Discussion on Shepherd and You "Legislative Capture? Career Concerns, Revolving Doors, and Policy Biases"

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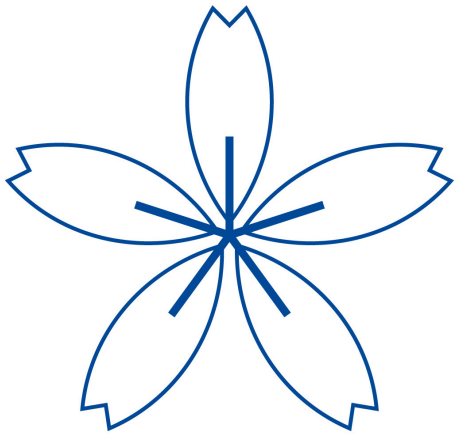


Merits

Labor (and capital?) intensive data collection

- I admire the authors' huge efforts
- Manually or by text analysis?

Even stylized facts (Table 1) are informative

- I myself study legislators' staffers in Japan
  - Turnover (U.S. 30%, Japan 30%)
  - Female (U.S. 50%, Japan 10%)

Interesting empirical regularity: hiring congressional staff who become lobbyists in the future leads to

- Higher Legislative Effectiveness Score
- Sponsoring more bills in health and commerce, less in law and crime, social welfare
- granting more access to lobbying firms

Endogeneity

Main regression: $y_{it} \leftarrow \text{Lobbyist Staff}_{it}$

$$y_{it} = \alpha_i + \alpha_t + \beta \text{Lobbyist Staff}_{it} + \gamma X_{it} + \epsilon_{it}$$

Endogeneity or post-treatment: $y_{it} \rightarrow \text{Lobbyist Staff}_{it}$

$$\text{Lobbyist Staff}_{it} = \delta \epsilon_{it} + \omega_{it} \qquad \text{where } \delta \neq 0$$

Solution 1: Finding an instrument (which I do not come up with, though)

$$\begin{aligned} \text{Instrument}_{it} &= 0 \cdot \epsilon_{it} + \omega_{it} \\ \text{Lobbyist Staff}_{it} &= \tilde{\alpha}_i + \tilde{\alpha}_t + \psi \text{Instrument} + \tilde{\gamma} X_{it} + \tilde{\epsilon}_{it} \\ y_{it} &= \alpha_i + \alpha_t + \beta \widehat{\text{Lobbyist Staff}}_{it} + \gamma X_{it} + \epsilon_{it} \end{aligned}$$

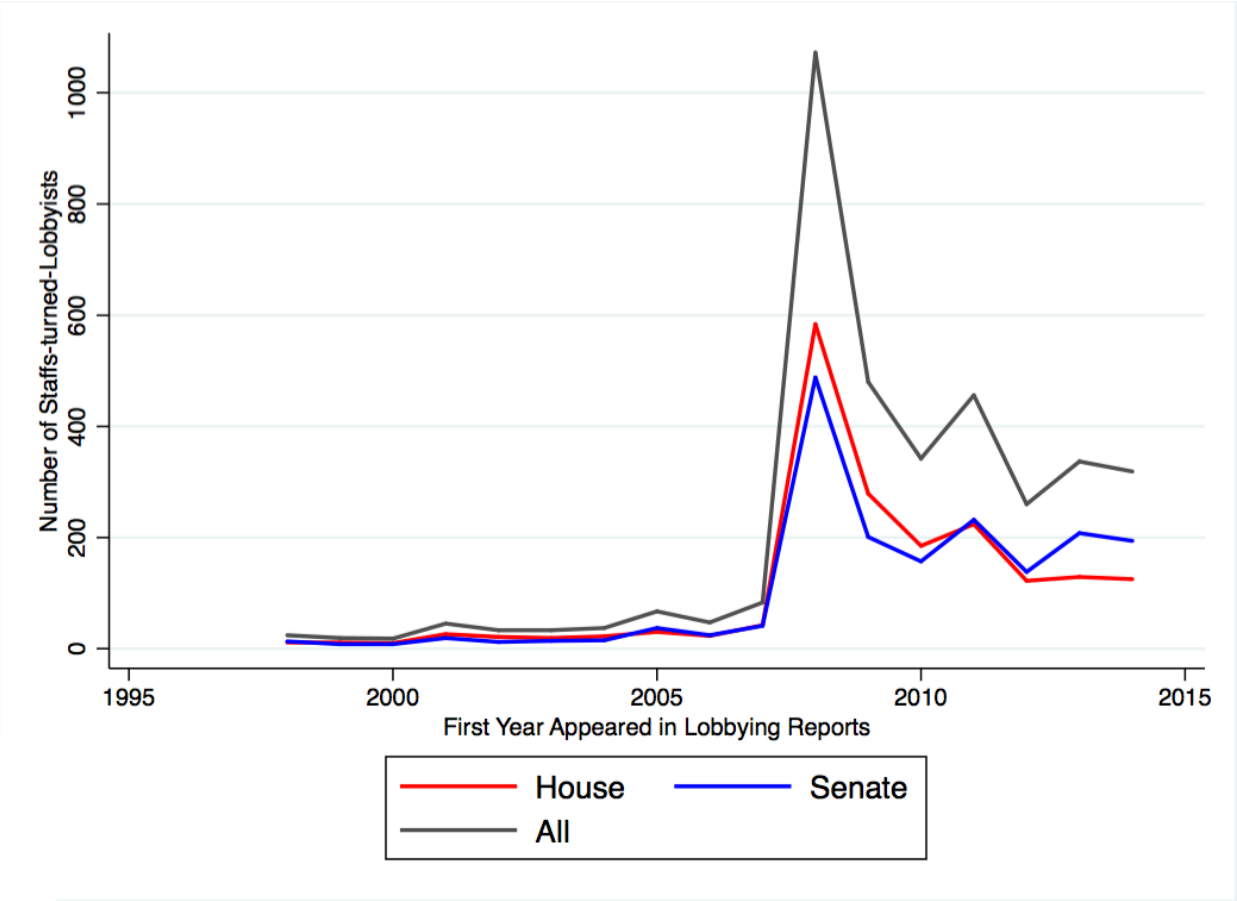
Solution 2: Reframing the question

- Are lobbying firms more likely to hire staffers from the more legislatively productive Congress members? (survival analysis?)

$$\text{Lobbyist Staff}_{i,t+1} = \check{\alpha}_i + \check{\alpha}_t + \upsilon y_{it} + \check{\gamma} X_{it} + \check{\epsilon}_{it}$$

Time frame

Figure 2: Number of Congressional Staffers-Turned-Lobbyists, 1998 - 2014



Another Problem of Using Post-treatment

Why?

- Author: tougher regulations on revolving-door lobbyists around 2008
  1. Honest Leadershup and Open Government Act
  2. Executive Order: Ethics Commitments by Executive Branch Personnel
- My conjecture
  - According to the authors' explanation, ex-staff-turned lobbyists should decrease in number after 2009 more than they did before/after 2008
  - Rather, it may take years for staffers to turn to be lobbyists
    - Staffers in 2001 becomes lobbyists not before 2007 but after 2008

Data source

- a list of staffers: 2001–2012
- a list of lobbyists: 1998–2014

My warning

- If a staffer serves before 2012 but turns to be a lobbyist after 2015, the staffer is not classified as future lobbyist
- Furthermore, probably, staffers in 2007–2012 are less likely to be labeled as future lobbyists than staffers in 2001–2006

Last Term

It is also endogeneous (or post-treatment) whether staffers face the last term.

- When staffers succeed in legislative activities, they might be more likely to leave Congress for lobbyist industry

Fukumoto and Matsuo (2015, *LSQ*)

- Last term for a legislator?
- Pre-treatment: prospective candidacy in the beginning of the legislative session

$\rightsquigarrow$ e.g., The number of years staffers serve?

Two Theories, Equivalent Observation

Lobbyist staffers increase legislative priductivity.

1. Regulatory capture
2. Regulatory schooling

Unfortunately, the results do not speak to any theories.

If the exact lobbying firm which a staffer helps hires the staffer, is the regulatory capture theory more pluasible than the regulatory schooling theory?

- It seems the present study does not distinguish lobbying firms.
- c.f. p. 24.
  - "whether a staffer gave more access to the lobbying firm that became her future employer"
  - "not just the total number of contacts given to all lobbying firms present in the data"

Fixed Effects

Equation 2 seems to be misleading (where j refers to commitee)

$$y_{ijt} = \alpha_j + \alpha_t + \boldsymbol{\beta}\text{Lobbyist Staff}_{it} + \gamma X_{it} + \epsilon_{ijt}$$

It turns out the unit of observations is still member $(i) \times$ congress (t):

$$y_{it} = \alpha_{j(i)} + \alpha_t + \boldsymbol{\beta}\text{Lobbyist Staff}_{it} + \gamma X_{it} + \epsilon_{it}$$

Considering that member fixed effects (α_i) should include committee fixed effect $(\alpha_{j(i)})$, we do not have to change Equation 1 in the first place:

$$y_{it} = \alpha_i + \alpha_t + \boldsymbol{\beta}\text{Lobbyist Staff}_{it} + \gamma X_{it} + \epsilon_{it}$$

The same caveat holds for Equation 3, too:

$$y_{ijt} = \alpha_t + \boldsymbol{\beta}\text{Lobbyist Staff}_{it} + \gamma X_{it} + \epsilon_{ijt}$$

Why not $\alpha_{j(i)}$ or α_i?

Minor Comments

- Even the coefficients of non lobbyist staffer variables (eg., their numbers) do not have causal interpretation
- You may analyze separately
  1. personal staffers
  2. committee staffers
  - Both groups may behave differently
  - Their codings are not necessarily equivalent to each other
- I'm afraid introduction is a bit long
  - some sentences appear a few times through the text