

# Transparent Politicians: Does Disclosure of Income from Side Jobs Pay Off for Parliamentarians?

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## Moonlighting MPs

- Paid side jobs legal (at least partially) in 72 democracies globally (Weschle 2021)
  - **Problems:** reduced levels of trust from voters in politicians (Rose and Wessels 2018)
  - **Potential solution:** side income disclosure
    - Trust in politicians and political institutions changes with the availability of additional information (Alessandro et al. 2021; Morisi and Wagner 2020)
    - Transparency: more accountability, better improve decision-making quality, and less corruption (Bauhr and Grimes 2014)
- But: transparency can also have no effect (Grimmelikhuijsen 2012) or a negative effect on trust (Grimmelikhuijsen et al. 2013)

## Research Question

- How does income transparency affect citizens' perception of MPs (trustworthiness and electability)?
- How do citizens assess MPs' side jobs in the absence of income disclosure?

## The Effect of Side Income (Non-)Transparency

- Voters = ultimate principal to MPs (agents) (De Winter, Karlsen, and Schmitt 2020)
- Additional principals (interest groups) financing MPs may compete with voters (Giger and Klüver 2016)
- Voters care about...
  - MPs' interest group affiliations (Lutz, Mach, and Primavesi 2018)
  - campaign donation sources (Sances 2013)
  - income amount of political candidates (Campbell and Cowley 2014)
  - side income amount of incumbent parliamentarians (Campbell and Cowley 2015)
  - illicit sources of politicians' income (Costas-Pérez, Solé-Ollé, and Sorribas-Navarro 2012)

*H1: Citizens will assess transparent politicians, i.e. those disclosing their side income more positively (trustworthy & electable) than non-transparent ones.*

## The Effect of Income-Related Cues (IG Type)

- When income remains undisclosed: citizens still knows about side jobs  
→ *Media and/or civil society reporting; registers by parliaments, ministries; commercial registers; self-publication by MPs and interest groups...*
- IG type as a cue: MPs' motivation for working a certain side job
  - 1) Public goods provision, charitable goal: moral convictions and ideational motives (**no / lower pay**)
  - 2) Personal financial motives (**higher pay**)

*H2a: Citizens will assess politicians working for public interest groups more positively (trustworthy & electable) than those working for companies.*

## The Effect of Income-Related Cues (Number of IG Ties)

- More side jobs (ties to IGs) = proxy for more side income

### Consequences of more side jobs:

- Danger of slacking: less legislative output (oral contributions, interpellations, initiatives, and reports) (Arnold, Kauder, and Potrafke 2014; Staat and Kuehnhanss 2017)
- Danger of shirking: more parliamentary activity in interest groups' policy areas (Huwyler, Turner-Zwinkels, and Bailer 2022)

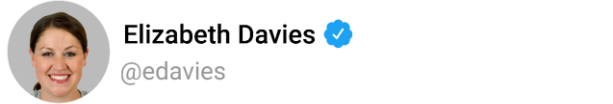
*H2b: Citizens will assess politicians working for fewer interest groups more positively (trustworthy & electable) than those working for more.*

## Research Design and Data

- **Survey experiment data:**  
Survey experiment in spring 2021 (BE, CH, DE, FR, NL, PL, UK)
- Survey sample:  $N = 16,291$ ; reduced sample:  $N = 11,627$ .  
→ Reduction based on manipulation check: respondent recalled correctly whether the MP disclosed their income (0/1)



Twitter



The @TransparencyObservatory just released my latest transparency rating.  
#transparent #highestscore

Parliamentary salary: £81,900  
Additional income: £122,800

TRANSPARENCY SCORE **A B C D E**

Details

| Organisation            | Role         | Annual income |
|-------------------------|--------------|---------------|
| Burton Technologies Plc | Board member | £24,560       |
| CBG Properties Ltd      | Advisor      | £14,736       |
| CBG Capital Ltd         | Advisor      | £9,824        |
| M&H Group Plc           | Chairperson  | £42,980       |
| Williams Holding Plc    | Board member | £30,700       |

11:45 · 15 Jan · Twitter

12 Retweets | 38 Likes

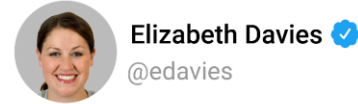


vignette 12 → rating 12 → manipulation check 12 /12

Income disclosed  
[150% vs 20% vs pro bono]

Companies  
[1 vs 5]

Twitter



The @TransparencyObservatory should respect my right to privacy.  
#privacy #transparentcitizens

Parliamentary salary: £81,900  
Additional income: No disclosure

TRANSPARENCY SCORE **A B C D E**

Details

| Organisation                | Role         | Annual income |
|-----------------------------|--------------|---------------|
| Children's Tumour Aid Trust | Trustee      | No disclosure |
| Addiction Relief Network    | Board member | No disclosure |
| CyberSafe Initiative        | Board member | No disclosure |
| Problem Gambling UK         | Chairperson  | No disclosure |
| Suicide Prevention Action   | Board member | No disclosure |

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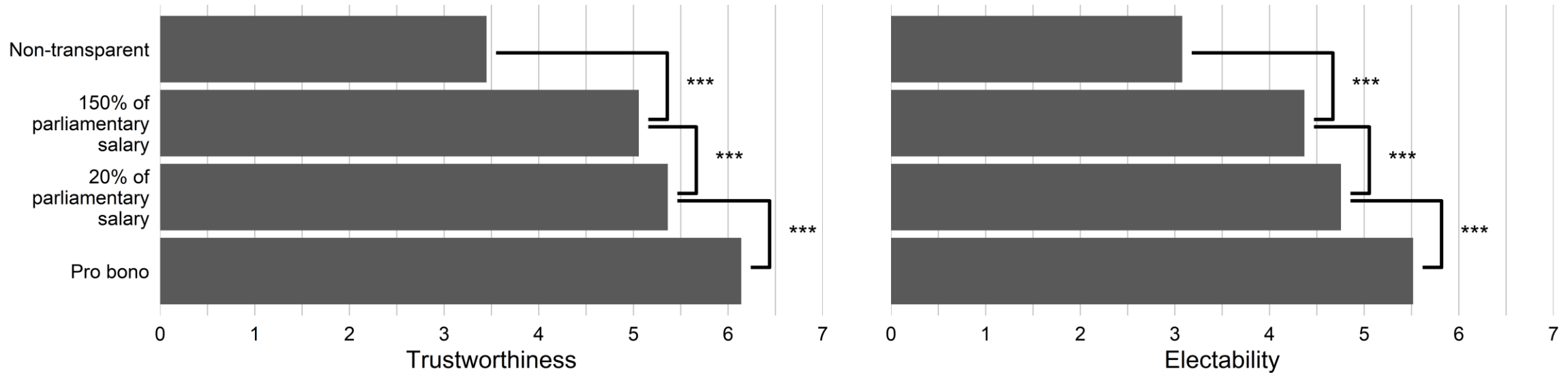


No income disclosure

Public interest groups [1 vs 5]

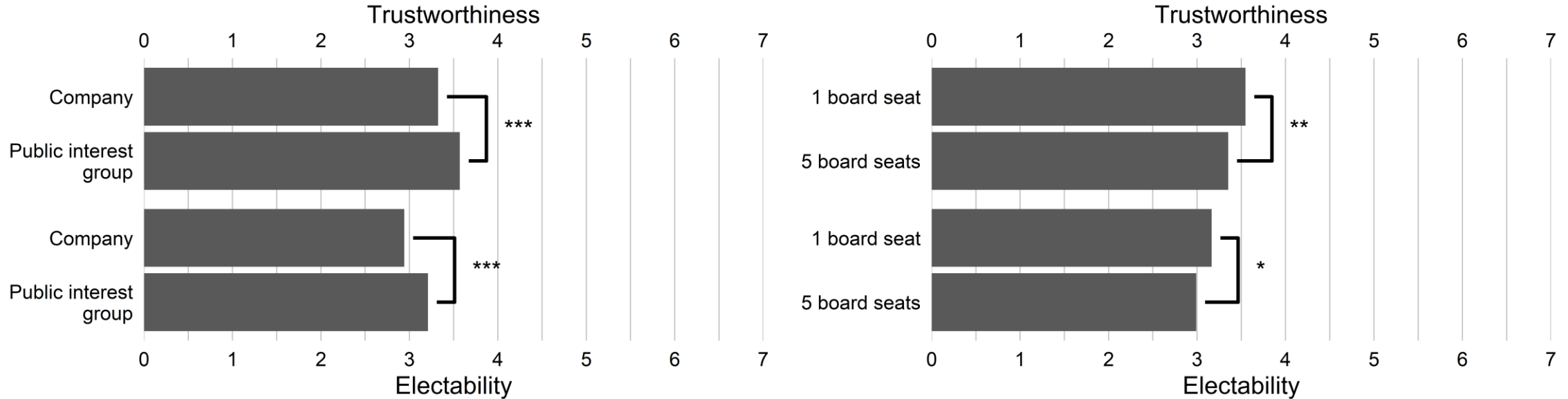


## Bivariate Results: Transparency



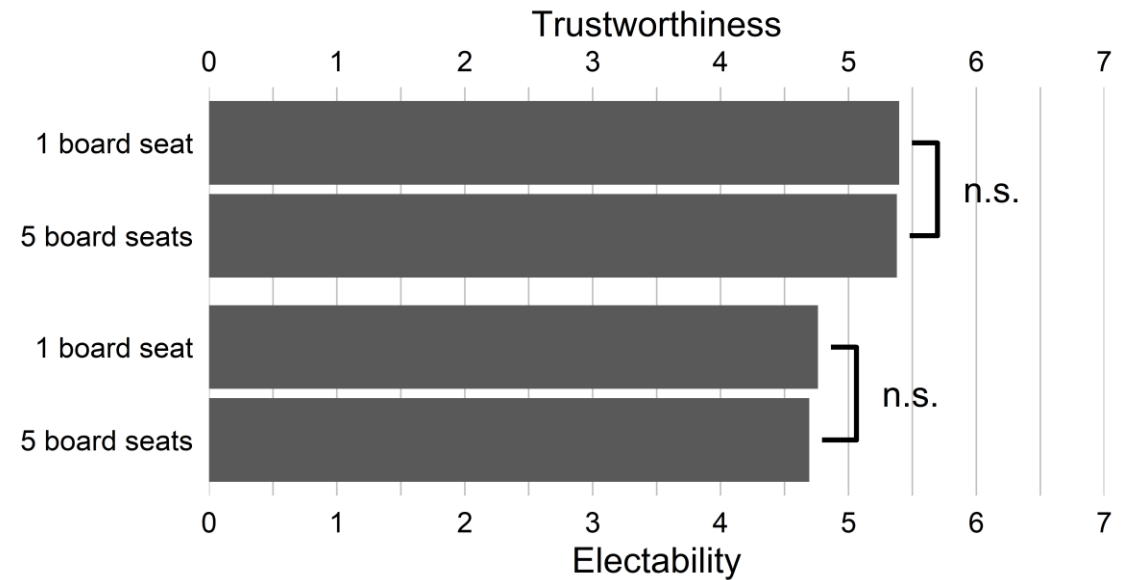
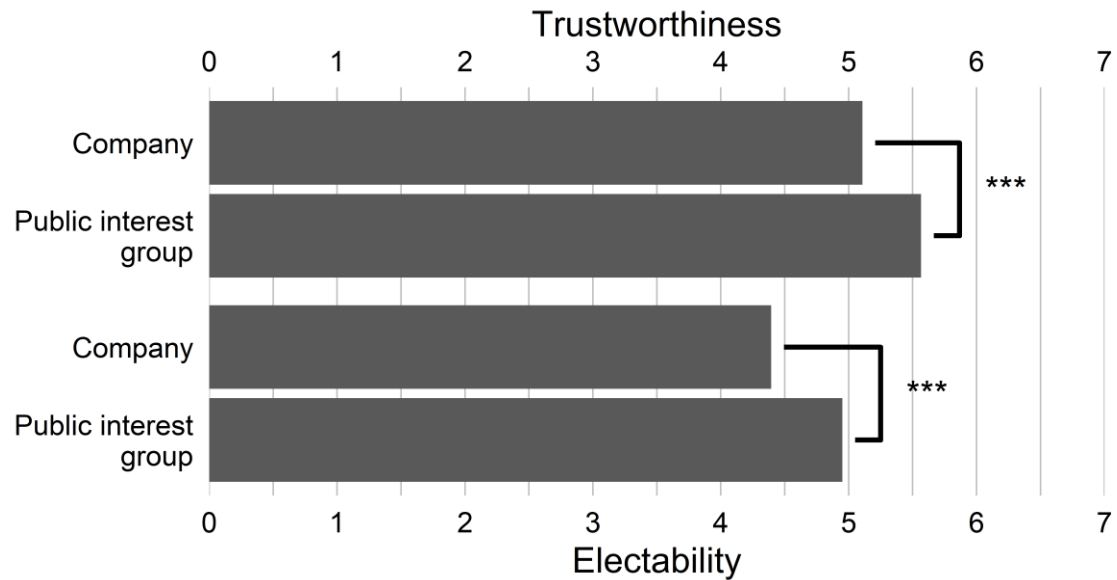
*Two-sided Welch two sample t-tests. \* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ ; n.s. = not significant.*

## Bivariate Results: Cues in the *Absence* of Transparency



Two-sided Welch two sample t-tests. \* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ ; n.s. = not significant.

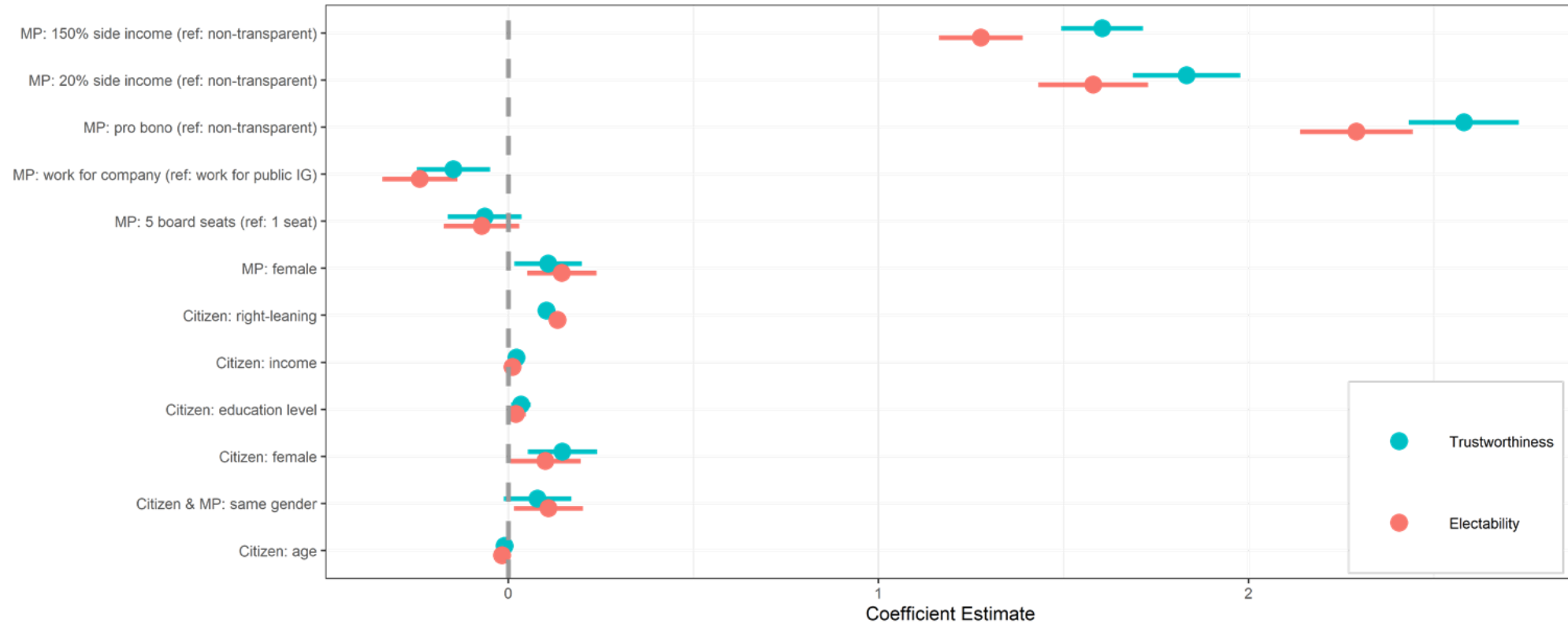
## Bivariate Results: Cues in the *Presence* of Transparency



Two-sided Welch two sample t-tests. \* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ ; n.s. = not significant.

# Multivariate Results

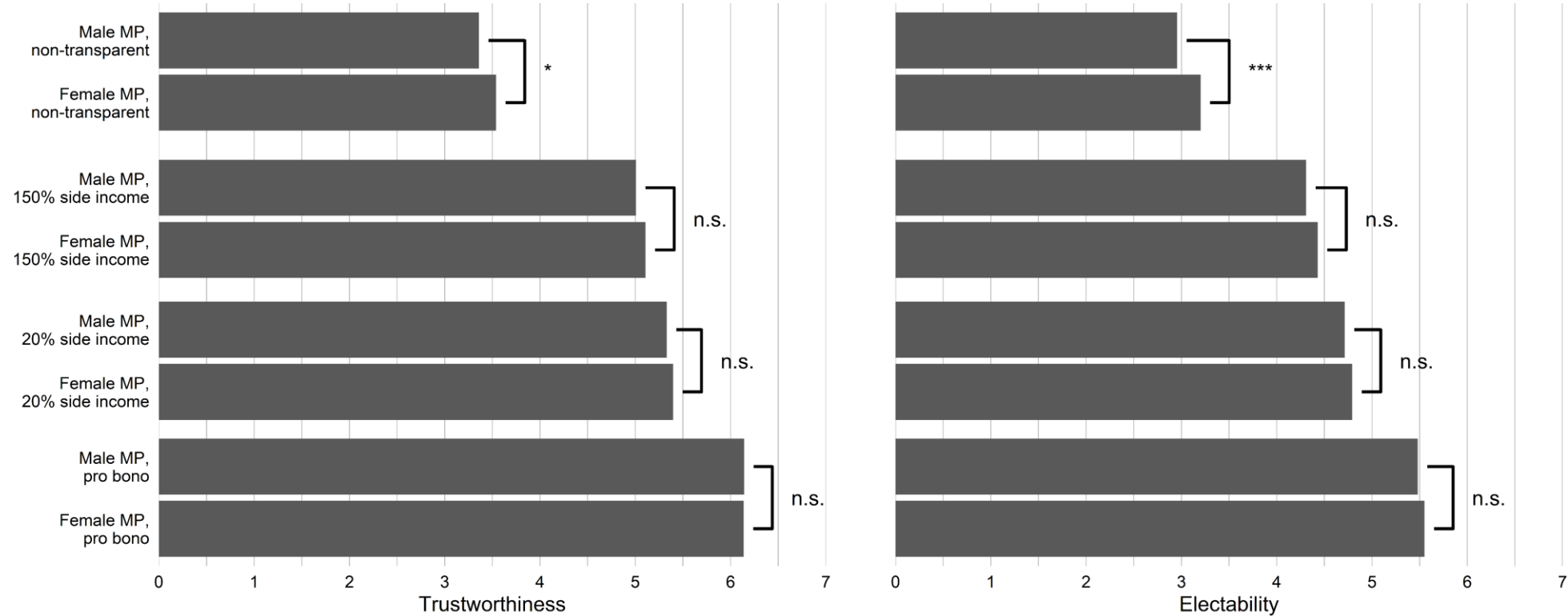
Voters' Assessment of MPs



## Conclusion and Discussion

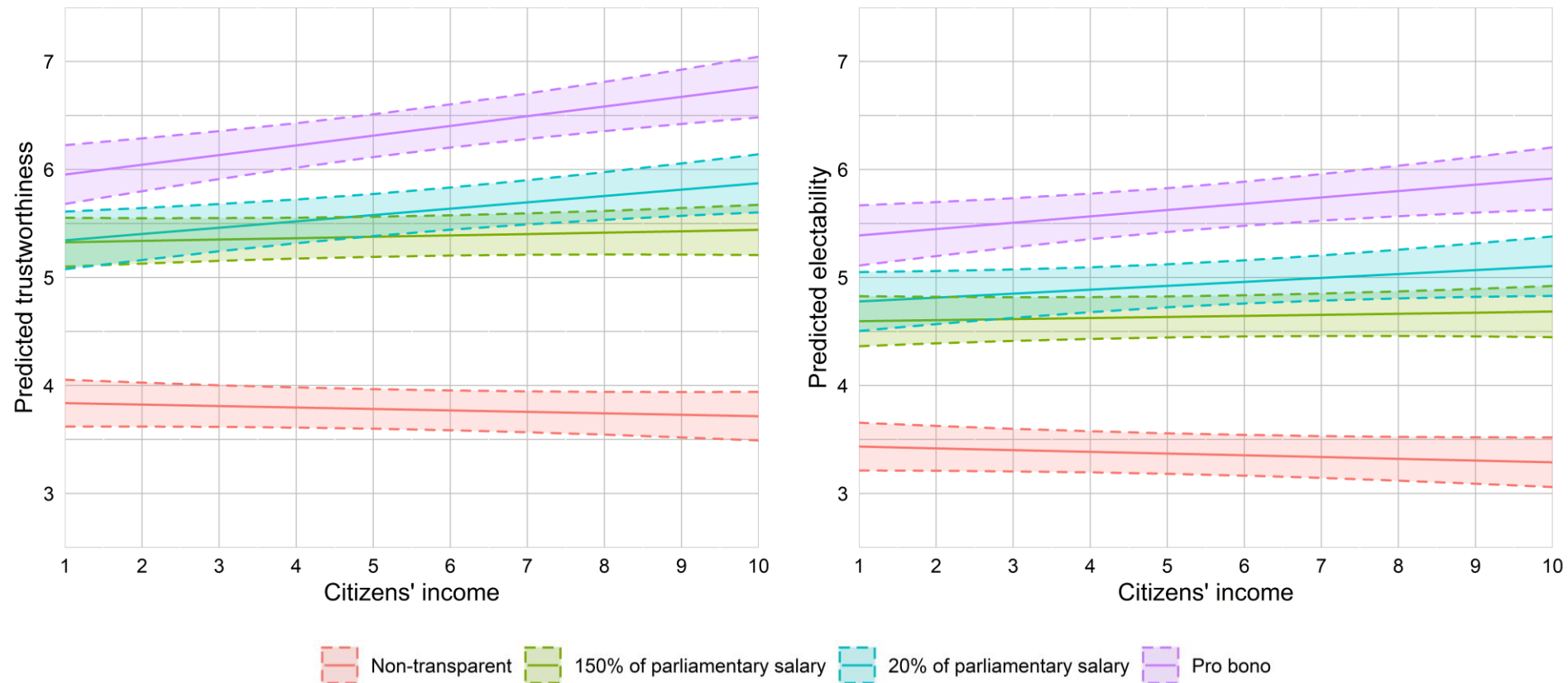
- Positive effect of income disclosure on citizens' perception of MPs
  - regardless of the amount of income revealed (150%, 20%, 0% of additional income)
  - concealing income components not worth it (cf. Pedersen, Dahlgaard, and Pedersen 2019)
- Type of side job = crucial cue both when non-transparent and transparent
- Number of side jobs = cue when non-transparent
- Generalisability: different attitudes towards transparency outside Europe (Grimmelikhuijsen et al. 2013)?
- Different offices (local, regional, national, legislative, executive, judiciary etc.), different transparency expectations?

## Additional Slide 1: MP Gender Differences

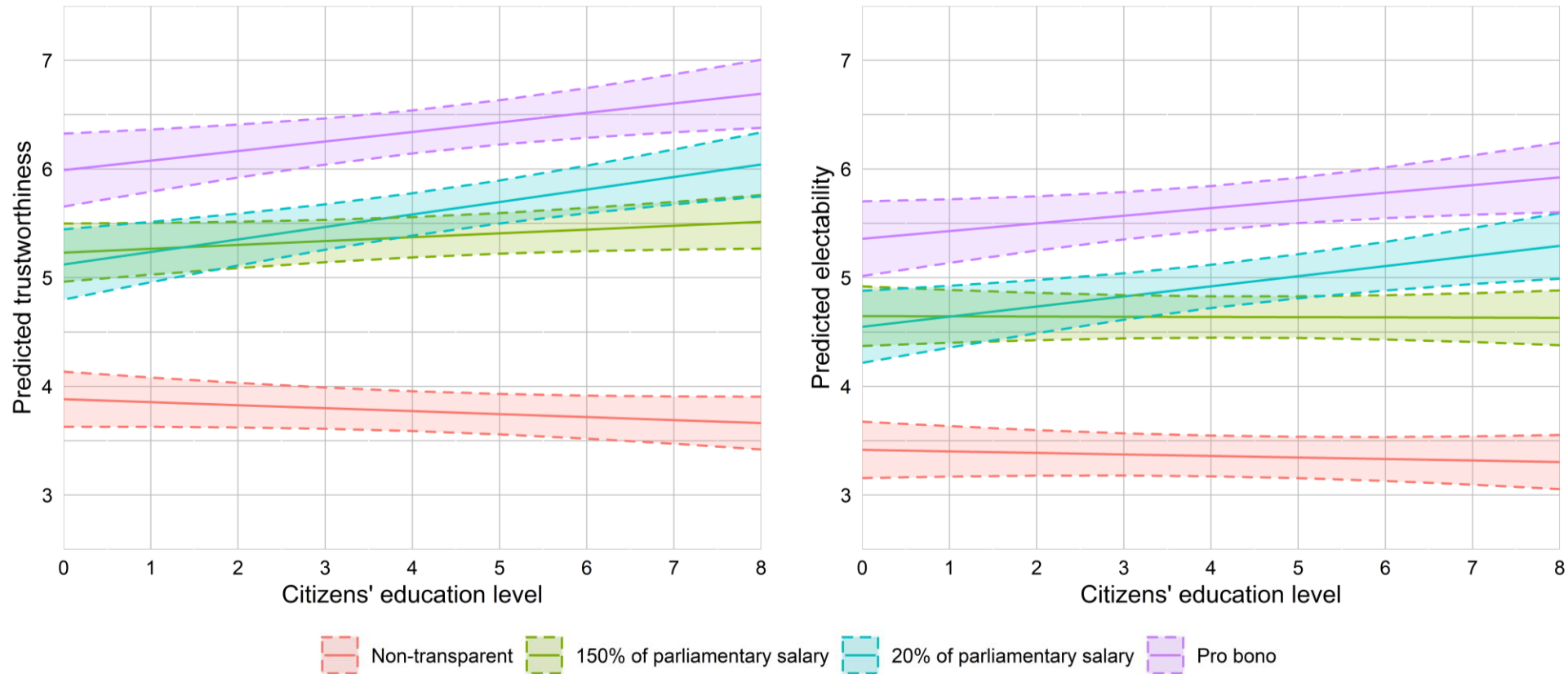


*Two-sided Welch two sample t-tests. \* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ ; n.s. = not significant.*

## Additional Slide 2: Marginal Effects for Citizens' Income

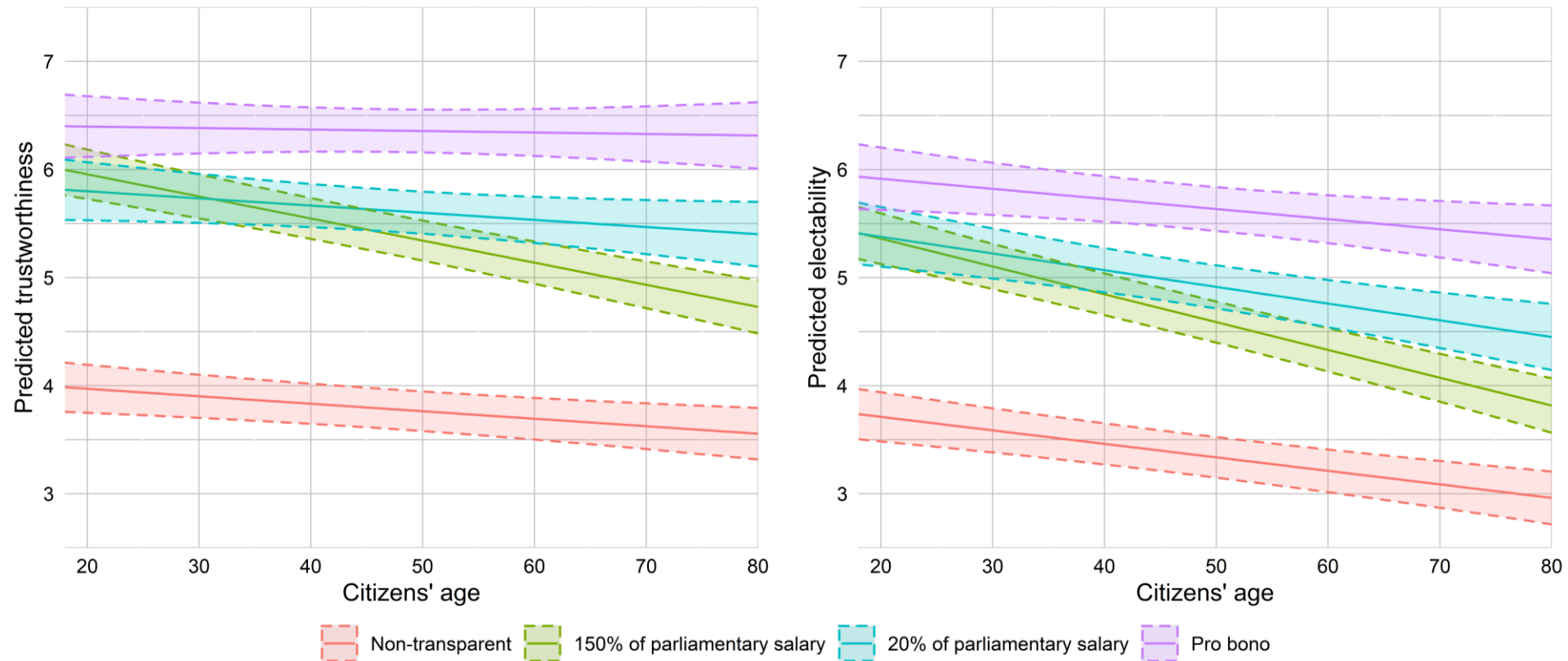


## Additional Slide 3: Marginal Effects for Citizens' Education Level

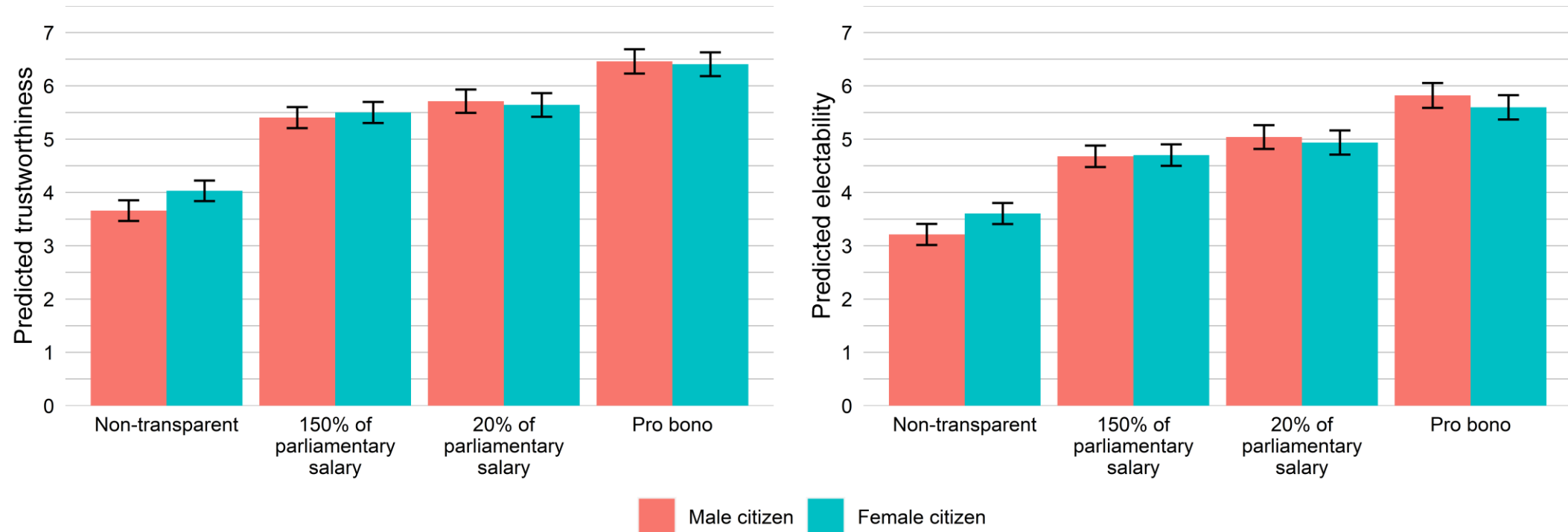




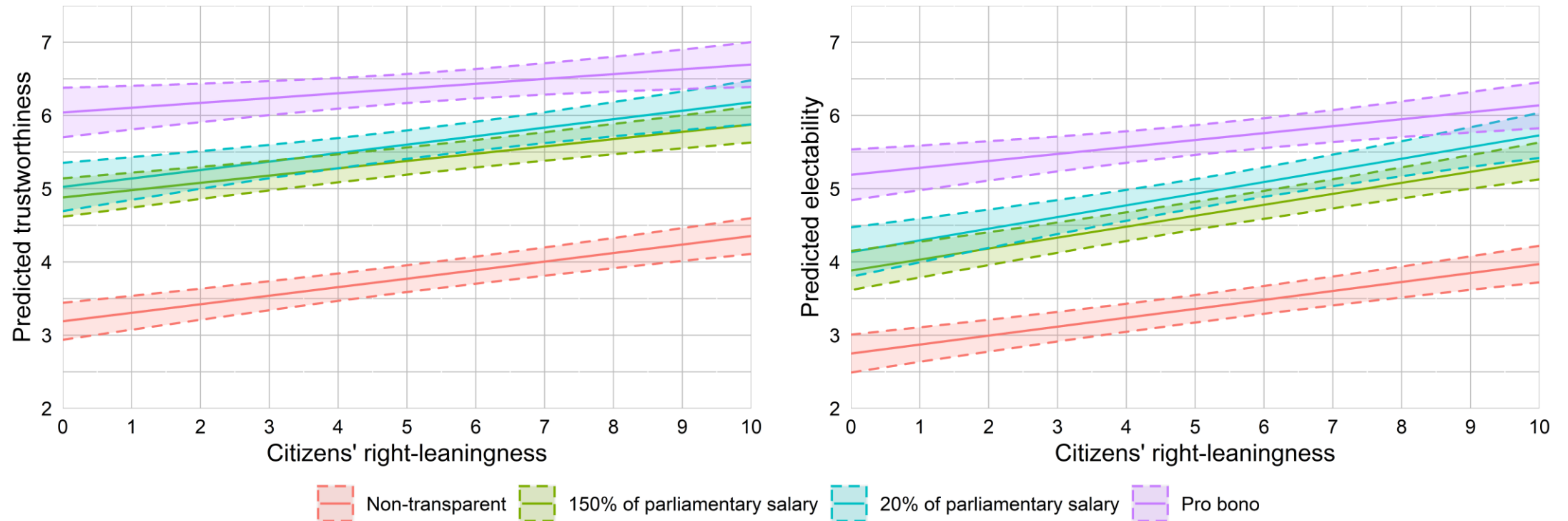
## Additional Slide 4: Marginal Effects for Citizens' Education Level



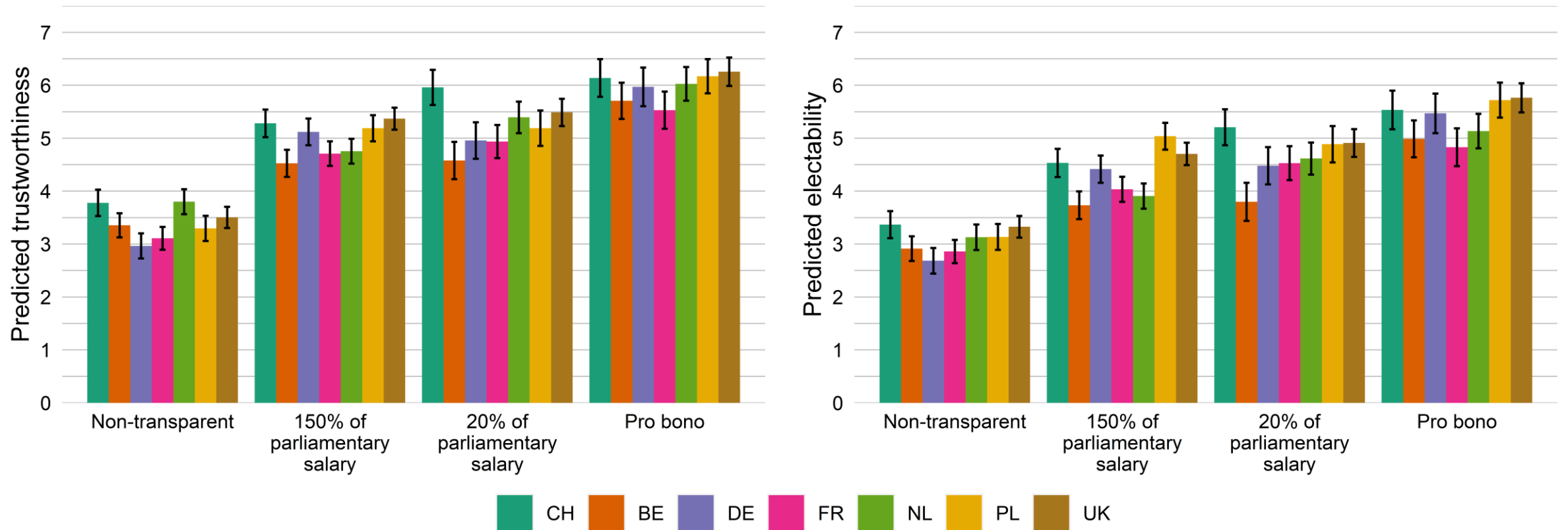
## Additional Slide 5: Marginal Effects for Citizens' Gender



## Additional Slide 6: Marginal Effects for Citizens' Ideology



## Additional Slide 7: Marginal Effects across Countries

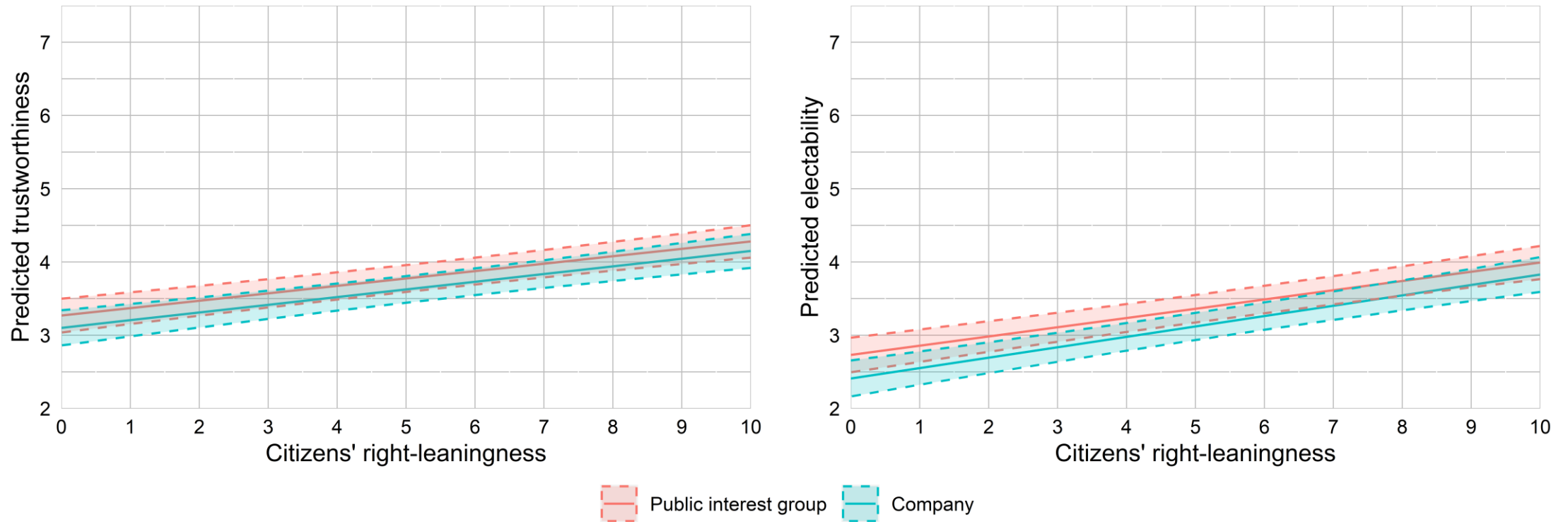


## Additional Slide 8: Full Sample

|                                   | Citizens' assessment of the fictitious MP |                   |
|-----------------------------------|---|-------------------|
|                                   | Trustworthiness                           | Electability      |
|                                   | (1)                                       | (2)               |
| MP: 150% side income <sup>1</sup> | 0.688*** (0.051)                          | 0.482*** (0.051)  |
| MP: 20% side income <sup>1</sup>  | 0.898*** (0.066)                          | 0.724*** (0.067)  |
| MP: pro bono work <sup>1</sup>    | 1.365*** (0.066)                          | 1.187*** (0.067)  |
| MP: work for company <sup>2</sup> | -0.103* (0.045)                           | -0.166*** (0.046) |
| MP: 5 board seats <sup>3</sup>    | -0.026 (0.046)                            | -0.035 (0.046)    |
| MP: female                        | 0.164*** (0.042)                          | 0.192*** (0.042)  |
| Citizen: right-leaning            | 0.122*** (0.009)                          | 0.146*** (0.009)  |
| Citizen: income                   | 0.028*** (0.008)                          | 0.012 (0.008)     |
| Citizen: education level          | 0.064*** (0.012)                          | 0.049*** (0.012)  |
| Citizen: female                   | 0.179*** (0.043)                          | 0.127** (0.043)   |
| Citizen & MP: same gender         | 0.068 (0.042)                             | 0.076 (0.042)     |
| Citizen: age                      | -0.013*** (0.001)                         | -0.019*** (0.001) |
| Constant                          | 3.755*** (0.127)                          | 3.643*** (0.128)  |
| Country                           | Controlled                                | Controlled        |
| Observations                      | 14,174                                    | 14,185            |
| R <sup>2</sup>                    | 0.078                                     | 0.082             |
| Adjusted R <sup>2</sup>           | 0.077                                     | 0.081             |

Notes: \*p<0.05; \*\*p<0.01; \*\*\*p<0.001. <sup>1</sup> Baseline: Non-transparent. <sup>2</sup> Baseline: work for public interest group. <sup>3</sup> Baseline: 1 board seat.

## Additional Slide 9: Perception of IG Type Cues by Ideology



# Additional Slide 10: Scope and disclosure of MPs' paid interest group work

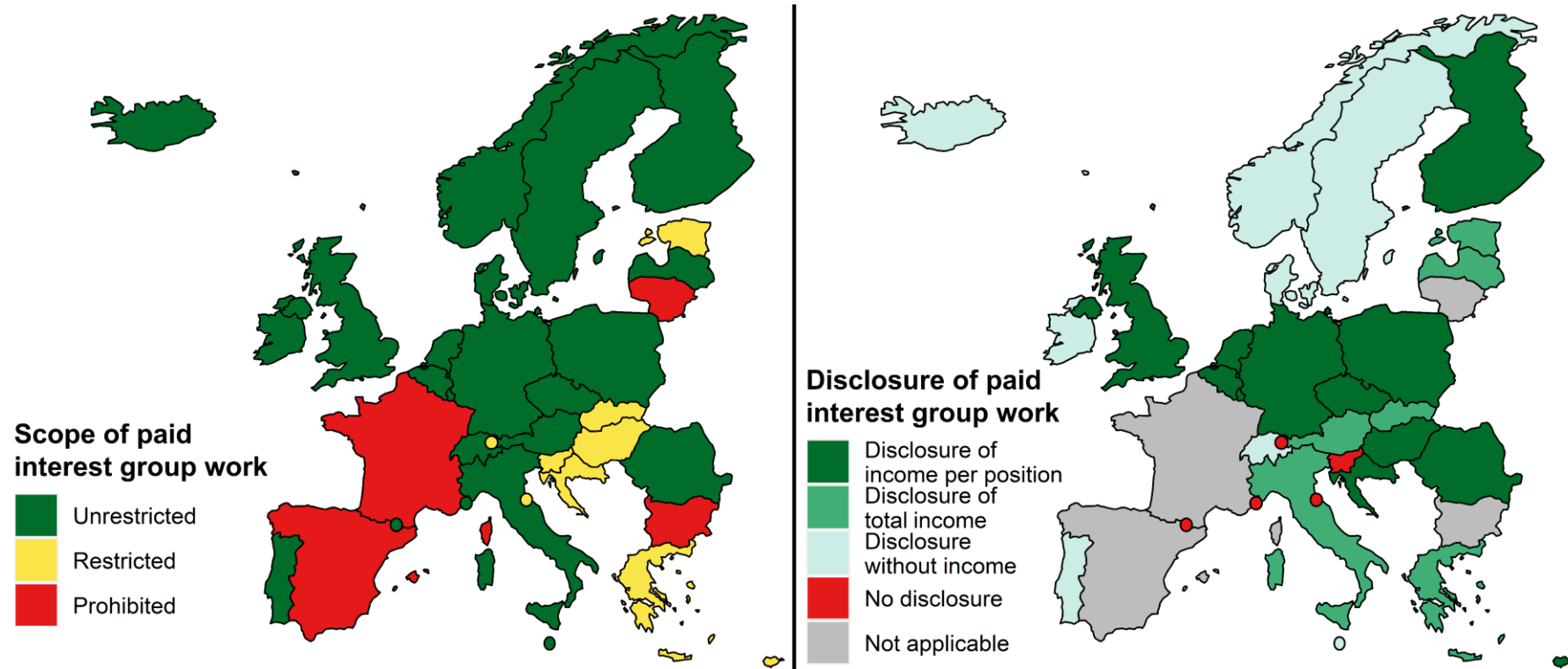


Figure: disclosure laws and regulation as of early 2023 for regular MPs in national parliaments (Huwyler – work in progress). Tax returns are generally public in SWE and NOR.