Working or shirking? Expenses and attendance in the UK Parliament

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Abstract This paper studies the determinants of MPs' expense claims and of their attendance at Parliamentary meetings. Using a multiple regression framework, we correlate the expenses with three sets of variables: constituency characteristics, political variables, and individual characteristics. We then look at the ratio of parliamentary expenses claimed to votes cast in Parliament as a crude measure of value for money. This take on the data provides a somewhat benign view of the usage of expense claims. We use the results to reflect on two views of the motivation of MPs—the public choice view and the public service view.

Keywords Legislatures · Consituency service · Quality of politicians · Costs of democracy · Westminster · British politics

1 Introduction

In an era of greater calls for transparency and accountability in government, coupled with increasing media activism, the public and private lives of public officials receive ever greater scrutiny. One facet of this scrutiny is the attention paid to the remuneration—direct and indirect—that such officials receive. The need for an adequate remuneration can be rationalized on many grounds: it allows the access to public offices to citizens who are not independently wealthy, thus contributing to a fairer representation of society; it also favours the selection of public officials on the basis of merit, since presumably citizens with better

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outside options will, other things equal, require a larger compensation to be induced to enter political careers. Nevertheless, the perception in public opinion tends to be, to a large extent, that politicians receive too many benefits from their profession. For example, in the 1997 British Election Study, to the question "do you think MPs salaries are much too low?", 88.70% of respondents either disagreed or disagreed strongly.

A case in point are the schemes that provide expense allowances to legislators, common to most parliaments. In this paper, we analyse the expense claims of members of Parliament (MPs) in the United Kingdom during the period 2001–2004. We try to understand whether expense allowances, in the form that was in place at that time, serves their purpose of levelling the playing field or constitute a less transparent way to give money to politicians. The opportunity to conduct an empirical study of MPs expenses came when, on October 21, 2004, just before the Freedom of Information Act entered into force, the House of Commons made public the detailed accounts of individual Members of Parliament's expense claims for the first time. This increase in transparency led to a flurry of newspaper articles and opinion polls which did their best to cast MPs in an unfavourable light. For example, the *Daily Mail* was quick to use the label "Westminster gravy train" to describe the allowances.[1] Outrage was caused both by the total amounts and a number of allegedly unjustified claims. Several cabinet members, for example, claimed the allowance for a London home, despite receiving grace-and-favour accommodation by the government. Opinion polls taken immediately after this coverage demonstrated a negative public perception of such expenses.[2]

Sir Archy Kirkwood MP, spokesman for the House of Commons Commission—the body that approved the publication—mounted a robust defence arguing:

> [publishing MPs' expenses was] "a significant step towards openness and account-ability that would allow taxpayers to see how their money was being spent.... These tables show essential expenses needed by politicians to operate in a fast-moving, high-pressure environment. Members are like 659 individual small businesses, working under an ever-increasing load and more complex environment. They now deal with issues, and communicate in ways unheard of a few years ago. They require more back-up staff, more computer resources, and more allowances to enable them to travel back and forth to Parliament, living away from home for days at a time, while keeping in touch with the problems and issues of their constituents."

Individual MPs singled out as "high claimers" similarly defended the legitimacy of these expenses, one insisting that "this is not about trousering a lot of money. This is about the money it takes to do the job".[3] Curtis-Thomas, who topped the list with expenses of £168, 889 said: "we don't know whether to be worried or to be honored. We have got eight people working in our office, and during the course of last year visited all 33,000 homes in the constituency and held street surgeries".[4,5]

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[1]"So is your MP worth Pounds 175,000?", *Daily Mail*, 22nd October 2004.

[2]For example, a YouGov poll carried out for the Mail on Sunday on October 22–23, 2004 found that 82% of respondents believed that MPs were allowed to claim too much by way of allowances—see http://www.yougov.com/archives/pdf/DBD040101010_2.pdf.

[3]Stephen Pound, Ealing North MP, reported in "Average MP's expenses cost taxpayer pounds 118,000", *The Guardian*, 22nd October 2004.

[4]"UK's costliest MP says she is worth every penny", *The Guardian*, October 22, 2004.

[5]A surgery is a face-to-face meeting with an MP. It is normally held by appointment in the MP's office but many MPs also hold surgeries in public spaces.

The general point is that high expenses might simply be a reflection of the need to provide MPs with the resources needed to deliver a high quality service to the nation and their constituents. This remained a point of contention right up to the major scandal which erupted in 2009 when a major national newspaper obtained detailed expense claims of MPs leading to a major public outcry, some resignations of MPs and many expenses being returned. As a consequence of this scandal, there is a to be fundamental overhaul to MPs expenses with greater public scrutiny and less generous allowances.

But the question at the heart of this issue remains—what kind of system of expenses is needed to create an effective and professional legislature for a modern democracy? This in part depends on what view is taken of the motivations of politicians. On the one hand is a tradition that emphasizes the motives for holding office based on an ethic of public service where representatives are faithful, honest, and competent. Such competence is enhanced if a legislature is adequately professionalized by providing suitable support for research and constituency service. On the other, there is a cynical tradition which sees politicians as purely self-interested, using the state as vehicle for achieving private ends and personal enrichment.[6] On this view, the provision of expenses is then viewed as just another dimension of rent-seeking behaviour. The recent public scandal is likely to have shifted popular opinion on this. Our assessment of the allowance system through the data will cast some light on this through a look at the aggregate numbers rather than what to date has largely been claim-by-claim assessment followed by trial by media.

Our analysis is conducted in three steps. The first consists in asking to what extent do expense claims depend on *needs* or *structural features* of the represented constituency as opposed to *behavioural factors*. Hence, we consider the relationship between expense claims and features such as the distance from London, the size of the electoral constituency, and the income level of constituents. In trying to determine which MPs really are "high spenders", it is necessary to control for these observable characteristics of constituencies. Turning to behavioural factors, we examine whether differences in *political circumstances* are correlated with expense claims. These include party affiliation and the marginality of the constituency. We then look at how *personal characteristics* are correlated with expense claims. These include age, educational background, and for how long an MP has served. The last two variables represent largely behavioural factors and give us further insight into the choices that MPs make. The variables that we use to explain expenses are to some degree fixed, although some are likely to reflect the behaviour of legislators. In the light of this, we discuss what can be learned from the correlations that we uncover.

The second step consists in looking at whether MPs have announced they will retire at the next election. The US literature on legislators' performance has put a lot of weight on announced retirements as a means of testing whether legislators are inclined to "shirk" when they are about to step down from elected office. If what keeps an MP "honest" is the prospect of re-election then retirement should lead to more expenses being claimed. On the other hand, if retiring MPs perceive less of a need to invest in constituency service, then announcing retirement should be correlated with lower expense claims. In the public service view, instead, retiring should make no difference.

It is clear from the previous case that any assessment would be incomplete if expenses were not compared with some measure of performance. If expenses are positively correlated with performance then this could reflect activism and service to voters. If they are negatively correlated, then our conclusion should be less optimistic. Hence, in our third step, we turn to

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[6]This view has greatly influenced studies of US congressional politics following the classic study by Mayhew (1974, p. 5) which cast Congressman as "single-minded seekers of re-election".

some indicators of the activism of MPs and provide evidence of how expenses correlate with the number of letters and e-mails received by constituents, with the frequency of surgeries, as well as with overall number of hours worked in Westminster and in the constituency. We then focus in particular on a measure of performance based on MPs' attendance record in Parliament. We compute the amount of expenses that MPs claims relative to the number of votes they cast in Parliament over the period in question. This cost per vote varies significantly across MPs, reflecting a combination of variations in attendance and in expenses claimed.

Overall, contrary to the recent media coverage in the UK, our results provide qualified support for a relatively benign view of MPs' expenses. The main factors that relate to decisions in a predictable way are structural features of constituencies. However, we also find that political characteristics and personal characteristics are correlated with expenses some of the time. For example, having decided to step down as an MP affects the decisions both to claim expenses and to vote in Parliament. Using cost per vote as a measure of value for money, we find that there are differences across parties and that the cost per vote varies with both age and experience. More experienced MPs charge considerably more in expenses for every vote they cast in Parliament. However, for a given level of experience, younger MPs are more expensive. While acknowledging that this is only a single dimension of MP performance, it is a relevant window through which to view on-going debates about the funding of Parliament.

The remainder of the paper is organized as follows. The next section discusses the background and the data. Section 3 discusses the empirical method and Sect. 4 illustrates our results. Section 5 relates our findings to previous literature and Sect. 6 offers some concluding comments.

2 Background and data

The package offered to MPs in the United Kingdom during our period consisted of a salary and a series of allowances both to enable their attendance at Westminster and to improve their effectiveness as public servants. The basic MP's salary was around £59,000 per annum.[7] This amount was supplemented by expense allowances—up to £77,000 on staff costs and nearly £20,000 on running offices. If their constituency was outside inner London, MPs could also claim more than £20,000 to cover the cost of a second home. In addition, they received a budget for IT support of £3,000 as well as coverage of certain incidental expenses. Travel expenses between Westminster and the constituency were reimbursed at 56.1p a mile[8] which is somewhat more generous than the official Inland Revenue recommended rate of 40p a mile in force at the time.[9]

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[7]Members of the government receive additional salaries. All figures refer to the 2001–2005 legislature.

[8]More precisely, MPs could claim 56.1p per mile for up to 20,000 miles (25.9p thereafter) when travelling on parliamentary business in 2003–2004. There was also a bicycle allowance of 7.2p per mile. If using public transport, MPs were reimbursed first-class train tickets and flights. It was also possible to be reimbursed the expenses of up to three visits to EU institutions or to national parliaments of EU members. To the total MP travel spending variable, which is reported as Member Travel, we add the Members' Staff travel, which consists in expenses incurred by the Member and all his/her employees when travelling between Westminster and the constituency. There are limits to the number of such trips that are reimbursed: these consisted in 18 single journeys per year until December 2003, and in 30 single journeys for the period from January 1, 2004 to March 31, 2005.

[9]Some private companies pay only 25p a mile.

Our main source of information is the list of expenses claimed by MPs and published under the Freedom of Information Act (2000) in October 2004 by the House of Commons. These consist of three data sets, one for each fiscal year from 2001–2002 to 2003–2004. Since we do not have any time variation in other data, our analysis averages the observations across the 3 years. This also smooths idiosyncrasies due to particular circumstances. We also exclude MPs from Northern Ireland from our analysis. The political situation there has many peculiarities compared with the rest of the country. More importantly, however, the four MPs from Sinn Fein claimed expenses in line with other MPs despite not taking their seats in Westminster. In addition, we have excluded constituencies that have had by-elections (and, therefore, a change in their MP) during the period under consideration. This leaves a sample of 638 MPs.

Tables 1 and 2 give the summary statistics for our data.[10] The average age of an MP is 50 and average experience in Parliament is 8 years. It is striking that 26% of the MPs are Oxbridge educated, i.e. went to either Oxford or Cambridge as undergraduates. Nearly 18% are women. Around 13% stepped down at the end of the Parliament elected in 2001. As far as expenses are concerned, averaged over the 2001–2004 period, the median (and mean) amount of expenses claimed is just under £106,000 with a standard deviation of around £12,000. Regional differences (Table 2) are significant with spending levels being lowest in London (an average of £98,000) and highest in the south, north, northwest and Scotland (£110,000). Only four MPs (0.61% of our dataset) make no claim toward travel expenses. While there are suggestive differences in allowances claimed by different party members, these differences are not statistically significant.[11]

We will focus both on total expenses claimed as well as on some of the disaggregated sub-categories. This makes sense since something like travel is likely to be driven mainly by distance from Westminster, while other claims are affected more by an MP's behaviour. We focus separately on travel expenses as well as on staff expenses (the largest category with a mean value of nearly £59,000 per year), which has attracted serious attention. Finally, we analyze expenses net of staffing, travels, and housing costs. This residual variable that we will refer to as "other expenses", includes what in the original dataset released by the Parliament is indicated by Incidental Expenses Provision (IEP), Centrally Purchased Stationery, Postage, Centrally Provided Computer Equipment and Other Costs.[12] These expenses are less obviously linked to specific observable needs and, therefore, are more manipulable, hence providing a useful insight into the behaviour of MPs.

Focusing only on expenses, as the popular press have done, can be misleading. After all, allowances serve, in principle, to facilitate the work of MPs and to ensure a level playing field across MPs from differing constituencies. No evaluation can be complete without taking into account the amount of work delivered by an MP. There is obviously no perfect measure for assessing the overall performance of an MP and the services delivered to the constituents. To shed some light on the relationship between MPs' expenses and their

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[10]A detailed description of all variables is reported in Appendix.

[11]This shows the importance of using proper statistical methods rather than the type of casual empiricism that is typical of journalistic accounts. For example, *The Sun*, trumpeted that "it also emerged that 16 of the top 20 with their snouts in the trough are Labour" suggesting that party differences might be significant.

[12]IEP meets the costs of the MP's office or surgery (including accommodation and equipment), as well as work commissioned or other services, including some travel and communication expenses. Under "other" we have a number of possible costs, including temporary secretarial allowance (which pays for additional help when members of staff are absent because of sickness or maternity leave) and contributions to security costs for the office.

Table 1 Summary statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Allowances claimed					
Total claims	638	105,849	11,772	62,265	138,718
Travel expenses	638	10,354	6,259	0	39,637
Staff expenses	638	58,546	5,837	3,5214	72,189
Second home	638	15,483	4,912	0	20,091
Other expenses	638	21,207	4,696	5,793	40,158
Structural constituency features					
Distance (miles)	638	148	132	0	702
Income	638	15,619	2,243	12,913	19,641
Size (number of voters)	638	67,404	8,582	21,807	106,305
Political variables					
Conservative (dummy)	638	0.259	0.438	0	1
Labour (dummy)	638	0.643	0.48	0	1
Liberal-Democratic (dummy)	638	0.082	0.274	0	1
Other party (dummy)	638	0.016	0.124	0	1
Cabinet member (dummy)	638	0.031	0.164	0	1
Shadow cab. member (dummy)	638	0.036	0.163	0	1
Turnout (percentage)	638	58.99	6.39	34.08	72.27
Marginal (dummy)	638	0.193	0.395	0	1
Individual characteristics					
Female (dummy)	638	0.179	0.383	0	1
Age (years)	638	50.157	8.623	29	79
Experience (years)	638	8.074	7.469	0	39
Degree (dummy)	638	0.788	0.409	0	1
Oxbridge (dummy)	638	0.259	0.438	0	1
Retiring (dummy)	638	0.130	0.337	0	1
Performance measures					
Attendance (percentage)	634	69.02	13.22	7.76	93.95
Attendance (total in the period)	634	604.6	115.8	68	823
Cost per Vote	634	556.40	215.49	257.29	3,360.06
Variables from the British Representation Study					
Total hours worked per week	161	62.21	18.77	3	108
Hours worked in Westminster p/w	157	27.87	12.67	4	63
Hours worked in constituency p/w	157	25.32	8.91	6	64
Surgeries in constituency per month	150	4.21	2.59	0	20
Letters and emails from const. p/w	150	124.27	113.29	10	760

Allowances, income and cost per vote are expressed in pounds per year

Table 2 Total expenses by region and party affiliation

Regions		Parties			
		Labour	Conservative	Lib-Dem	Other
East Anglia	Mean	104,987	103,178	112,663	
	N	7	14	1	0
	SD	5,768	9,966		
East Midlands	Mean	107,146	102,604		
	N	28	15	0	0
	SD	12,273	12,861		
Greater London	Mean	96,697	103,887	96,263	
	N	54	13	6	0
	SD	11,723	13,105	5,921	
North	Mean	111,030	109,136	110,743	
	N	32	3	1	0
	SD	11,623	5,134		
North-West	Mean	109,999	107,512	111,417	
	N	59	7	4	0
	SD	9,846	18,114	7,472	
Scotland	Mean	112,091	133,447	111,089	122,356
	N	56	1	10	5
	SD	12,968		11,422	8,921
South-West	Mean	108,265	107,416	112,008	
	N	16	20	15	0
	SD	9,643	8,770	8,683	
South-East	Mean	101,122	102,490	105,432	
	N	35	72	9	0
	SD	9,751	10,184	5,662	
Wales	Mean	103,663		114,894	111,225
	N	32	0	2	4
	SD	11,072		6,458	5,876
West-Midlands	Mean	103,496	104,628	115,949	77,935
	N	43	13	2	1
	SD	12,415	10,798	2,411	
Yorkshire	Mean	107,118	105,652	108,677	
	N	47	7	2	0
	SD	9,724	10,735	13,056	

Mean is the mean total expense claim per MP, N is the number of MPs elected in the region and SD is the standard deviation

activities, we use the British Representation Study for the year 2001. This is a survey of parliamentary candidates standing for the major British parties in the 2001 general election. It provides (self-reported) information on the number of hours devoted to various activities as well as on variables like the number of letters received and the numbers of surgeries held. These data will provide a number of suggestive insights but have some important limitations: they are available only for a minority of MPs (a self-selected sample) and the information is self-reported.

For this reason, we therefore focus on a more partial, but objective measure of performance and use it to gauge "value for money" for each MP in terms of his/her work in Westminster. An important aspect of the service of an MP, although certainly not the only one, is attending meetings and voting in the Chamber. On this indicator, we have very precise information from parliamentary voting records. The work of an MP certainly goes beyond their work in Westminster but it would be hard to argue that representing their constituents in Parliament by attending parliamentary meetings and voting on bills does not constitute the central task of elected legislators. Hence, we look at the rate of attendance at parliamentary meetings:[13] a total of 876 divisions were held during the period we consider[14] and our indicator will go from 0 (no division attended) to 100 (all divisions attended).[15] Average attendance was only 69% but variation across MPs was considerable, with some attending fewer than 10% of possible divisions and others attending more than 90% of the time.

We show that the variation in parliamentary attendance can be explained by many of the variables that also explain expenses claims. Hence, we argue that a better indicator of how well public money has been spent is represented by the cost per vote cast in parliament. This is obtained by dividing the total expenses claimed over the 3-year period by the total number of votes. The average cost per vote, excluding the salary which is the same for all MPs, is £556. This figure, however, hides a large variation: the cost goes from £257 for the cheapest MPs to £3,360 for the most expensive. Moreover, the ranking of individual MPs based on the cost per vote measure turns out to be substantially different from the ranking based on pure expense claims.

There are arguably other ways to measure the performance of elected representatives and, as shown in our analysis of the data from the British Representation Study, we do not claim that the work delivered by an MP is all captured by the number of votes cast in Parliament. Nevertheless, our measure captures an important aspect of parliamentary work and has the advantage of being easily and objectively measurable. More work should certainly be devoted to constructing better measures of effectiveness but we believe that using the cost per vote provides a useful starting point. It is worth noting in passing that, while this measure of performance is crude, it is probably no cruder than the kinds of performance measures that MPs themselves have regularly voted to impose on other areas of the public sector. It would, of course, be useful to collect other data on MPs' activism in future to further assess how much the public is getting "value for money".

In relation to both total expenses and cost per vote, we also consider whether the prospect of re-election changes expense claims. If elections discipline incumbent behaviour, then we should expect MPs to be less "well-behaved" once it is clear they will not stand for election again. Alternatively, if elections are a successful selection device to sort in publicly spirited

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[13]Attendance is measured by the number of votes (divisions) cast in the period considered.

[14]There are often several divisions during Report stage of a bill (and during committee, if taken on the floor of the House). Not all votes take place on legislation.

[15]The speaker and deputy speakers are excluded from this analysis and, therefore, there are four fewer observations in the regressions.

politicians, there should be no difference in the performance of MPs once the electoral sanction is removed.

3 Empirical method

We now look at the correlations in the data between observed expenses and characteristics of the constituencies and/or individual MPs. We are interested to see how much such expense claims can be justified by objective needs, by activism and service to constituents, or by other types of political and electoral motives.

Our basic empirical specification is as follows:

$$C_{mcr} = \alpha_r + \beta y_{cr} + \gamma x_{mcr} + \delta z_{mcr} + \varepsilon_{mcr} \tag{1}$$

where C_{mcr} is the allowance claimed by MP m in constituency c in region r. We include region dummy variables α_r (to account for basic regional differences in transport and living costs), constituency characteristics y_{cr}, political variables x_{cmr} and individual MP characteristics z_{mcr}. Finally, ε_{mcr} represents an error term satisfying standard assumptions and we estimate this equation using OLS with standard errors robust to heteroskedasticity of an arbitrary kind.

We start by considering average total expenses. We then take a closer look at travel and staff expenses, which attracted serious criticism by most of the press when these data were first released. Most travel by MPs is between Westminster and their constituency. Thus, the main explanatory variable for travel expense claims should be the distance of the constituency from Westminster. For this purpose, we have calculated road distances in miles as reported by the Automobile Association. We expect staff expenses, at least in part, to be driven by the local cost of labour, assuming that most employees come from the same constituency as the MP.[16] The average constituency income is therefore included among the explanatory variables.[17] However, staff expenses show limited variation when compared to other claims, with most MPs tending to spend amounts close to the maximum allowance. We then turn to claims for second home expenditures. These have been at the heart of the recent political scandal mainly due to claims featuring for duck houses, moats, and bell towers. There have also been accusations that MPs "flip" their choice of second home address to maximize their benefit. But here we look at the aggregate expenditures rather than specific claims. Finally, we look at a category of "other expenses" described in the last section. As opposed to the previous cases, there are no obvious variables to explain the variability of such spending categories, which probably makes it easier for MPs to use them either as personal perks or to deliver better services to the constituents.[18] In either case, analyzing such claims should make clearer the motivations of the politicians.

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[16]There are substantial differences in the way MPs organize their work: some have larger offices in their constituency with few or no employees in Westminster, others have large offices in London and only a small presence in their constituency. Overall, it is reasonable to expect some correlation, although imperfect, between the expenses of an MP and the local (constituency) cost of labour.

[17]We approximate average constituency income by using the NUTS 2 subdivision devised by Eurostat. See Data Appendix for further details.

[18]If this money is used to deliver a better service to the constituents, then a relevant explanatory variable should be the number of voters in the constituency (*size*), since the MP needs, *ceteris paribus*, to reply to more letters, to deal with more emails and to hold more surgeries among other things.

Table 3 Predicted coefficient signs in spending regressions

	Expenses of motivated politicians	Expenses to increase re-election chances	Expenses for private purposes
Distance	+	+	+/no effect
Income	+	+	+/no effect
Size	+	+	+/no effect
Marginality	no effect	+	−
Retiring	no effect	−	+

To test whether the prospect of re-election affects the behaviour of current MPs we use the following specification:

$$C_{mcr} = \alpha_r + \beta y_{cr} + \gamma x_{mcr} + \delta_1 z_{mcr} + \delta_2 r_{mcr} + \varepsilon_{mcr} \tag{2}$$

where r_{mcr} is a dummy variable equal to 1 for MPs who, at any point during the legislature, announced their intention not to stand at the next general election. If politicians were purely motivated by the desire to provide a service to their constituents, δ_2 should be insignificant. If expense claiming is driven by the desire to pocket public money then δ_2 should be positive, since the claimant will not face the same sort of public scrutiny as a standing candidate.[19] A negative sign of δ_2 would instead signal a relationship between expense claiming and the desire to enhance the prospect of re-election (which ought to be related to the quality of the service delivered to the constituents).

Table 3 summarizes the expected signs of some key coefficients as a function of politicians' motivation for expense claiming. On the Public Service view, democracies manage to select publicly motivated individuals, whose expenses will depend purely on needs and structural features of their electoral constituency (column 1). On the Public Choice view, politicians are motivated purely by self-interest. However, self-interest can be interpreted in different ways. If politicians care about their political careers and democratic institutions manage to make them accountable to citizens, then most of an MP's behaviour will resemble that of a publicly motivated politician.[20] Hence, the difference between column 1 (motivated politician) and column 2 (spending is used for re-election purposes) can only be found in election-related variables, i.e., the marginality of a constituency and whether a politician will run for office again. Self-interest can, however, be interpreted in a narrower sense, as the desire to appropriate material benefits from office. If a politician uses public money mainly for private purposes then the perspective of facing an election, and particularly a close one, should induce her to spend less (column 3).[21]

From the citizens' point of view, it is important to know not only who spends more but also, and more importantly, if this money is spent to deliver better services to constituents.

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[19]The Freedom of Information Act was passed on November 2000 and it is therefore realistic to assume that the MPs considered in this work (elected in June 2001) anticipated the likely disclosure of their expenses at some point during the legislature.

[20]In this optimistic view, motivated politicians are not needed for good outcomes because democratic institutions will discipline them. The argument is analogous to Adam Smith's "invisible hand", for which "it is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest."

[21]However, we do not claim here that, by looking at retirement and marginality only, we can precisely identify the politician's type.

Using data from the British Representation Study, we illustrate how various types of expenses are correlated with weekly total number of hours worked, weekly number of hours worked in Westminster, weekly number of hours worked in the constituency, number of surgeries held in the constituency per month, and the number of letters and e-mails received from constituents per week. For the reasons explained in the previous section, we then focus on participation in parliamentary voting processes since this measure is directly observable (rather than self-reported) and available for all MPs. We provide some evidence of patterns of participation in parliamentary affairs by estimating an equation of the form

$$P_{\mathrm{mcr}} = \alpha_{\mathrm{r}} + \beta y_{\mathrm{cr}} + \gamma x_{\mathrm{mcr}} + \delta_1 z_{\mathrm{mcr}} + \delta_2 r_{\mathrm{mcr}} + \varepsilon_{\mathrm{mcr}} \qquad (3)$$

where P_{mcr} is the participation ratio in Westminster meetings. We then argue that a possible measure of "value for money" is represented by the cost per vote, B_{mcr}, defined as $(C_{\mathrm{mcr}}/P_{\mathrm{mcr}})$ multiplied by the total number of divisions held. Hence, we run a regression of the form:

$$B_{\mathrm{mcr}} = \alpha_{\mathrm{r}} + \beta y_{\mathrm{cr}} + \gamma x_{\mathrm{mcr}} + \delta_1 z_{\mathrm{mcr}} + \delta_2 r_{\mathrm{mcr}} + \varepsilon_{\mathrm{mcr}}. \qquad (4)$$

This equation combines information about attendance and expenses together. For example, retiring MPs may attend less and claim fewer expenses, in which case they will not be "more expensive" in cost per vote. We argue that this equation provides better information on the usage of taxpayers' money than a simple analysis of expenses claims as such.

4 Results

4.1 Total average expenses

Table 4 reports the regression results when the dependent variable is total average expenses in the three years considered. The specification in the first column includes only constituency characteristics, namely the distance from Westminster, the average income in the county and the size of the electorate. As expected, the distance has a positive and significant sign, while both income and size turn out to be insignificant.

Column 2 introduces political variables. Party affiliation is not correlated with the total expenses claimed by MPs. Coming from a marginal constituency (i.e., where the distance between the winner and the runner up in the 2001 election was less than 10%) is also uncorrelated with expenses.[22] Cabinet members claim fewer expenses than other MPs. This makes sense given that some of their expenses are paid separately. Moreover, their commitments to the executive leave them less time to devote to parliamentary business.[23] We find no significant impact of shadow cabinet membership.

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[22] All regressions have been replicated using other measures of marginality, namely the distance between the winner and the runner-up expressed in number of votes, the same distance expressed in percentage of votes, and a dummy equal to 1 when the percentage distance is equal or below 5%. In all cases, and for all dependent variables and specifications, marginality turns out to be insignificant. Moreover, neither the size nor the significance of other coefficients is substantially affected by those variations.

[23] The negative correlation between being a cabinet member and expenses can also be regarded as favourable to the public service view. As we will see later, expenses are particularly correlated with the amount of work conducted in Westminster, suggesting that MPs are constituency-centered and spend more in order to carry their work in Parliament. Cabinet members, instead, have their main activities already centered in Westminster and therefore spend less. If MPs were purely rent-seekers and could use claims at their will, then the time spent in London would not matter.

Table 4 Total average claims per year (2001–2004)

Dep. variable	(1) Total claims	(2) Total claims	(3) Total claims
Distance	41.087 (4.62)***	32.581 (3.56)***	31.303 (3.53)***
Income	−0.261 (0.61)	−0.481 (1.07)	−0.527 (1.19)
Size	0.027 (0.39)	−0.031 (0.46)	−0.014 (0.21)
Conservatives		−1,881.664 (1.42)	−436.544 (0.33)
Liberal−Democratic		−1,053.328 (0.77)	−1,222.235 (0.86)
Other party		938.230 (0.23)	−1,605.525 (0.39)
Cabinet member		−10,404.230 (3.56)***	−8,865.197 (2.85)***
Shadow cab. member		520.634 (0.19)	−122.208 (0.04)
Marginal seat		1,532.540 (1.36)	861.041 (0.78)
Turnout		310.216 (3.35)***	208.211 (2.24)**
Female			−1,074.762 (1.04)
Age			−277.605 (4.99)***
Experience			−151.481 (1.94)*
Degree			144.327 (0.14)
Oxbridge			−2,572.763 (2.44)**
Constant	102,054.540 (11.91)***	92,919.207 (10.65)***	114,332.524 (12.67)***
Observations	638	638	638
Adj. R-squared	0.1491	0.19	0.2617

All regressions contain 11 dummy variables for the standard regions

Robust t statistics in parentheses

*Significant at 10%

**Significant at 5%

***Significant at 1%

MPs representing constituencies with higher voter turnout rates tend to have higher expense claims. This result is robust and holds up across a variety of specifications. Interpreting this result requires some understanding of what drives turnout. If high turnout is driven purely by ideological attachment then higher spending could be a symptom of a lack of accountability.[24] However, if turnout indicates informed participation then high spending could indicate something rather different. One possibility is that an electorate that participates more requires more attention from their MP. The fact that we control for the marginality of the seat (which is a proxy for contestability and, therefore, accountability) suggests that the second interpretation is more plausible. Although it is hard to establish convincingly, this second interpretation relates to Putnam's (1993) study of Italian regions, which claims that the effectiveness of governments in reflecting the preferences of their citizens can be related to social engagement and political participation.[25]

In column 3, we present the results for the complete specification, when all the explanatory variables are used. We now introduce individual characteristics of MPs, i.e., their age and sex, their experience (i.e., the length of their service as MPs measured in years), a dummy equal to 1 if they have a university degree and, finally, a dummy equal to 1 if their degree is from either Oxford or Cambridge.[26] While gender and having a degree do not appear to be correlated with the amounts claimed, other personal characteristics seem to have explanatory power. In particular, older and more experienced MPs claim less, and each one of these two variables appears to have an independent impact (although the experience variable is significant only at the 10% level).[27] Degree holders do not behave differently from the rest, but graduates of either Oxford or Cambridge spend less than other graduates.[28] Whether this is a reflection of their more privileged backgrounds or some kind of enhanced sense of responsibility cannot be assessed on the basis of these data. The coefficient of distance remains strongly positive across the three specifications, in spite of the many controls added, which makes it very unlikely that its positive sign is due to omitted variables bias.

The results of column 3 imply that for each extra mile that a MP's constituency is away from Westminster, he/she claims £31.8 more expenses per annum on average. Being a cabinet member induces, after controlling for other factors, an average claim reduction of almost £9,000 per year compared to other MPs. Each additional year of age or experience reduces spending by, respectively, £283 and £149, while graduates from Oxford or Cambridge spend on average £2,500 less than the rest.

It is clear from the results in this section that reporting how much MPs claim in expenses without taking into account at least some of their objective needs can be misleading. A better way of identifying high spenders is to look at the residuals of a regression analysis along the lines of the one that we have undertaken, i.e., the unexplained spending component. The

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[24]For a detailed theoretical treatment of this point, see Larcinese (2009), which also contains an empirical study of the relationship between ideology and political knowledge in the United Kingdom.

[25]The correlation between political participation and the quality of governance in Italian regions has recently been confirmed by Solt (2004).

[26]Oxford and Cambridge have a strong prominence in British political life. It is probably sufficient to mention that 25 British Prime Ministers have been educated at Oxford and 13 at Cambridge. Such prominence has induced us to single out these institutions from the other British universities.

[27]This could be regarded as more efficiency in the use of resources on the part of more experienced MPs. In fact, the analysis of participation in parliamentary divisions will lead us to a rather different conclusion.

[28]Graduates of Oxford and Cambridge also spend less than MPs without a college education: an F-test rejects with confidence level close to 95% the hypothesis that the sum of the coefficients of the degree holders' dummy (which includes graduates of Oxford and Cambridge) and of the Oxbridge dummy is not different from zero.

ranking of MPs based on residuals turns out to be substantially different from unconditional rankings, suggesting that, when publicizing those data, more caution should be used than that displayed by a large part of the UK press.[29]

4.2 Travel, staff, second home, and other expenses

Different types of spending are subject to different rules and are likely to respond differently to constituency and personal characteristics. We begin with travel expenses (Table 5, column 1), which appear to be predicted mainly by constituency characteristics, with distance from Westminster having a positive impact and income and electorate size having a negative impact.[30] Other significant effects are represented by the constituency turnout rate (positive) and by being a member of the cabinet (negative). Party membership and personal characteristics appear to have no impact with the important exception of gender; women MPs tend to spend less on travel, other things equal. The estimated saving compared to male MPs is approximately £1,000 per annum. This regression exhibits a relatively high R-squared, indicating that the variables we use can explain approximately two-thirds of the variation in travel spending.

Staff spending (Table 5, column 2) presents us with a different picture.[31] Distance is again statistically important, although it is now significant only at a 10% level. It is possible that being further from Westminster requires increased staff support. Contrary to expectations, local average income and the size of the constituency do not appear to be related to staff expenses. However, the party affiliation of the MP matters. While Conservative and Labour party members do not differ significantly in statistical terms, Liberal Democratic MPs tend to spend more than Labour (an average of almost £1,500) while other parties (mainly the Scottish National Party and the National Party of Wales, Plaid Cymru)[32] tend to spend less (almost £4,000). However, the latter coefficient is significant only at the 10% level. Age turns out to be correlated with expenses—older MPs spend less on staff—while the correlation with gender is not significantly different from zero.

Column 3 of Table 5 looks at MP's expenses on second homes. In general, constituency characteristics do not seem correlated with this. The only statistically significant correlation is with the local turnout rate with constituencies with higher turnout having higher spending MPs. There is no obvious rationale for this. The most striking findings are for party affiliation with Conservative MPs and the "other party" grouping claiming more than £1,000 more than Labour MPs while Liberal Democrats spend around £1,100 less (statistically significant at 10%). There also appears to be a gender effect with female MPs tending to claim around £850 less than men. We also find a curious Oxbridge education effect with Oxbridge MPs claiming around £1,100 less than others.

Finally, column 4 turns to "other expenses". From the summary statistics of Table 1, it is clear that this variable is more dispersed than either total or staff spending. Only travel

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[29]Tables are available from the authors upon request.

[30]One possible interpretation of this result is that, for a given distance from London, richer and more populous constituencies might have better and therefore cheaper transportation means. If this interpretation is correct, this further supports the public service view. The regressions also include regional dummies that should account for at least part of these differences, but it is quite possible that, even within regions, different constituencies have different transportation facilities.

[31]Members of Parliament could spend up to £77,543 on staff costs in 2003–2004. As noted before, however, staff expenses show limited variation when compared to other categories.

[32]From now on, we will use the acronyms SNP and PC, respectively.

Table 5 Travel, staff and other expenses

Dep. variable	(1) Travel	(2) Staff	(3) Second home	(4) Other
Distance	18.983	7.683	2.077	3.130
	(4.71)***	(1.70)*	(0.84)	(0.94)
Income	−0.441	0.245	−0.168	−0.146
	(3.19)***	(1.09)	(1.10)	(0.77)
Size	−0.053	0.033	−0.014	0.022
	(2.33)**	(1.07)	(0.51)	(0.68)
Conservative	34.094	742.866	1,334.095	−2,380.012
	(0.08)	(1.15)	(2.36)**	(4.42)***
Liberal-Democratic	−548.978	1,549.347	−1,153.077	−905.268
	(0.91)	(2.37)**	(1.87)*	(1.55)
Other party	1,246.412	−3,809.924	1,189.134	−32.463
	(0.95)	(1.93)*	(2.25)**	(0.01)
Cabinet member	−6,571.627	−3,079.584	529.629	−337.827
	(6.44)***	(1.61)	(0.63)	(0.30)
Shadow cab. member	397.550	−491.733	53.185	−48.667
	(0.33)	(0.33)	(0.05)	(0.07)
Marginal seat	110.157	90.067	633.574	80.714
	(0.28)	(0.18)	(1.47)	(0.18)
Turnout	72.403	−35.981	98.825	81.254
	(2.02)**	(0.85)	(2.98)***	(2.17)**
Female	−1,012.838	228.055	−852.939	447.719
	(2.54)**	(0.44)	(1.96)**	(1.05)
Age	−4.444	−89.547	−28.159	−142.837
	(0.21)	(3.26)***	(1.15)	(5.82)***
Experience	−13.658	26.042	−51.509	−120.598
	(0.53)	(0.61)	(1.90)*	(3.61)***
Degree	−609.858	665.913	−146.938	268.633
	(1.44)	(1.30)	(0.39)	(0.67)
Oxbridge	−412.208	−585.157	−1,154.496	−502.667
	(1.13)	(1.09)	(2.68)***	(1.15)
Constant	15,023.799	57,209.357	15,674.26	25,428.286
	(5.01)***	(13.27)***	(4.65)***	(6.65)***
Observations	638	638	638	638
Adj. R-squared	0.6394	0.2274	0.4174	0.2343

All regressions contain 11 dummy variables for the standard regions

Robust t statistics in parentheses

*Significant at 10%

**Significant at 5%

***Significant at 1%

spending displays greater variation but, as we have seen, this is simply because of the large variation in the constituency distance from Westminster.

Column 4 delivers new insights into the role played by our explanatory variables. First, constituency characteristics do not seem to be related to claiming allowances. However, there are differences across parties. Liberal Democratic and other MPs do not differ significantly from Labour (the omitted category) while the Conservatives spend almost £2,400 less than Labour MPs. Older and more experienced MPs also spend significantly less; an increase of one standard deviation in the age of an MP (8.6 years) implies approximately £1,200 lower spending in this category. The corresponding figure for experience (controlling for age) is approximately £900.

Overall, the picture that emerges from Table 5 is that there are differences in the factors that shape the various claims. Travel expenses appear to be driven mainly by objective measures of need, in particular the distance between Westminster and the MP's constituency. For staff and other expenses, party affiliation, age, and experience are related to claims. The Liberal Democrats seem to be high spenders on staff while Labour MPs spend more on computers, stationery, and postage. The Conservatives appear to be lower spenders in each category except housing expenditures.

4.3 Do retiring MPs behave differently?

Retiring MPs are less constrained by their relationship with voters than those who will stand again. This could make a difference, although it is not clear in which direction. They face a reduced incentive to behave in a publicly spirited way (and, therefore, should spend more). However, retiring MPs also face fewer incentives to offer constituency service, which should lead to less spending if allowances are genuinely used to improve such service.

Table 6 introduces a dummy variable that equals one if MPs have announced their intention to step down at the end of the Parliamentary term. The results show that this variable is negatively correlated with expenses.[33] However, it is only statistically significant in relation to "other expenses" (column 5).[34] Thus, the difference between standing and retiring MPs can be found basically in their spending on computer equipment, stationery and postage. It seems plausible that some of these items are linked to constituency service. This being so, these findings hint at the possibility that such service is less among retiring MPs. However, obviously this is somewhat speculative.

The main point here is that there is no significantly positive coefficient on the retirement dummy for any of the dependent variables. The results are consistent with a positive view of politicians' motivation. In terms of the predictions of Table 3, the data suggest a fairly benign view of the functioning of the MP's allowance system. Our results are compatible with either column 1 or 2, but not with column 3.

4.4 Expenses and activities: evidence from the British Representation Study

Having established these correlations, we now try to see how far the results are reflected in effort put in by MPs on behalf of their constituents. To this end, we use the 2001 British Representation Study, a survey of candidates at the 2001 general election. The survey also reports whether candidates have been elected or not and identifies their constituency, hence

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[33]It is positive but not significant in the travel expenses equation.

[34]The experience variable becomes less significant in this specification, as it is correlated with the intention of stepping down.

Table 6 Do retiring MPs behave differently?

Dep. variable	(1) Total	(2) Travel	(3) Staff	(4) Second home	(5) Other
Distance	31.491	18.940	7.758	2.080	3.281
	(3.55)***	(4.69)***	(1.71)*	(0.84)	(0.99)
Income	−0.535	−0.439	0.243	−0.168	−0.152
	(1.21)	(3.18)***	(1.08)	(1.10)	(0.81)
Size	−0.019	−0.052	0.030	−0.014	0.017
	(0.29)	(2.26)**	(0.99)	(0.52)	(0.55)
Conservatives	−526.617	54.867	707.127	1,332.723	−2,452.128
	(0.40)	(0.12)	(1.09)	(2.34)**	(4.56)***
Liberal-Democratic	−1,256.517	−541.072	1,535.745	−1,153.599	−932.715
	(0.88)	(0.90)	(2.33)**	(1.86)*	(1.63)
Other parties	−1,835.131	1,299.365	−3,901.025	1,185.639	−216.295
	(0.45)	(0.98)	(1.98)**	(2.21)**	(0.09)
Cabinet member	−9,145.673	−6,506.941	−3,190.869	525.359	−562.388
	(2.94)***	(6.37)***	(1.67)*	(0.63)	(0.50)
Shadow cab. member	−377.824	456.502	−593.155	49.294	−253.324
	(0.14)	(0.38)	(0.40)	(0.05)	(0.36)
Marginal seat	913.688	98.015	110.956	634.375	122.866
	(0.83)	(0.25)	(0.22)	(1.46)	(0.28)
Turnout	212.257	71.470	−34.376	98.886	84.493
	(2.28)**	(2.00)**	(0.81)	(2.97)***	(2.25)**
Female	−958.822	−1,039.577	274.057	−851.174	540.546
	(0.93)	(2.60)***	(0.54)	(1.94)*	(1.27)
Age	−262.052	−8.031	−83.376	−27.922	−130.384
	(4.69)***	(0.36)	(3.04)***	(1.13)	(5.37)***
Experience	−137.028	−16.991	31.776	−51.289	−109.027
	(1.72)*	(0.66)	(0.73)	(1.85)*	(3.22)***
Degree	108.979	−601.705	651.888	−147.476	240.332
	(0.10)	(1.42)	(1.27)	(0.39)	(0.60)
Oxbridge	−2,472.154	−435.411	−545.238	−1,152.964	−422.115
	(2.34)**	(1.18)	(1.03)	(2.68)***	(0.97)
Retiring	−2,045.862	471.833	−811.742	−31.144	−1,637.998
	(1.46)	(1.03)	(1.15)	(0.06)	(3.22)***
Constant	113,924.723	15,117.850	57,047.552	15,667.99	25,101.785
	(12.73)***	(5.02)***	(13.24)***	(4.63)***	(6.66)***
Observations	638	638	638	638	638
Adj. R-squared	0.2636	0.6394	0.2281	0.4174	0.2456

All regressions contain 11 dummy variables for the standard regions. Robust t statistics in parentheses

*Significant at 10%

**Significant at 5%

***Significant at 1%

allowing the precise identification of individual MPs. By merging the BRS with our main dataset, we can have a better idea of how expense claims are related to the work put in by each MP.

The survey presents us with a unique view on the activities of MPs but also has some important limitations. First, although the questionnaires were sent to all the main candidates in each constituency, the response rate was such that only about one quarter of elected MPs is in fact included in the BRS. This creates problems both because our regression has to be run on a relatively small number of observations and, more importantly, because of self-selection. Second, the information on the various activities and on the number of hours dedicated to different tasks is self-reported and therefore not necessarily reliable. Third, the survey is conducted in a specific period (January–May 2001), which only marginally overlaps with the fiscal years we analyze (starting in March 2001) These limitations mean that caution should be exercised in drawing conclusions from the findings that follow.

From Table 7 it appears that *total expenses* (columns 1–3) are positively and significantly correlated with total number of hours dedicated to work but that only work in Westminster is related to total claims while the coefficient of the number of hours of constituency work is insignificant. *Travel expenses* (columns 4–6) are also correlated with total number of hours worked, but there appears to be no clear pattern when we distinguish between Westminster and constituency work, both coefficients being statistically insignificant.[35] Claims for *staff* appears to be uncorrelated with either type of work (columns 7–9). When it comes to housing (columns 10–12) there is a positive correlation with work in Westminster and, somewhat inexplicably, a negative correlation with letters and e-mails received. The results in columns (13–15) suggest that constituency service absorbs resources and induces more "other" spending. This result is hardly surprising since other expenses include IT equipment and postal expenses, but it provides once more a rather benign picture of the way expenses are claimed and of the fact that they are used mainly to provide a better service and representation to voters.

4.5 Parliamentary attendance and the cost per vote

We turn now to the analysis of attendance in Parliament. The first column of Table 8 reports the OLS coefficients of a regression in which P_{mcr} is the dependent variable and constituency, political and individual characteristics are used as explanatory variables. From this exercise, we find a number of significant correlations. First, observe that there is no variable whose coefficient is of the opposite sign to what we found in the expense regressions. Some types of MPs claim less and also attend less and vice versa. This is broadly compatible with the public service view of MP's behaviour.

Turning to the individual coefficients, we find no significant correlations between attendance and *Distance*, *Income* and *Size*. This supports the idea that these variables do not represent significant hurdles for attendance and, possibly, that the expense system is serving the purpose of levelling the playing field. The fact that *Distance*, *Income*, and *Size* are insignificant in the attendance equation tends also to support the public service view.

As far as party affiliation goes, Labour MPs have a much higher propensity to vote. Controlling for all other variables, an average Labour MP tends to vote in Parliament almost 5%

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[35]The Westminster coefficient in reality is quite close to 10% significance. Considering that the sample size is rather small and achieving good significance levels is difficult, one could conclude that, if anything, it is again work in Westminster that drives travel expenses. This could suggest that most MPs place their constituencies at the center of their activities and, therefore, increase their travelling only if they intend to spend more time in Westminster.

Table 7 MPs' Expenses and activities

Dep. variable	(1) Total	(2) Total	(3) Total	(4) Travel	(5) Travel	(6) Travel	(7) Staff	(8) Staff	(9) Staff	(10) 2nd h.	(11) 2nd h.	(12) 2nd h.	(13) Other	(14) Other	(15) Other
Total work	108.97**			28.28*			31.20			21.56			32.71**		
	(2.52)			(1.81)			(1.32)			(1.35)			(2.14)		
Work in Westminster		136.36**			37.18			46.52			50.27*			11.81	
		(2.01)			(1.59)			(1.23)			(1.73)			(0.48)	
Work in constituency		70.91			6.70			−13.27			−6.34			84.51***	
		(0.75)			(0.16)			(0.26)			(0.17)			(2.65)	
Surgeries per month			191.60			6.69			124.14			146.86			−83.19
			(0.57)			(0.06)			(0.89)			(0.69)			(0.75)
Letters and emails received			4.37			1.54			1.66			−5.4**			6.60**
			(0.58)			(0.51)			(0.50)			(2.15)			(2.20)
Observations	161	157	150	161	157	150	161	157	150	161	157	150	161	157	150
Adj. R-squared	0.3495	0.3510	0.2512	0.6888	0.6834	0.6827	0.2945	0.2885	0.2875	0.5251	0.5313	0.4520	0.3252	0.3200	0.3145

Regressions contain all the controls included in Table 5. The variables "total work", "work in Westminster" and "work in constituency" are expressed in weekly number of hours. "Surgeries held" is expressed in units per month, "letters and email received" in units per week

Robust t statistics in parentheses

* Significant at 10%

** Significant at 5%

*** Significant at 1%

Table 8 Parliamentary Attendance and Cost per Vote

Dependent variable	(1) Attendance	(2) Cost per Vote	(3) Cost per Vote	(4) Cost per Vote
Distance	0.013	0.219	0.119	0.084
	(1.46)	(1.39)	(0.91)	(0.69)
Income	0.000	−0.000	−0.006	−0.008
	(0.71)	(0.01)	(0.94)	(1.16)
Size	0.000	−0.000	−0.001	−0.000
	(0.61)	(0.51)	(0.76)	(0.34)
Conservatives	−8.596		71.364	53.558
	(6.55)***		(4.64)***	(3.11)***
Liberal-Democratic	−4.735		17.639	16.433
	(2.77)***		(0.84)	(0.76)
Other party	−14.339		122.497	123.291
	(4.45)***		(2.64)***	(2.86)***
Cabinet member	−28.541		571.835	544.453
	(6.60)***		(2.90)***	(2.85)***
Shadow cab. member	−4.674		34.820	30.720
	(2.14)**		(1.12)	(0.96)
Marginal seat	−0.843		4.380	11.047
	(0.81)		(0.34)	(0.89)
Turnout	0.017		1.062	2.196
	(0.15)		(0.52)	(1.06)
Female	−2.880			13.993
	(2.24)**			(0.76)
Age	0.085			−3.177
	(1.25)			(3.38)***
Experience	−0.597			6.760
	(7.66)***			(5.14)***
Degree	−0.654			−8.632
	(0.53)			(0.50)
Oxbridge	−0.978			−0.124
	(0.91)			(0.01)
Retiring	−3.988			19.419
	(2.51)**			(0.88)
Constant	64.221	557.557	586.251	629.156
	(6.20)***	(4.98)***	(4.81)***	(4.57)***
Observations	634	634	634	634
Adj. R-squared	0.3356	0.033	0.2227	0.2507

All regressions contain 11 dummy variables for the standard regions. Robust t statistics in parentheses

*Significant at 10%

**Significant at 5%

***Significant at 1%

more than a Liberal Democrat MP, 9% more than a Conservative MP and 14% more than an MP from another party. This is particularly striking as the Labour party had a large majority in parliament that we are studying and could reflect the low impact of opposition MPs and, therefore, their low incentive to attend in a context with a very solid Labour majority.

Not surprisingly, cabinet members vote less than other MPs while female MPs tend to vote less than their male colleagues, although only by a little less than 3% on average. Experience reduces participation: an increase by one standard deviation in experience reduces voting by approximately 4.5%. This effect is of the same order of magnitude as the reduced participation for MPs who do not intend to stand again at the next election.

Since some variables affect both voting and the amount of expenses claimed, using parliamentary expenses to evaluate the behaviour of politicians can be misleading. In columns 2, 3, and 4 of Table 8 we report the estimates of regressions which use B_{mcr} as a dependent variable. From columns 2 and 3, it appears that constituency characteristics and most political variables do not affect cost per division attended. Exceptions to this result are, as expected, cabinet membership and, more surprisingly, party affiliation. The cost of a vote in parliament by a Conservative or a member of another party (mainly SNP and PC) is well above that of Labour or Liberal Democrat MPs. This result is confirmed even in column 4, when we control for individual characteristics. According to this last set of coefficients, each vote attended by a Conservative MP costs the taxpayer about £54 more than a vote attended by a Labour MP. For SNP and PC, this figure rises to £123. Members of cabinet are also expensive: each vote is £545 more costly than that of ordinary MPs.[36]

Turning to individual characteristics, we find no significant correlation with gender or education and no different behaviour by retiring MPs. Only age and experience matter, although this time they go in different directions. Older MPs, holding constant the time already spent in parliament, spend less for each vote delivered. An increase by one standard deviation in age implies a decreased cost of £28 per vote. On the other side, if we take two MPs of the same age but with different times spent serving in Parliament, the more experienced MPs are also the more expensive. The magnitude of this effect is large, an increase of one standard deviation in experience implying an increase of £51 in the cost of a vote.

On this metric, therefore, younger and less experienced MPs supply the same amount of "work" (as measured by votes cast) at the same price. For every year that an MP stays in Parliament, it appears (on average) that it costs £7 more for every parliamentary vote they cast. There may, of course, be other compensatory benefits that come from having older and more experienced MPs which outweigh the rather narrow performance metric we have looked at.

Putting these results together, we can contrast the cost per vote of a 30-year old Labour MP who has just entered the Parliament with a 60-year old Conservative MP with 30 years experience. Our results suggest that the latter will (on average) claim around £160 more in expenses per division attended compared to the former. To put this result in perspective, this is an increase of almost 30% in the mean cost per vote cast. If the latter comparison were with the SNP, the figure would be around £230 more per division attended.

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[36]The reimbursement of travel expenses has, more than in the other cases, the purpose of facilitating attendance at parliamentary meetings. Hence, in separate regressions (not reported), we consider the cost per vote when only travel expenses are included. The results present some differences, and in large part mirror the results we already found in the expenses equations. In particular, the coefficients of constituency income and sex become negative and significant, while those of age, Conservative MPs, and cabinet members become insignificant. This indicates that both cabinet members and Conservative MPs do not overspend in travelling and that the reduction in cost per vote associated with age is not driven by less travelling but rather by reduced usage of other items.

5 Comparison with previous findings

A substantial literature has grown up that can be related to the issues we tackle in this paper. Much of the literature on political economy focuses on the importance of institutions and incentives (the rules of the game) to render politicians' actions congruent with voters' interest. Our results show that MPs in the United Kingdom use their expense allowances in ways which are not easily made compatible with a narrow rent-seeking view of politicians' motivation. Our results are instead suggestive that politicians' choices can, to a certain extent, be driven by intrinsic motivation or non-monetary rewards. This supports the idea that understanding the mechanisms of political selection is essential for a better comprehension of politics and public policy formation. This is not a view that has found much currency in the UK in recent times.

Looking at whether politicians behave differently after they have decided to retire from politics, Lott and Bronars (1993) analyze congressional voting data from 1975–1990, and find no significant change in voting patterns in a representative's last term in office. They use this result to argue that selection works well for the US Congress, leading to representation that is well aligned with the interests of constituents. Further evidence on the US Congress is found in McArthur and Marks (1988), who observe behaviour in a lame duck session of Congress: in post-election sessions, members who have not been re-elected are at times called upon to vote on legislation before the swearing in of the new Congress. They find that, in 1982, retiring representatives were significantly more likely to vote against domestic automobile content legislation than were members who were returning. Besley and Case (1995) find that policies are different in states when US state governors cannot stand again for election because of the imposition of term limits.

We are not aware of any study that addresses these issues for the United Kingdom, where the role of parties is much more important than in the United States. Constituency pressures instead are probably less important. Hence, we might have expected party discipline to override any tendency to "shirk" toward the end of a political career. We find, however, that retiring MPs both claim fewer expenses and vote less. This second result is consistent with some previous findings for the United States: Lott (1987) and Lott and Reed (1989) report that US House members miss more votes in their last terms in office, although they do not change their voting patterns. Our finding that retiring MPs spend less is the opposite of what has been found for the US Congress by Parker and Powers (2002), who estimated that retiring legislators spend substantially more money on foreign travel than their colleagues. We do not find any effect of retirement on the cost per vote. This suggests that the reduction in the expenses claimed is explained by lower rates of attendance rather than by increased rent-seeking.

Our results are also relevant to the small literature on the effectiveness of legislators. The main measures of effectiveness used are typically related to "entrepreneurship" (i.e., the number and relevance of bills sponsored by a legislator), as in Shiller (1995) and Wawro (2002), or to subjective assessments of legislators made by journalists and lobbyists, as in the works of De Gregorio (1997) and Padro' i Miguel and Snyder (2006). This literature points clearly to the role of seniority and party affiliation as important explanatory variables of effectiveness: more senior members and members of the majority party tend to be more effective legislators. In their analysis of the North Carolina House of Representatives, Padro' i Miguel and Snyder (2006) show that the impact of seniority can be due to both selection and learning by doing. Our results on the UK parliament confirm the importance of party affiliation and seniority, although in our case (and possibly because of the different measure of effectiveness that we adopt), more experienced MPs turn out to be less cost-effective for citizens.

Looking at MPs' expenses brings into sharp relief the issue of what is socially valuable about what they do. There is a large literature on constituency service by British MPs and its determinants. One of the main debates has been whether individual MPs have any incentive to invest in their electorates given the importance of parties on voting decisions. Cain et al. (1984), using polling data and interviews with MPs, argue persuasively that the British system does result in an increase in their personal vote. It is widely agreed in this and other studies that holding regular surgeries to deal with constituent's needs is a key part of such service.[37] Moreover, there appears to be considerable heterogeneity in the propensity to do so (over time and space). Engaging in correspondence with constituents and with ministers on behalf of constituents is also an important aspect of such service and suggests that postage charges by MPs are a proxy for this kind of activity. In fact, we find no evidence of a relationship between the frequency of surgeries and MPs' expenses of any sort, while we find a significant positive correlation between the number of letters and e-mails received and the amount of residual expenses (i.e., non-travel and non-staff expenses). Overall, expenses appear to be positively related to both the amount of work in Westminster (including the attendance of parliamentary meetings) and constituency service in a strict sense.

6 Conclusion

The question of whether MPs' allowances help to deliver an effectively functioning legislature is both interesting and important. The data used in this paper provide a unique window on this issue. The popular press were quick to cite expense claims as part of a "Westminster gravy train" but there are many benign factors that shape expense claims which need to be controlled for before jumping to conclusions. This has been worsened by revelations in the period following our study. Our findings suggest that, when reporting expenses in future, there should be some effort to do so making due allowance for objective features of constituencies.[38]

We find that constituency characteristics (such as the distance from Westminster) do predict expense claims. This reinforces the point that expenses level the playing field between MPs in different circumstances. However, we also find some unexpected results that require more investigation. They include the patterns of party differences and the significance of constituency level turnout in predicting expense claims. Of the individual characteristics, we find understandable patterns in age and experience, while less easily explicable is the finding that MPs educated at Oxford and Cambridge spend less. Our findings for retiring MPs, which also merit further study, suggest that, when not facing the prospect of re-election, UK legislators tend to spend less as well as to participate less in parliamentary activity. We also find that expenses are positively correlated with MPs' activism, both in terms of their parliamentary work and in terms of their constituency service. Overall, our findings are broadly consistent with the view that MPs are, on the whole, intrinsically motivated to serve their constituents.

The metric of cost per division attended yields particularly interesting findings. Here, the political life-cycle was shown to be important. There are also substantial differences between the parties in the expenses charged compared to attendance in Parliament. While

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[37] See Norton and Wood (1993) for an excellent overview of constituency service by MPs.

[38] This is similar to the argument that value added scores are more relevant than exam scores in assessing school performance.

there may be good reasons not to vote—especially in a Parliament where one party has a large majority—it is a matter of public interest to monitor all aspects of the performance of public servants and to assess the value for money they offer. There is clear more scope for looking at such issues in future studies.

Debates on MP's expenses are now extremely salient following revelations for the period after that studied here. These refer to much less aggregated data than have been presented here. One valuable exercise for the future is to look at more micro-data on expense claims using similar methods to those we have used here. However, this would require a considerable further investment in putting the data in usable format.

Appendix: Definitions and sources

A.1 MPs' allowance expenditure

The data on expenses claims have been released under the Freedom of Information Act by the Parliament and are available at the following web page: http://www.parliament.uk/site_information/allowances.cfm.

The following description of expense allowances are taken from the House of Commons web page:

A. *Additional Costs Allowance (ACA)* This is paid to reimburse Members for necessary costs incurred when staying overnight away from their main home for the purpose of performing parliamentary duties. Inner London Members do not receive this allowance. Until February 2004, Ministers and certain paid office holders were deemed to have their main home in London and could claim this allowance only for overnight stays in the constituency.

B. *London Supplement* Inner London Members receive the London Supplement instead of the ACA. Outer London Members may choose between the ACA and the London Supplement. Ministers who do not live in official accommodation and certain office holders automatically receive the London Supplement with their salary. London Supplement is subject to income tax and national insurance.

C. *Incidental Expenses Provision (IEP)* This is paid to meet the costs of accommodation for office or surgery use; equipment and supplies for office or surgery; work commissioned or other services; and certain travel and communications.

D. *Staffing Allowance* This is paid to enable Members to engage staff. The IEP can also be used to cover certain staff related costs. The Staffing Allowance varies according to the number of staff based in London. London Members automatically receive the higher figure.

E. *Members' Travel* This is the total cost of travel on parliamentary business within the United Kingdom plus certain European travel. Members' travel does not include travel on parliamentary delegation business or select committee visits.

Certain elements of the travel allowances are taxable. More information about the various categories of travel and transport can be found on the Parliament web page.

F. *Members' Staff Travel* Until December 2003, each Member was allowed a total of 18 single journeys per calendar year between Westminster and the constituency, shared by all employees. This increased to 30 single journeys for the period January 1, 2004, to March 30, 2005.

G1. *Centrally Purchased Stationery* This column sets out the cost of stationery items ordered from a central supplier. This includes stationery with prepaid postage for use in direct connection with a Member's parliamentary duties; the House of Commons is charged separately for the associated postage costs.

The figures given for each Member for 2001–2002 and 2002–2003 do not include any postage costs. The figures for 2003–2004 include the postage costs for each Member.

G2. *Postage Associated with the use of Centrally Purchased Stationery (2003–2004 only)* This column sets out the cost of postage associated with the use of stationery with prepaid postage ordered from the central supplier for use in direct connection with a Member's parliamentary duties.

H. *Centrally Provided Computer Equipment* This column sets out the cost of equipment supplied on loan to each Member. The provision allows for up to one laptop, three desktop PCs, two CD rewriters, and one or two printers, depending on the specification required. The costs show the asset value spread over a 4-year period.

I. *Other Costs* This column sets out costs incurred from central budgets, including the temporary secretarial allowance, which pays for additional help when staff are absent due to sickness or maternity leave; central contributions to security costs for the office; exceptional needs support (from March 2004), which provides for short-term additional help to Members whose constituencies have particular problems; ill-health retirement grant; and winding-up allowance payable to defeated or retiring Members or representatives of deceased Members after the date on which they cease to be Members of Parliament.

The aggregates used in the regressions are defined as follows (all variables are expressed as annual averages):

- *Total:* the sum of all expenses
- *Travel:* E + F
- *Staff:* D
- *Second Home:* A
- *Other:* C + G1 + G2 + H + I.

A.2 Parliamentary attendance

Attendance is constructed from parliamentary division information provided by Firth and Spirling (2003). The total attendance variable measures the number of divisions for which an MP cast her/his vote during the period June 2001–March 2004. The percentage attendance variable is measured as

$$(\text{total attendance} \times 100)/876$$

where 876 is the total number of divisions (votes) in the period considered.

Cost per vote is measured as the total expenses claimed in the period June 2001–March 2004 divided by the number of divisions attended by an MP.

These variables do not include the speaker and deputy speakers of the House of Commons.

A.3 Variables from the British Representation Study

- *Work in Westminster* (weekly number of hours) is derived by adding hrs/wk on caseworks of Westminster, hrs/wk attending floor debates, hrs/wk on selected-committee work, hrs on standing-committee work, hrs/wk on backbench party committee work.

- *Work in constituency* (weekly number of hours) is derived by adding hrs/wk holding constituency surgeries, hrs/wk attending local party meetings, hrs/wk attending other constituency functions, hrs/wk in other activities in constituency, hrs/wk travelling to constituency.
- Total work is given by *Work in Westminster + Work in constituency +* hrs/wk in meetings with other MPs + hrs/wk in public meetings + hrs/wk in meeting with lobbyists + hrs/wk on media.
- *Surgeries per month*: directly available from the survey.
- *Letters and e-mails received* is derived by adding letters/wk from constituents and e-mails/wk from constituents.

A.4 Other variables

- The variables regarding the *size* of the electorate (number of potential voters), *turnout* (percentage of actual voters) and *marginality* (dummy equal to 1 for constituencies in which the winning party had less than 10% lead over the runner up in the 2001 general election) have been taken from the British Parliamentary Constituency Database, compiled and edited by Norris (2001) and available at http://ksghome.harvard.edu/~pnorris/Data/Data.htm.
- The *distance* of a constituency from Westminster is measured in miles and is referred to the main town in each constituency. It has been derived from the AA website.
- *Income* is taken from the Office for National Statistics and it is disaggregated at the level NUTS 2. NUTS stands for Nomenclature of Territorial Units for Statistics and is a subdivision of the UK devised by Eurostat. NUTS 2 corresponds, although imperfectly, to counties.
- Information on individual characteristics, party affiliation, cabinet and shadow cabinet membership have been collected by the authors using various sources. *Conservative, Labour*, *Lib-Dem*, and *Other Party* are dummy variables equal to one when the MP is a member of the named party. *Cabinet membership* (and *shadow cabinet membership*) has been constructed as the share of time (with units expressed in months) during which the MP has been a member of cabinet (or the shadow cabinet) in the period June 2001–March 2004. *Gender* is a dummy variable equal to 1 for female MPs. *Age* is expressed in years and refers to the age in the year 2001. *Experience* is expressed as the number of years already spent in parliament by an MP at the moment of her/his election in 2001. *Degree* is a dummy variable equal to 1 for MPs that have obtained a university degree. *Oxbridge* is a dummy variable equal to 1 if the degree has been obtained from either Oxford or Cambridge University. *Retiring* is a dummy equal to 1 for MPs that, at any point during the 2001–2005 legislature, announced their intention not to be candidate in the next general election.

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