (boards/committees)				0.05* (0.03)
Control variables				
Party groups (reference: S&D)				
EPP	0.08 (0.13)	0.09 (0.13)	0.09 (0.14)	0.09 (0.14)
ALDE	-0.16 (0.15)	-0.15 (0.15)	-0.15 (0.16)	-0.14 (0.15)
GREENS	-0.22 (0.14)	-0.23 (0.14)	-0.22 (0.15)	-0.21 (0.15)
ECR	-0.07 (0.18)	-0.07 (0.18)	-0.05 (0.18)	-0.05 (0.18)
EUL-NGL	-0.29 (0.26)	-0.30 (0.25)	-0.32 (0.26)	-0.31 (0.26)
EFD	-0.81* (0.42)	-0.80* (0.42)	-0.83* (0.42)	-0.81* (0.43)
NI	-1.33*** (0.42)	-1.33*** (0.41)	-1.35*** (0.42)	-1.33*** (0.42)
Age	-0.01* (0.01)	-0.01* (0.01)	-0.01* (0.01)	-0.01* (0.01)
Female	0.10 (0.11)	0.09 (0.11)	0.12 (0.11)	0.11 (0.11)
University preparatory education (Ref: technical/vocational)	0.06 (0.33)	0.06 (0.33)	0.06 (0.33)	0.07 (0.34)
Bachelor's degree or equivalent (Ref: technical/vocational)	0.29 (0.20)	0.29 (0.20)	0.28 (0.19)	0.29 (0.19)
Postgraduate (Ref: technical/vocational)	0.42** (0.18)	0.42** (0.18)	0.44** (0.18)	0.43** (0.18)
Capital's distance to Brussels	0.04** (0.02)	0.04** (0.02)	0.04** (0.02)	0.04** (0.02)
MEP from accession state (2004, 2007 and 2013)	-0.47*** (0.13)	-0.47*** (0.13)	-0.46*** (0.13)	-0.45*** (0.13)
Preferential voting system	-0.00 (0.09)	-0.01 (0.09)	-0.02 (0.09)	-0.03 (0.09)
Committee chair/vice-chair	0.54*** (0.15)	0.53*** (0.16)	0.54*** (0.16)	0.52*** (0.15)
Seniority	0.14*** (0.05)	0.13*** (0.05)	0.13*** (0.05)	0.13*** (0.04)
Participation	2.14*** (0.58)	2.15*** (0.57)	2.17*** (0.54)	2.19*** (0.54)
Committee dummies	Yes	Yes	Yes	Yes
Log likelihood	-1532.00	-1533.54	-1530.37	-1530.96
<i>N</i>	808	808	808	808

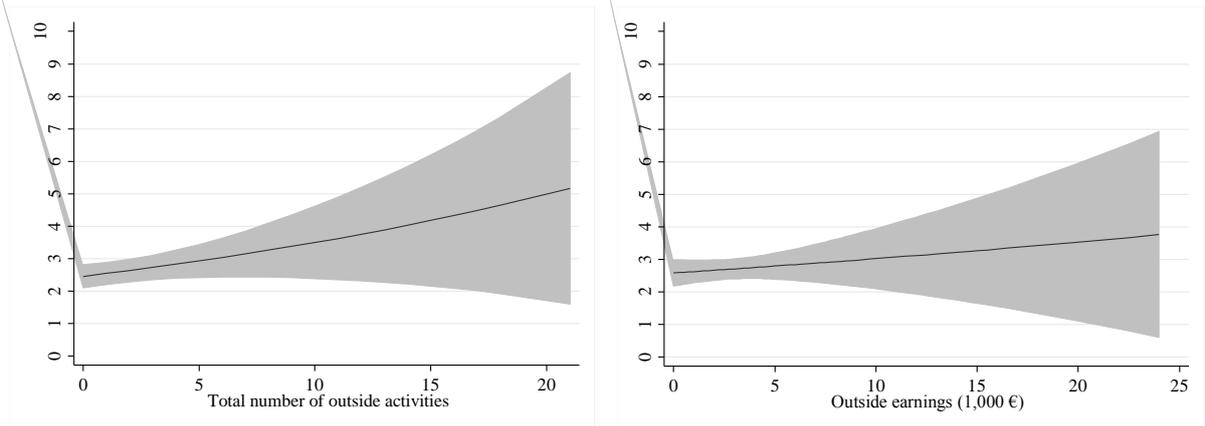
* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$; Negative binomial regression models (regression coefficients reported); jackknife standard errors in parentheses (clustered for 139 country/party group combinations). The share of the term an MEP actually served (i.e., the number of plenary days during which the MEP was in office divided by the total number of plenary days in the 7th EP) is incorporated as an exposure variable (Long & Freese, 2001, p.241f.).

Regarding our control variables, we find that only MEPs from the group of the European Conservatives and Reformists (ECR) tend to participate in fewer votes than other MEPs. Both gender and education do not have a robust effect on roll-call vote participation. Instead, MEPs from rather peripheral member states attend roll-call votes less frequently, which might be due to them having to cut plenary sessions short to fly home to their constituencies. The existence of a preferential voting system in the MEP's country of origin does not lead to higher participation rates. Finally, neither age nor seniority has a significant impact on voting participation.

As Table 2 and Figure 2 demonstrate, the more jobs an MEP pursues beyond his or her mandate, the more reports the MEP is allocated (Models I and II), thus confirming H2b instead of H2a. This is because the number of outside activities is not necessarily only an indicator of the opportunity costs an MEP faces, but might also be an indicator of an MEP's expertise in a given issue area. As previous studies have demonstrated, expertise is a key asset for MEPs trying to allocate rapporteurships (Yoshinaka, McElroy, and Bowler 2010). In this sense, MEPs who pursue many outside activities might have coveted knowledge in a number of (sub-)fields. As Model II demonstrates, however, not all types of jobs matter to the same extent. In fact, the significant finding from Model I is strongly driven by memberships on boards and committees, whereas regular outside jobs and other parliamentary mandates do not affect report allocation significantly. MEPs serving on boards and committees arguably enjoy a reputation as experts and can help reduce the EP committee's comparative informational disadvantage vis-à-vis the Commission. In addition, party group leaders on the committee might interpret the number of jobs held by an MEP as a proxy for diligence. This seems plausible considering that these may be non-paid positions in their constituencies. If this is the

case, MEPs that hold more responsibilities outside parliament than others could simply be more willing to invest in writing legislative reports. Accordingly, the result of our analysis could be driven by two causal mechanisms. First, MEPs with multiple obligations outside parliament could be valued as a shortcut to high quality information by their committee and party group leaders. Second, MEPs with more outside jobs might have a higher intrinsic motivation to seek rapporteurships in the first place.⁸ While we consider both of these causal mechanisms theoretically plausible, our data do not allow us to test their comparative relevance directly.

Figure 2. Predictive margins: moonlighting and report allocation



In Model III, we find that the overall amount of ancillary income generated is not decisive for the number of reports an MEP drafts. In Model IV, we see that regular jobs are not the main drivers of report allocation. Instead, it is again the remuneration MEPs generate on boards and committees that helps to predict their increased activity as rapporteur. Thus, we fail to confirm Staat and Kuehnhanss’ (2016) finding that outside earnings have a negative effect on the number of committee reports MEPs draft. Instead, our results suggest that there is no statistically significant association between the (overall) amount of ancillary income and report drafting. Instead, we find a positive relationship between the number of jobs MEPs

pursue and their activity as rapporteurs. Please consult the online appendix for a more detailed investigation into this discrepancy.

Thus, we find that MEPs with special policy-relevant expertise are more likely to serve as rapporteurs than MEPs without ties to business. This finding resonates with earlier studies who found that MEPs with interest group ties (Kaeding 2004) and particular educational backgrounds (Daniel 2013) are advantaged when it comes to the distribution of reports in the EP. Yet, this also raises important questions regarding the quality of democratic representation in the EU. If moonlighters are regarded as unbiased experts by the electorate within the EP (Krehbiel 1991), moonlighting should not be harmful for the quality of democratic representation. On the contrary, it would be ensured that parliamentary committees are even better able to fulfil their obligations in providing the plenary with the best information possible. If, however, moonlighters are preference outliers with biased interests into certain political directions, policy outputs of parliamentary committees might be severely biased (Shepsle 1978). The scope conditions and extent to which either of these two scenarios holds empirically cannot be examined in further depth in this contribution, because this would require more detailed information on the sectors in which the MEPs work. However, we consider this an important follow-up question for future research.

Regarding our control variables, we find that the number of reports is influenced by party group size and ideology. In particular, non-attached MEPs and MEPs from the EFD draft significantly fewer reports than their peers from the larger groups. While higher age and coming from an accession state lead to fewer rapporteurships, university education, longer seniority in the EP, higher voting participation and committee chairmanships have a positive impact on the number of drafted reports. We also find that MEPs from peripheral member

states draft significantly more reports than MEPs whose country of origin is closer to Brussels. Accordingly, these MEPs seem to compensate their reduced participation in votes by drafting more reports.

Summarizing our findings, we conclude that the importance of moonlighting for parliamentary performance depends upon our choice of the performance indicator. Participation rates tend to decrease with higher ancillary income, arguably because better-paid jobs require MEPs to devote more time to carrying them out. This relationship, however, is strongly driven by a select group of heavy moonlighters (see Table C and Figure H in the appendix). At the same time, MEPs who are particularly active beyond their mandate in terms of the number of jobs they have and in terms of the income from positions on boards and committees allocate more reports, which might be due to the fact that moonlighting is closely connected to expertise. If, however, moonlighting MEPs are systematically biased in terms of their policy preferences, then the EP faces significant principal-agent problems.

6. Discussion

Moonlighting as an empirical phenomenon in legislatures has only recently begun to attract scholarly attention, yet its resonance with the general public is of obvious interest. This is an important dichotomy, given that the limited knowledge accumulated thus far has produced mixed evidence and that research on moonlighting of legislators in the EP is still in its infancy. In this respect, our contribution continues this debate: our dataset with novel and more fine-grained measures of moonlighting in the EP contributes to the general state of knowledge of moonlighting in the EU, while also drawing an important substantive contrast

with the most closely related extant work on the topic and brings to light a range of interesting findings with important policy implications.

Specifically, the paper looks at two different indicators of parliamentary performance, voting participation and report allocation, in order to establish the extent to which moonlighting is related to a MEP's legislative activity. We find that the effects of moonlighting depend upon the performance indicator we are interested in. If we are interested in participation rates, we find that MEPs with high ancillary income are significantly more absent from roll-call votes than are MEPs with lower ancillary income. The substantive effect is not particularly strong, but it is statistically quite robust. It is interesting to note here that the number of jobs pursued is not relevant for participation, but that the lucrativeness of the jobs matters and that moonlighting only exerts its impact on voting participation at extreme levels in the data. This finding diverges from Staat and Kuehnhanss' (2016) finding of a null effect for moonlighting on presence in the EP building.

It is reasonable to assume that the relationship is driven by two causal mechanisms. First, the negative impact of high ancillary income on an MEP's voting participation record could be the result of the augmented time requirements posed by higher-paid jobs. This is further underscored by the additional observation that only remuneration received for regular jobs has a significant and negative effect on voting rates, whereas payments received for memberships on boards and committees do not affect participation significantly. Second, MEPs with paid sideline jobs should have lower incentives to seek per-diem compensation for showing up in the EP and participating in votes.

In a separate, divergent finding from the literature, we also show that if we replace the performance indicator to look at the effect of moonlighting on the number of allocated reports, we find that moonlighting MEPs actually perform even better than non-moonlighting MEPs. Specifically, the number of appointments on boards and committees is positively related to the number of rapporteurships an MEP is able to accumulate. Again, the relationship is not very strong, but is robust to different model specifications. Also again, this finding diverges from the work of Staat and Kuehnhanss (2016).

To explain this finding, we argued that the pursuit of outside jobs can be considered as an indicator of expertise in a given subject area. Such expertise is a key asset for MEPs who want to take on the prestigious job of a rapporteur. If this is the case, committees expect moonlighters to produce high-quality reports that fulfil the committee's and the plenary's need for unbiased information. Alternatively, MEPs holding multiple sideline jobs might also be 'workaholics' who dispose of a stronger intrinsic motivation to serve as rapporteurs. At the same time, if moonlighting is an expression of distributive preferences, then the EP might face a severe principal-agent problem when it delegates rapporteurships to moonlighting MEPs.

In sum, our findings may be considered in partial contradiction to recent work by Staat and Kuehnhanss (2016), whose important study set the agenda for the debate that we have taken up in the present paper. How, then, do we account for these differences? First, they find that outside earnings do not impact upon attendance rates, which they operationalize as physical presence in the building on the day of a plenary session, rather than roll-call vote participation. This may be seen as an alternative measure for voting participation, for which we find a significant negative effect. Second, they find that outside earnings decrease the

number of draft reports MEPs obtain. We are unable to pinpoint the exact origin of these different findings. However, we suspect that the differences are driven by a mixture of operational and methodological choices. In particular, this includes sampling, estimation techniques, control variables and measurement issues. For further information on these differences, please consult the online appendix.

Overall, our findings have potential normative and policy implications for the EP and beyond. At a normative level, we find that moonlighting might not necessarily negatively affect legislative effort and democratic representation. There might be reasons for party leaders – and voters – to consider moonlighting as a signal of expertise and diligence. Hence, a demonization of moonlighting seems uncalled for. Yet, at a policy level, the findings also invite higher levels of transparency to alleviate concerns about the substantive interaction of ancillary jobs and legislative work. If legislators pursue outside activities, it might be imperative to know more about MEPs’ nature of the jobs, responsibilities, links to their legislative work, and potential conflicts of interest. More comprehensive reporting requirements of sources of income and stakeholder interactions in the EP as well as a more robust enforcement of the institution’s code of conduct seem desirable in this light.

Notes

¹ We would like to thank our student research assistant Britta Arlt for coding these data.

² Occasional activities are excluded because they are only reported if their annual remuneration exceeds 5000 €. In addition, we lack a yardstick that would allow us to weight the relative importance of occasional vs. regular outside activities for MEP’s schedules.

³ Like Becker, Peichl, and Rincke (2009), we also ran our models using the lower bounds of the categories (which also reflects the aggregation used by Staat and Kuehnhanss (2016)) and with alternative upper bounds of

the highest category. None of these changes influences our conclusions. Please consult the online appendix for these results.

⁴ In order to account for the heterogeneity in purchasing power across the EU, we also ran robustness checks using PPP-adjusted incomes. Please consult the online appendix for the results (Tables B, D and E).

⁵ <http://www.votewatch.eu>

⁶ This does not change our conclusions. Please consult Table B in the online appendix for these robustness checks.

⁷ This finding is elaborated in more detail in Table C and Figure H in the online appendix.

⁸ Since there are some MEPs with a particularly large amount of jobs, we also ran the models for different subsets of MEPs (with up to five, ten or fifteen jobs). All conclusions remain stable (consult the online appendix).

References

Arnold, F., Kauder, B., and Potrafke, N. (2014) 'Outside earnings, absence, and activity: Evidence from German parliamentarians', *European Journal of Political Economy* 36: 147-57.

Becker, J., Peichl, A., and Rincke, J. (2009) 'Politicians' outside earnings and electoral competition', *Public Choice* 140(3-4): 379-94.

Braendle, T. (2015) 'Does remuneration affect the discipline and the selection of politicians? Evidence from pay harmonization in the European Parliament', *Public Choice* 162(1): 1-24.

Cingotti, N., Bank, M., Cann, V., de Clerck, P., and Hoedeman, O. (2014) "Mind the gap - MEP code of conduct is not effectively enforced." Accessed 26 February 2015. http://corporateeurope.org/sites/default/files/briefing_mind_the_gap_foee_ceo_lobbycontrol_130514-1.pdf.

Costello, R. and Thomson, R. (2011) 'The nexus of bicameralism: Rapporteurs' impact on decision outcomes in the European Union', *European Union Politics* 12(3): 337-57.

Daniel, W.T. (2013) 'When the agent knows better than the principal: the effect of education and seniority on European Parliament rapporteur assignment', *JCMS: Journal of Common Market Studies* 51(5): 832-48.

Fedele, A. and Naticchioni, P. (2015) 'Moonlighting Politicians: Motivation Matters!', *German Economic Review* 17(2): 127-56.

Fisman, R., Harmon, N.A., Kamenica, E., and Munk, I. (2015) 'Labor Supply of Politicians', *Journal of the European Economic Association* 13(5): 871-905.

-
- Gagliarducci, S., Nannicini, T., and Naticchioni, P. (2010) 'Moonlighting politicians', *Journal of Public Economics* 94(9–10): 688-99.
- Geys, B. (2013) 'Election Cycles in MPs' Outside Interests? The UK House of Commons, 2005–2010', *Political Studies* 61(2): 462-72.
- Geys, B. and Mause, K. (2012) 'Delegation, Accountability and Legislator Moonlighting: Agency Problems in Germany', *German Politics* 21(3): 255-73.
- Geys, B. and Mause, K. (2014) 'Are Female Legislators Different? Exploring Sex Differences in German MPs' Outside Interests', *Parliamentary Affairs* 67(4): 841-65.
- Geys, B. and Mause, K. (2016) 'The Limits of Electoral Control: Evidence from Last-Term Politicians', *Legislative Studies Quarterly* 41(4): 873-98.
- Hix, S., Noury, A.G., and Roland, G. (2007) *Democratic Politics in the European Parliament*, Cambridge: Cambridge University Press.
- Hoyland, B., Hobolt, S.B., and Hix, S. (2013) 'Career Ambitions and Legislative Participation: The Moderating Effect of Electoral Institutions', Conference Paper, EUSA 13th Biennial Conference, Baltimore, MD, 9-11 May 2013.
- Hurka, S. (2013) 'Changing the output: The logic of amendment success in the European Parliament's ENVI Committee', *European Union Politics* 14(2): 273-96.
- Hurka, S. and Kaeding, M. (2012) 'Report allocation in the European Parliament after eastern enlargement', *Journal of European Public Policy* 19(4): 512-29.
- Kaeding, M. (2004) 'Rapporteurship Allocation in the European Parliament Information or Distribution?', *European Union Politics* 5(3): 353-71.
- Krehbiel, K. (1991) *Information and Legislative Organization*, Ann Arbor: University of Michigan Press.
- Long, J.S. and Freese, J. (2001) *Regression Models for Categorical Dependent Variables Using Stata*, College Station, TX: Stata Corporation.
- Mause, K. (2009) 'Nebentätige Bundestagsabgeordnete: Was offenbaren die Veröffentlichungspflichten?', *Perspektiven der Wirtschaftspolitik* 10(2): 146-74.
- Mocan, N. and Altindag, D.T. (2013) 'Salaries and Work Effort: An Analysis of the European Union Parliamentarians', *The Economic Journal* 123(573): 1130-67.
- Papke, L.E. and Wooldridge, J.M. (1996) 'Econometric Methods For Fractional Response Variables With An Application To 401(K) Plan Participation Rates', *Journal of Applied Econometrics* 11(6): 619-32.
- Reh, C., Héritier, A., Bressanelli, E., and Koop, C. (2013) 'The Informal Politics of Legislation: Explaining Secluded Decision Making in the European Union', *Comparative Political Studies* 46(9): 1112-42.

Rittberger, B. (2012) 'Institutionalizing representative democracy in the European Union: The case of the European Parliament', *JCMS: Journal of Common Market Studies* 50(s1): 18-37.

Shepsle, K. (1978) *The Giant Jigsaw Puzzle*, Chicago: University of Chicago Press.

Staat, C. and Kuehnhanss, C.R. (2016) 'Outside Earnings, Electoral Systems and Legislative Effort in the European Parliament', *JCMS: Journal of Common Market Studies*, online first: DOI: 10.1111/jcms.12460.

van Geffen, R. (2016) 'Impact of Career Paths on MEPs' Activities', *JCMS: Journal of Common Market Studies* 54(4): 1017-32.

Whitaker, R. (2014) 'Tenure, turnover and careers in the European Parliament: MEPs as policy-seekers', *Journal of European Public Policy* 21(10): 1509-27.

Yordanova, N. (2009) 'The Rationale behind Committee Assignment in the European Parliament Distributive, Informational and Partisan Perspectives', *European Union Politics* 10(2): 253-80.

Yoshinaka, A., McElroy, G., and Bowler, S. (2010) 'The Appointment of Rapporteurs in the European Parliament', *Legislative Studies Quarterly* 35(4): 457-86.