

Capitol Investments: The Marketability of Political Skills  
Glenn R. Parker  
<http://www.press.umich.edu/titleDetailDesc.do?id=323198>  
The University of Michigan Press

# Capitol Investments

This series provides a forum for theoretical and empirical investigations of social phenomena. It promotes works that focus on the interactions among cognitive processes, individual behavior, and social outcomes. It is especially open to interdisciplinary books that are genuinely integrative.

Founding Editor: Timur Kuran  
Series Editor: Peter J. Boettke  
Editorial Board: Tyler Cowen      Richard Swedberg  
Diego Gambetta      Viktor Vanberg  
Avner Greif      Paul Zak  
Daniel Klerman

### **Titles in the Series**

Glenn R. Parker. *Capitol Investments: The Marketability of Political Skills*  
Lanse Minkler. *Integrity and Agreement: Economics When Principles also Matter*  
Stephen T. Ziliak and Deirdre N. McCloskey. *The Cult of Statistical Significance: How the Standard Error Costs Us Jobs, Justice, and Lives*  
Eirik G. Furubotn and Rudolf Richter. *Institutions and Economic Theory: The Contribution of the New Institutional Economics*, Second Edition  
Tyler Cowen. *Markets and Cultural Voices: Liberty vs. Power in the Lives of Mexican Amate Painters*  
Thráinn Eggertsson. *Imperfect Institutions: Possibilities and Limits of Reform*  
Vernon W. Ruttan. *Social Science Knowledge and Economic Development: An Institutional Design Perspective*  
Phillip J. Nelson and Kenneth V. Greene. *Signaling Goodness: Social Rules and Public Choice*  
Stephen Knack, Editor. *Democracy, Governance, and Growth*  
Omar Azfar and Charles A. Cadwell, Editors. *Market-Augmenting Government: The Institutional Foundations for Prosperity*  
Randall G. Holcombe. *From Liberty to Democracy: The Transformation of American Government*  
David T. Beito, Peter Gordon, and Alexander Tabarrok, Editors. *The Voluntary City: Choice, Community, and Civil Society*  
Alexander J. Field. *Altruistically Inclined? The Behavioral Sciences, Evolutionary Theory, and the Origins of Reciprocity*  
David George. *Preference Pollution: How Markets Create the Desires We Dislike*  
Julian L. Simon. *The Great Breakthrough and Its Cause*  
E. L. Jones. *Growth Recurring: Economic Change in World History*  
Rosemary L. Hopcroft. *Regions, Institutions, and Agrarian Change in European History*  
Lee J. Alston, Gary D. Libecap, and Bernardo Mueller. *Titles, Conflict, and Land Use: The Development of Property Rights and Land Reform on the Brazilian Amazon Frontier*

(continues on last page)

Capitol Investments: The Marketability of Political Skills  
Glenn R. Parker  
<http://www.press.umich.edu/titleDetailDesc.do?id=323198>  
The University of Michigan Press

# Capitol Investments

## The Marketability of Political Skills

*Glenn R. Parker*

THE UNIVERSITY OF MICHIGAN PRESS • Ann Arbor

Copyright © by the University of Michigan 2008  
All rights reserved  
Published in the United States of America by  
The University of Michigan Press  
Manufactured in the United States of America  
⊗ Printed on acid-free paper

2011 2010 2009 2008 4 3 2 1

No part of this publication may be reproduced,  
stored in a retrieval system, or transmitted in any form  
or by any means, electronic, mechanical, or otherwise,  
without the written permission of the publisher.

*A CIP catalog record for this book is available from the British Library.*

Library of Congress Cataloging-in-Publication Data

Parker, Glenn R., 1946–

Capitol investments : the marketability of political skills / Glenn  
R. Parker.

p. cm. — (Economics, cognition, and society)

Includes bibliographical references and index.

ISBN-13: 978-0-472-07037-4 (cloth : alk. paper)

ISBN-10: 0-472-07037-1 (cloth : alk. paper)

1. Legislators—United States. 2. Politicians—United States.  
3. Lobbyists—United States. 4. Occupational training—United States.  
5. Career development—United States. 6. Human capital—Political  
aspects—United States. I. Title.

JK1021.P364 2008

650.14024'32873—dc22

2008002886

Capitol Investments: The Marketability of Political Skills  
Glenn R. Parker  
<http://www.press.umich.edu/titleDetailDesc.do?id=323198>  
The University of Michigan Press

To Suzie, the best . . . , well, just the *best*.

## Contents

List of Figures	ix
List of Tables	xi
Acknowledgments	xiii
1. Introduction	1
2. Politicians, Institutions, and Human Capital; or, Becker Goes to Washington	17
3. Methodology: Data and Variables	46
4. Congress as Workplace: The Production of Marketable Human Capital	63
5. Returns to Specialized Training: Career Mobility and Grooming Lobbyists	92
6. Returns to General Training: Competitive Wages—But at a Price	123
7. Summary of Findings and Implications	161
Appendix	181
References	183
Name Index	193
Subject Index	197

## Figures

2.1. The Role of Human Capital in Politics	30
6.1. Job Satisfaction of Former Members of Congress with Employment Opportunities	128
6.2. The Relationship of Human Capital to Postelective Earnings	142
6.3. Postelective Salaries of Lobbyists by Decade of Arrival	149
6.4. Wage Gains and Losses for Ex-Legislators	159

## Tables

1.1. Mean Salaries for Former Legislators' Precongressional Vocations	6
1.2. "Was There Anything in Particular That Made You Think about What You Would Do when You Left Congress?"	9
3.1. Years of Tenure among Former Members of Congress	49
3.2. Reasons for Leaving Congress	50
3.3. Description of Variables	52
4.1. Types of Committees Offering General on-the-Job Training	79
4.2. Types of Committees Offering Specific on-the-Job Training	79
4.3. Committee Targets of Interest Group Money in the House of Representatives	80
4.4. The Significance of Elements of Human Capital in Acquiring Postelective Employment	81
4.5. Factors Important in Obtaining First Job after Leaving Congress	82
4.6. Explaining Investments in on-the-Job Training	84
4.7. Breadth of Skills Acquired through Congressional Service	87
4.8. Factor Analysis of Breadth of Skill Set Items	88
4.9. Explaining the Breadth of Skills Acquired through Congressional Service	89
5.1. Vocations of Former Legislators from Precongressional Occupation to Current Job	97
5.2. Movement between Precongressional Vocation and First Job after Leaving Congress by Former Legislators	98
5.3. Movement between Precongressional Vocation and Second Job after Leaving Congress by Former Legislators	99
5.4. Movement between Precongressional Vocation and Third Job after Leaving Congress by Former Legislators	99
5.5. Movement between First and Second Jobs after Leaving Congress by Former Legislators	102



5.6. Movement between Second and Third Jobs after Leaving Congress by Former Legislators	104
5.7. Movement between First and Third Jobs after Leaving Congress by Former Legislators	104
5.8. Movement between First Job after Leaving Congress and Current Job by Former Legislators	107
5.9. Mean Number of Months Spent in Postelective Occupations among Legislators Who Switched Vocations	109
5.10. Human Capital and Decisions to Switch Vocations	111
5.11. Human Capital and Decisions to Become Lobbyists	115
5.12. Generational Growth in Lobbying as First Job after Leaving Congress	116
6.1. Mean Salaries for First Job after Leaving Congress, by Occupation	126
6.2. Pre- and Postcongressional Salary Differences by Entering and Exiting Occupation	127
6.3. Explaining Legislators' Postelective Salaries	137
6.4. Explaining PAC Subsidies of Legislators' Campaign Costs	156
7.1. Summary of Findings: Human Capital Factors	162

## Acknowledgments

Readers will quickly notice that references to the author throughout the book are written in the plural, although but a single name appears on the title page. My wife, Professor Suzanne L. Parker, played an instrumental role in this inquiry but refused to take any credit whatsoever. Not only did she formulate, administer, and conduct the entire survey on which subsequent analyses are based, but she was a willing listener (sometimes more willing than others) as I rattled on about human capital, Congress, and postelective officeholding; she also advised me about statistical procedures, properties, and potential pitfalls and rendered invaluable assistance when it seemed that statistical packages and I were on different pages. I clearly could not have even started this project, let alone completed it, without her assistance.

I have always felt that such dedicated effort warranted at least half a piece of the prize, so to speak—that is, coauthorship—but Suzie insisted otherwise. To my relief, she assured me that her position had nothing to do with the quality of the work; still, this is slight consolation. No matter how much I tried to convince her of the irrationality of her preferences, she stood steadfast in her position. So, I am left with no other option but to recognize her assistance—but refusal to take any credit for it—by treating her as an unnamed co-conspirator, silent partner, or shadow author through the use of plural personal pronouns throughout the study. This, I believe, is but a small way of acknowledging her pivotal and selfless contribution to this endeavor.

Other people also have helped bring this study to fruition. Ranking at the top of this list are the initial readers of this book, Bert Rockman and Charles Shipan. I have listened carefully to what they have said and have followed their guidance as best I could; I would have been a fool to do otherwise, considering the thoughtfulness of their suggestions. The manuscript has also benefited from the sage advice of David Brady and Michael Munger, who reviewed the entire manuscript. Their suggestions did more than simply lead me to shore up my arguments and fix loose ends; they caused me to revisit

central ideas, with profitable results. In total, I cannot envision a better set of scholars to peruse any manuscript; collectively and individually, their intellectual breadth is stunning. I consider myself unusually and extremely fortunate in this regard.

David Mayhew commented on important elements of my argument. His thoughtful remarks and keen insights led me to address holes—possibly sinkholes—in my arguments that heretofore had escaped my notice. He has come to my rescue in this fashion more than once in the past; hence, my thanks to Dave come supersized.

Like most scholars, I am indebted to my diligent research assistants, Terri Towner and Abigaile Van Horn, for their extraordinary efforts in responding to my requests for instant data and analyses; in the process, they too have been transformed into devoted human capitalists. I owe Purdue University special acknowledgment and thanks for assistance to this project in the form of a generous stipend attached to my distinguished professorship; without such support, I doubt that I could have completed this book in a timely fashion, if at all.

Other friends and scholars have made the writing of this book far more enjoyable than I ever would have imagined: William McLaughlan, who refused to let a day pass without cornering me into a discussion of human capital and its implications for his research; graduate students in my course on the economics of political institutions, who served as a polite—though certainly not docile—audience for many of these ideas; and Robert Tollison, who has taught me by example to never sidestep controversy. He no doubt would be proud of this effort, even though our intellectual perspectives seemingly part ways at junctures in this inquiry.

And of course I am indebted to Jim Reische, former editor at the University of Michigan Press, who conjured up images of the book's scholarly reach that greatly expanded my sense of its potential scope. His visions have fueled my own. My debt to all of these individuals should be evident throughout this book; none of them, as one would expect, bears any responsibility for what is contained within the pages of this manuscript—that is my doing alone, for better or for worse. With a bit of luck, *only* the former.