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Electoral Accountability and the UK Parliamentary Expenses Scandal: Did Voters Punish Corrupt MPs?

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Electoral Accountability and the UK Parliamentary Expenses Scandal: Did Voters Punish Corrupt MPs?

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We assess the electoral impact of the 2009 UK parliamentary expenses scandal, focusing on whether MPs who were implicated in the scandal retired at a higher rate or received lower electoral support in the 2010 general election than those who were not. We find that implication in the scandal led to both a higher retirement rate and a lower vote share for implicated MPs, but that retirement decisions and voting decisions seem to have depended on different factors: MPs who were more profligate expensers retired at a higher rate, while those whose abuses were viewed as more scandalous were punished by voters. Our overall results show that the expenses scandal had a modest impact on constituency-level outcomes compared to expectations and to similar cases in other countries; this is consistent with existing work on British voters as well as the broader insight that voters' ability to punish corrupt behavior depends on institutional factors like the electoral system and separation of powers.

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I. Introduction

The British parliamentary expenses scandal began in May of 2009, when the *Daily Telegraph* newspaper began publishing previously-secret information about MPs' allowances and expense claims. Much of the public outcry focused on the fact that taxpayers had been unwittingly paying for what seemed like extravagant expenses that had little to do with MPs' official duties; this type of claim was perhaps epitomized by the floating duck house purchased by Sir Peter Viggers (Conservative MP for Gosport) for his pond and reimbursed at taxpayers' expense.[1] In other cases, attention was focused on expense claims that were not so much extravagant as fraudulent: for example, several MPs managed to use a second-home allowance to pay for improvements on two houses by repeatedly switching the designation of their primary and secondary homes. At a time of economic recession and austerity budgets, these abuses struck a nerve with voters, who indicated in surveys that they would severely punish implicated MPs in the upcoming general election.[2]

In this paper, we carry out a detailed assessment of whether voters did in fact punish MPs who were implicated in the expenses scandal. Focusing on four different measures of MPs' implication in the scandal, we look for evidence that MPs running in English constituencies who were tainted by the scandal fared worse in the May 2010 general election than those who were not implicated. We also examine whether being implicated in the scandal was associated with a lower probability of standing for re-election in the first place.

Our analysis indicates that being implicated in the expenses scandal does in fact seem to have affected MPs' electoral outcomes in 2010, but the effect was somewhat different from what has been supposed. Despite the widespread view that implication in the scandal strongly affected retirement decisions[3] (and the fact that several MPs announced their

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[1]On 13th May, Viggers had noted in remarks on the scandal that "Personally, I have of course always scrupulously observed the rules" ("Viggers gives support to independent review," *The News* (Portsmouth), 14 May 2009. `http://www.portsmouth.co.uk/news/local/east-hampshire/viggers_gives_support_to_independent_review_1_1231892`, accessed 21 September, 2011.) Barely a week later, after his duck house claims had been revealed, Viggers announced he would not stand for re-election.

[2]"Ipsos MORI March Political Monitor; Fieldwork: 19-22 March 2010." Available at `http://www.ipsos-mori.com/researchpublications/researcharchive/2578/Impact-of-the-expenses-scandal-recedes.aspx`, accessed 21 September, 2011.

[3]For example, see Jonathan Oliver and Elizabeth Oakeshott, "325 MPs to be swept away at next

retirement soon after the scandal broke[4]), we do not find that being implicated in the scandal – as judged by repayments demanded, news coverage during May of 2009, and our coding of Curtice et al. (2010)'s subjective definition of abuses – is significantly associated with the decision to retire. We do find, however, that MPs were significantly more likely to retire if they had collected more in allowances and reimbursements under the old system. This suggests that the decision to retire was influenced not so much by the public judgment that an MP's expenses were inappropriate, but rather by an MP's judgment that the public would shoulder less of the cost of his or her second home in the future.

We also find that MPs who were caught up in the expenses scandal received a lower vote share in the 2010 election on average. When we judge implication by either media attention or a subjective coding based on Curtice et al. (2010), we find that implicated MPs received a vote share about 1.5 percentage points lower than non-implicated MPs (after controlling for incumbency, region, and previous constituency results). Intriguingly, we do not find an association between vote share and either the amount the MP claimed in expenses or the amount an MP was required to repay, which is consistent with the view that what bothered voters so much about the expenses scandal was not the sheer monetary value of an MP's expense claims, nor even the amount of the MP's claims that were judged to be invalid, but rather the extent to which these claims violated a sense of propriety or ethics.

In asking whether British voters were willing to punish MPs for their individual ethical lapses, our analysis of the parliamentary expenses scandal contributes to a long line of studies evaluating the role of candidate characteristics in British voting patterns (e.g., Cain et al. (1984), Norton & Wood (1990), Norris et al. (1992), Gaines (1998)). Studying whether British voters punished MPs for abusing the expenses system also promises to provide evidence relevant to a broader set of questions in political economy about electoral

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election," *The Sunday Times*, 24 May 2009, available at `http://www.timesonline.co.uk/tol/news/politics/article6350604.ece`, accessed 21 September 2011.

[4]For example, see "Expenses: Smith 'to quit' as Home Secretary as other MPs stand down", *Herald Scotland*, 2 June 2009, available at `http://www.heraldscotland.com/expenses-smith-to-quit-as-home-secretary-as-other-mps-stand-down-1.911622`, accessed 22 Sept 2011.

accountability. Clearly, a central concern in political science and political economy is the question of how and to what extent elections produce good outcomes for society. Recent theoretical work has rooted the value of elections in their ability to create good incentives for incumbent politicians and to select politicians who share voters' preferences ("good" types) over those who do not ("bad" types) (Fearon 1999, Besley 2006). In practice, though, the ballot is a blunt instrument and corruption (or other possible misalignment between voters and politicians) is only one dimension on which candidates may vary; voters therefore often face a tradeoff between sanctioning politicians for one type of incongruent behavior and expressing their preferences on policy or other dimensions of political competition (Rundquist et al. 1977, Weitz-Shapiro & Winters 2010). This tradeoff should vary according to the priority voters place on corruption as opposed to other issues, the information voters have about corruption, and the political institutions that shape the aggregation of preferences in society. In investigating the response of British voters to one type of misalignment between voters and politicians, we hope to contribute to evidence about the practical workings of electoral accountability and the way accountability relates to information flows and political institutions such as the electoral system and separation of powers.

Our contribution to the empirical literature on electoral accountability is notable because, while in principle the mechanisms of sanctioning and selection should apply to any aspect of politician behavior that matters to voters, in practice almost all research on political accountability has examined the extent to which voters punish incumbents for poor economic growth (e.g. Lewis-Beck & Stegmaier (2000)).[5] The focus on economic performance is understandable, both because of the clear importance of the economy to voters

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[5]A related literature has looked at the dark side of retrospective voting – the tendency for citizens to cast votes based on the "wrong" cues. Voters blame incumbents for poor economic performance that is out of the control of incumbents (e.g. Wolfers (n.d.), Achen & Bartels (2004a)), they focus arbitrarily on the very recent economic situation (e.g. Achen & Bartels (2004b), Lenz (2010)), which can induce politicians to artificially inflate growth rates (Nordhaus 1975, Tufte 1978, Alesina & Sachs 1988), and they vote against incumbents as a result of events that have absolutely nothing to do with either politics or the economy, such as a loss by their favorite sports team during the weekend before the election (Healy et al. 2010). In Achen & Bartels (2004b)'s view, given that voters perform so poorly at retrospective voting, "current defenses of democracy are in intellectual disarray, and much remains to be done before conventional understandings of democratic responsiveness can be responsibly defended" (pg. 1).

and because economic data is easily collected by researchers, but it means that relatively little is known about the extent to which voters sanction and select politicians on the basis of other kinds of behavior. Notably, despite the clear importance of self-dealing and other forms of political corruption, relatively few papers have studied how voters respond to allegations of corruption among elected officials (Peters & Welch 1980, Welch & Hibbing 1997, Reed 1999, Farrell et al. 1998, Ferraz & Finan 2008). By providing evidence on this question from a recent British election for which it is possible to obtain an unusually clear measure of individual-level corruption, we contribute to understanding about a key feature of democratic accountability in comparative context.

In finding that implicated MPs paid a modest electoral price for being implicated in the expenses scandal, we echo Johnston & Pattie (forthcoming, 2012) who independently arrive at the same conclusion in a very recent paper. Our paper make a distinct contribution from theirs in three main respects. First, we introduce a new way of measuring which MPs were implicated in the scandal, based on the proportion of stories mentioning the MP in the Google News archive that also mention "expenses." In testing, this measure correctly identifies MPs who were particularly notorious for their involvement in the scandal; it also arguably offers a better measure of the media attention given to MPs' abuses leading up to the election than a list of egregious MPs published weeks after the first revelations.[6] Second, we provide detailed analysis of retirement decisions that challenges the conventional view of the effect of the scandal on retirements and sheds light on a disconnect between how voters and MPs viewed the expenses scandal. Third, while our findings lead us to agree with Johnston & Pattie that voters appear to have placed a relatively low importance on individual MPs' expenses abuses in the 2010 general election, our explanations differ in emphasis. Johnston & Pattie attribute the weak electoral impact of the expenses scandal mostly to the fact that economic policy and other issues were higher priorities to voters. We agree that voters had other concerns, but we view the competing priorities experienced

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[6]Johnston & Pattie use three measures of implication in the scandal – two that we use (ACA claims and Legg repayment requests) and an additional measure based on which MPs were mentioned in the *Telegraph*'s list of "most notorious claims," published June 20, 2009, and a list of MPs who "should be sacked" published in the *News of the World*.

by British voters in 2010 as part of a more general tradeoff between individual electoral accountability and partisan competition; we place our findings from the British expenses scandal in a broader comparative context in which political institutions can be seen to mediate the accountability relationship between politicians and voters.

In the next section we provide some background on the British parliamentary expenses system and the expenses scandal that broke in May of 2009. We then discuss some of the literature most closely related to our paper – studies of whether voters punish corruption in other political systems, and studies of the extent to which British voters respond to the personal characteristics of parliamentary candidates. We then present our own empirical analysis, beginning with the question of how to measure whether an MP was implicated in the expenses scandal or not, and discuss the broader relevance of our findings before concluding.

II. Background on the Expenses Scandal

Since the 1970s, British MPs have been permitted to collect an allowance (known as the "Additional Costs Allowance," or ACA) to help them maintain a residence in London in addition to their home in their constituency. It was the perceived abuse of this allowance that most directly provoked the parliamentary expenses scandal that is the focus of this paper. The total allowances received by MPs had been made public for the first time in 2004, provoking some public outcry and one academic study (Besley & Larcinese 2011), but until the *Daily Telegraph* obtained a leaked copy of detailed records from the House of Commons Fees Office and began reporting on the information in May of 2009, the public did not know the substance of the specific items for which MPs had received reimbursement. As noted above, in some cases the public objected because MPs were reimbursed for purchases that seemed to be beyond what was necessary for carrying out parliamentary duties; among the most notorious of these expenses were a duck house for Peter Viggers, the moat-cleaning bills of Douglas Hogg, and the 500 sacks of manure David Heathcote-Amory bought for his garden. Many of the other high-profile abuses involved more clearly fraudulent behavior, including "flipping" the designation of one's second home in order to obtain reimbursements

for improvements to both, claiming expenses for a second home while collecting rental income on it, or even collecting reimbursements for mortgage interest payments on a second home after the mortgage was paid. Within two years of the scandal breaking, four former MPs had been prosecuted for "false accounting" and imprisoned.

The expenses scandal took on particular importance in British politics because it broke at a time when it was constitutionally mandated that a general election be held within the year. None of the major parties were exempt from the scandal,[7] and leaders of each party publicly punished the most egregious MPs in their party in an attempt to communicate to voters that they took the matter seriously. Implicated ministers and shadow ministers stepped down, and several implicated MPs announced that they would not stand for re-election. As the election drew nearer, all parties endorsed reforms to the expense system as well as more fundamental electoral reforms that responded to voter anger, including a recall provision for MPs (Renwick et al. 2011).

Looking toward the election, observers of British politics wondered how exactly voters would express their disgust about the scandal. One question, crucial for the determination of the next government, was how the expenses scandal would alter voters' party loyalties. Would voters hold Labour responsible, as the government under which these expense abuses had taken place, and thus shift their allegiance to the Conservatives? Would they instead view both main parties as implicated, and thus support the Liberal Democrats, or perhaps even register a protest vote against the whole political establishment by supporting minor parties?[8] A second question, and the focus of this paper, was whether voters would punish particular MPs who had been implicated in the expenses scandal. Conventional wisdom suggested that they would not, because British voters had traditionally (and rationally, one might argue) paid little attention to candidates and voted based on party, thus effectively casting a vote for the party they hoped would form a government rather than the individual they hoped would represent them in Westminster (Cain et al. 1984). Polling data suggested

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[7]A Populus poll taken soon after the scandal broke indicated that 86% of respondents "thought all the parties equally bad on expenses." "The Great Shaming of Parliament," *The Economist*, 14 May, 2009.

[8]The final results suggest that they did: the two largest parties received only 65.1% of the vote, the smallest share since the Liberal split in the 1920s.

otherwise, however: a poll carried out two months before the election revealed that, given a hypothetical situation in which their preferred party's candidate was someone who had been implicated in the expenses scandal, 38% of voters said they would rather vote for a candidate put forward by another party.[9] With experts predicting a hung parliament leading up to the election, it remained to be seen whether voters' determination to punish corrupt MPs would be a decisive factor in the election, or whether instead voters would revert to type and vote based on their party preferences.

III. Related Literature

Our analysis of the electoral impact of the expenses scandal is related to existing work in two distinct literatures: one literature that examines how voters in other countries respond to corruption, and another literature that examines how British voters respond to candidate characteristics other than party.

A. Voters' responsiveness to corruption

Perhaps the most similar episode to be studied in another context is the U.S. House bank scandal (also known as the "check-kiting" scandal), which began in 1991 when it was reported that hundreds of members of the U.S. House of Representatives had regularly overdrawn their checking accounts with the House bank. Unlike MPs who were reimbursed for questionable expenses, the members of Congress who overdrew their checking accounts did not directly drain taxpayer resources; in the House bank scandal as in the MPs expenses scandal, however, voters were treated to formerly secret information indicating that some of their representatives had abused their position of power and shown poor judgment. Jacobson & Dimock (1994) find that members of Congress with more overdrafts were more likely to exit the House through all possible routes: they were more likely to retire or be defeated in a primary election, and conditional on standing in the general election they

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[9]"Impact of the expenses scandal recedes," available at `http://www.ipsos-mori.com/researchpublications/researcharchive/2578/Impact-of-the-expenses-scandal-recedes.aspx`, accessed 21 September, 2011. The comparable figure in May of 2009 (immediately after the scandal broke) was 52%.

received a lower vote share and were more likely to be defeated. They estimate that having 100 overdrafts (which would put someone in the top 10% of offenders) cost a member of Congress around 4 percentage points of support in the 1992 election.[10]

Other studies provide less directly comparable measures of voters' responses to politicians' ethical lapses. Peters & Welch (1980) and Welch & Hibbing (1997) look at whether American voters punish Congressional candidates who face corruption allegations, finding that implicated incumbents lost 6 to 11 percentage points in the 1968-1978 period and even larger amounts in the 1982-1990 period. Carrying out similar analysis in Japan, Reed (1999) finds that legislators who are indicted or convicted of corruption see only small drops in vote shares, and in fact that by some measures those who are convicted appear to see *increases*.[11] Ferraz & Finan (2008) take advantage of a natural experiment in Brazil, where randomly selected cities were subjected to an audit before local elections, to measure the effect of the disclosure of corruption on mayors' reelection prospects; they find that the electorate does in fact respond to revelations of corruption, with mayors shown to be corrupt faring on the order of 5 to 10 percentage points worse than similar mayors whose corruption had not been revealed.

Some experimental evidence also addresses the question of voter responsiveness to corruption charges. Rundquist et al. (1977) presented subjects with hypothetical candidates, revealing various degrees of information about their political positions. After the subject chose a candidate to vote for, he or she was then informed that an important group had withdrawn its endorsement because of a prior incident of self-dealing that had come to light; the subject was then asked again for his or her vote choice. Comparison of the results with a survey of subjects' political beliefs indicated (quite reasonably) that voters are more likely to vote against their preferred candidate if they care more about corruption

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[10]Groseclose & Krehbiel (1994) also assert that bank overdrafts led members to strategically retire; Stewart III (1994) carries out descriptive analysis to characterize the set of members who bounced more checks.

[11]Given that many corruption scandals in this period in Japan were related to construction projects and other pork politics (Woodall 1996), the apparent electoral advantage of corruption convictions may reflect the fact that only very effective appropriators are convicted, or it might instead reflect selection: perhaps only very politically safe politicians do not retire when convicted of corruption.

and less about policy.

B. British voters' responsiveness to candidate characteristics

The tradeoff voters make when considering whether to vote for a corrupt legislative candidate will of course depend not only on the value they place on policy as opposed to principle, but also on the way in which legislative elections affect policy in a particular political system. On those grounds, conventional wisdom and existing research on British politics would suggest that voters in Britain would be fairly unresponsive to corruption charges against individual MPs. As noted above, the dominant view of British parliamentary elections is that voters act as if they are choosing a prime minister, rather than a representative; in other words, they overwhelmingly vote for the candidate standing for the party whose leader they want to be prime minister, thus ignoring all other features of the candidates asking for their vote (Cain et al. 1984). Given the constitutional arrangement by which the executive is formed by the leader of the leading party in the House of Commons, as well as the high rate of party discipline among MPs in roll call voting, this would seem to be a reasonable strategy for policy-oriented voters, whose only chance to directly affect policy with their vote is to determine which party has a majority in Westminster.[12]

Studies looking in detail at voting in British general elections tend to confirm that British voters seem to focus almost entirely on party labels to the exclusion of candidate characteristics. Norris et al. (1992) fails to find any effect of candidates' gender, race, or ideology on the vote share they receive; Cain et al. (1984) detects a small association between survey respondents' perception that an MP is responsive and respondents' willingness to vote for that MP, but they concede that party considerations play such an important role in vote choice that "the vote is almost a foregone conclusion in many cases," and further note based on similar analysis in the U.S. that "the effects of constituency service are but a shadow of what they are in the United States" (pg. 120).[13] In response to a number

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[12]Voters in constituencies where one of the candidates is a potential ministerial candidate might also hope to marginally affect policy by denying that candidate the opportunity to serve as an MP and thus join the cabinet.

[13]To cast further doubt on the effect of constituency service on British voters' vote choice, one could

of studies (including Norris et al. (1992) and Cain et al. (1984)) positing that MPs were increasingly cultivating a personal vote in the style of U.S. legislators, Gaines (1998) concludes on the basis of his analysis of election results from 1950 to 1992 that "there is no sign of a large or growing incumbency advantage, as has been predicted by the personal-vote school," and that ultimately "in Great Britain, incumbency advantage is either very small or else very elusive." Overall, the literature indicates that British voters are not entirely blind to candidate characteristics, but they generally view a candidate's party affiliation as far and away his or her most important attribute; this relative disregard of candidates themselves would seem to suggest that British voters would be reluctant to punish corrupt MPs in the expenses scandal.

The implications of the relatively weak connection between MPs and their constituents (as evidenced by the low degree of incumbency advantage) could be interpreted differently, however. One explanation for American and Japanese voters' reluctance to unseat a corrupt incumbent is that those voters might benefit from the incumbent's ability (due to his seniority and relationships) to channel government resources back to the district. For British voters, whose MPs have far less power over the distribution of government resources, there is less basis for such hesitation. Further, the existence of three competitive parties (and resulting coordination challenges) and the general decrease in party loyalty among voters[14] suggests that voters may be less resistant to switching parties if a new, highly salient dimension of candidate characteristics (such as abuses of the expenses system) were to develop.

One previous study (Farrell et al. (1998)) has specifically examined British voters' reaction to "sleaze" allegations in the 1997 general election. The authors identify 24 Conservative candidates whom they judged to be implicated in the set of financial and sex scandals

point out (as the authors do, pg. 121) that voters survey responses could well be rationalizations; one would have to carefully design a survey experiment in order to measure something that better approximates the effect of constituency service on vote choice as opposed to the association between two opinions voiced by survey subjects.

[14]The Electoral Commissions report on the 2005 poll (Sanders et al, 2005) shows that although the rate of party identification remains relatively high, its strength has consistently declined over recent decades; the percentage of voters identifying strongly with a party fell from 45% in 1964 to only 9% in 2005.

collectively referred to at the time as "Tory sleaze" (Dunleavy et al. 1995) and they compare the performance of these candidates in the 1997 election to that of other Tories, controlling for constituency characteristics. On average, candidates facing financial allegations performed 1.2 percentage points worse than similar non-implicated candidates; the penalty for sex allegations was about 1.4 percentage points.[15] This modest under-performance provides a benchmark against which to judge voters' reactions to MPs' expenses abuses in 2010.

IV. Measures of Implication in the Expenses Scandal

One of the difficulties of measuring how strongly voters respond to corruption is that it is difficult to measure corruption itself. In the case of the parliamentary expenses scandal, this task is made considerably easier by the fact that the government carried out an audit of improper expense claims and made public the amount that each MP was required to repay. We take advantage of this measure of implication, but we also develop further measures both as a robustness exercise and as a way of assessing which aspects of MP behavior were most strongly associated with electoral outcomes. In this section we describe these measures; in the next section we use these measures in our quantitative analysis.

A. Measure 1: Expenses claimed

Our first measure of implication is a fairly naive one: the amount of expenses claimed by an MP for his or her second home in the two years leading up to the scandal. (Specifically, our measure is the total amount claimed under the Additional Claims Allowance (ACA) in the 2007-2008 and 2008-2009 sittings.) We make no assertion that this measure identifies MPs guilty of submitting improper claims or otherwise summarizes the central ethical issues of the expenses scandal. Rather, the purpose of this measure is to capture the most straightforward concern voters might have about the expenses system: the sheer amount that it cost taxpayers. This measure also has the advantage that it identifies MPs who presumably benefited most from a regime in which MPs were permitted to collect substantial amounts of pay in the form of second-home allowances. Reforms to the expenses

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[15]The authors do not report standard errors.

system, and perhaps more importantly the sudden jump in scrutiny paid to MPs' expenses, were certain to result in a curtailment of payments to MPs – even those payments that would have been judged technically permissible under the former system.[16] This measure identifies those MPs who were likely to suffer most from this curtailment.

B. Measure 2: Repayments demanded

In the wake of the expenses scandal, the Brown government ordered a detailed audit of MPs expenses claimed over the previous several years. This audit, carried out under the supervision of Sir Thomas Legg, was completed in December of 2009; a total of 389 MPs who had served at some point since 2004 were ordered to make repayments (some as much as £42,000). Our second measure of implication is the amount of money each MP was ordered to repay by the Legg report.[17]

The advantage of this measure is that it squarely captures the extent of wrongdoing in a monetary sense and therefore establishes a much more straightforward index of unethical behavior than would normally be available in a study of individual-level corruption.[18] Still, it is important to recognize the limitations of this measure. First, it is clear from media coverage that many of the most high-profile cases involved quite inexpensive items that were objectionable not because of *how much* was claimed but rather because of *what* was claimed. For example, Chris Huhne was excoriated for having filed expense claims for chocolate biscuits and a trouser press, despite his own considerable personal wealth,[19] while Jacqui Smith occupied center stage in the scandal because she was reimbursed for her husband's ordering of adult movies.[20] These expenses and others like them were small in value and thus a measure of implication based on repayments would tend not to capture

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[16] As an indication of this, ACA claims in 2009-2010 were substantially down from those in 2008-2009.

[17] The figure we use is that amount that each MP repaid or was ordered to repay, after revisions were made in February of 2010.

[18] Studies of the 1991 House bank scandal (Jacobson & Dimock 1994, Groseclose & Krehbiel 1994, Stewart III 1994) benefit from a similarly objective measure of questionable behavior: a tally of bounced checks for each member of the House.

[19] http://www.telegraph.co.uk/news/newstopics/mps-expenses/5314093/
Chris-Huhne-a-multi-millionaire-but-you-buy-his-chocolate-HobNobs-MPs-expenses.html

[20] http://www.dailymail.co.uk/news/article-1165611/Blue-movies-expenses-Jacqui-Smiths-husband-apologis
html

them. Second, Legg's repayment demands were based in large part on technical matters that did not seem to concern the public. As a result, Legg demanded repayment for some large but otherwise unobjectionable claims simply because they were inadequately documented but did not flag other notorious claims that were properly documented and technically permissible.

C. Measure 3: News coverage

In part because of the limitations of the previous two measures, we created a third measure of implication based on media coverage of the expenses scandal. We focus on media coverage for two main reasons. First, the news media broke the scandal and were clearly the main source of voters' knowledge of MPs' implication in the expenses scandal. (Undoubtedly, very few voters read the Legg report or looked up their MPs' ACA claims.) Media coverage thus provides one measure of what voters knew about MP behavior. Second, the extent of media coverage of an MP's expenses serves as one way of measuring the extent to which that MP's claims provoked public outrage. MP Cheryl Gillan's claim for dog food, for example, would be overlooked by a measure based on claims or repayments, but the fact that it was heavily discussed in the media is an indication that the public found the claim to be objectionable on some ethical grounds.

Specifically, we build our third measure of implication in the expenses scandal by counting two types of news stories appearing on Google News between May of 2009 and the general election in May of 2010.[21] First, we count stories that mention the MP's name and the MP's constituency; this provides a rough measure of total media attention to the MP in that period.[22] Second, we count stories that mention the MP's name and constituency

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[21]A "story" on Google News is a collection of articles appearing in various publications at approximately the same time that are determined to be on the same topic by a proprietary clustering algorithm. Our results are essentially the same if instead we use the number of articles returned by each Google News search. In analysis of retirement decisions, this measure is complicated by the fact that some stories would be covering the retirement announcement itself, which induces problems of reverse causality. As an imperfect solution, we therefore restrict our measure in those regressions to stories published in May of 2009, before most retirement decisions were announced.

[22]We include the MP's constituency mainly in order to ensure that the stories we find are about the MP and not about another person with the same name. Including the MP's constituency in the search also reduces the chances that a high-profile MP (such as a party leader) will be marked as implicated merely

as well as the word "expenses," which restricts the results to those stories that mention the MP and also somehow mention the expenses scandal.[23] We then generate a coefficient of implication by dividing the number of expenses-related hits by the total number of hits plus one.[24]

As an indication that this measure in fact captures important variation in implication, we produced a list of 57 MPs who were clearly implicated in the scandal or clearly not implicated (based on our own subjective sense of the media coverage), and found that the implication coefficient was very highly correlated with our subjective scoring: 100% (16/16) of the MPs we coded as implicated had coefficients above .42, compared to only 4.9% (2/41) of the MPs we coded as unimplicated.

D. Measure 4: Subjective coding

Our fourth measure of implication is based on the subjective measure introduced by Curtice et al. (2010). Their measure is based partly on the monetary amount that an MP was asked to repay and partly on whether an MP allegedly filed a claim that satisfies any of several criteria created by the authors, such as a claim for gardening expenses above a certain amount.[25] This measure thus combines the monetary value of impermissible claims (our

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because he or she comments on the expenses scandal.

[23]In spot checks, we confirmed that the results of this second search almost invariably focused on the MP's role in the expenses scandal. The fact that the word "expenses" is rarely used in other contexts (unlike "expense") helps in this regard.

[24]Adding one to the denominator means that the coefficient is defined even for MPs who never appear in Google News, but it also works to reduce the chances that an MP who is not widely covered will be marked as implicated. An MP with whose only Google News story in this period mentions "expenses" will have a coefficient of .5, and so will an MP with 5 "expenses" stories out of 9 total stories.

[25]To be labeled as "Highly Implicated" according to the Curtice et al. (2010) coding, an MP could do any one of the following: have one or more item of expenditure, totaling more than 10,000, judged to be impermissible or unreasonable; claim more than £5,000 for gardening; be allegedly involved in "flipping" a second home for apparent financial advantage; have allegedly charged full costs for a home where adult children or friends were living, or where the mortgage was in joint names; have allegedly made claims for a property in which they had lived rent-free, or which was not mortgaged; have allegedly not paid capital gains tax on profits from sale of nominated second home; claim for a second home located close to the MPs regular home, or one not in London or in/near the MPs constituency; claim for a second home but not regularly attending the Commons; or make any other claim deemed to be a serious breach of the rules. To be marked as "Moderately Implicated," an MP could: make claims of between £5,000 and £10,000 judged to be impermissible or unreasonable; make impermissible claims of over £10,000 where the money had already been repaid; provide iInadequate documentation of a claim; claim to stay in expensive hotels near the MPs home; claim less than £5,000 on PR materials deemed to be party political.

second measure) with a subjective list of the kind of claims that the public was likely to view as objectionable (whether those claims were officially impermissible or not).

In light of the more comprehensive information relating to the scandal now available to us, we produced our own implication scores for all MPs in the dataset based on Curtice et al. (2010)'s criteria; our recoding resulted in 68 changes from the original scoring, with 53 MPs being scored as more implicated in our data than in Curtice et al. (2010)'s, and 12 MPs being scored as less implicated.

E. COMPARISON AMONG MEASURES

Before carrying out analysis using the measures of implication introduced above, we report in Tables 1 and 2 the correlations between our measures of implication.

In Table 1 we use the raw version of each measure. For "Expenses" and "Repayments" (the first and second measures described above), these are monetary values in pounds; for "News" (the third measure described above), this is the coefficient produced by dividing the number of stories mentioning the MP along with the word "expenses" by the number of stories mentioning the MP (plus one); for "Subjective" (the fourth measure described above), this is the 0-1-2 coding produced by Curtice et al. (2010)'s measure of implication for "unimplicated," "moderately implicated," and "highly implicated." The table indicates that each of the measures is positively correlated with each of the other measures, but the correlations are not high enough to suggest that the measures are redundant. All of the lowest correlations are with the "Expenses" measure, which makes sense: this measure captures only the monetary extent of an MP's claims, while the other three attempt to capture the degree to which an MP's claims were viewed as objectionable. The highest correlations are between the "Subjective" measure based on Curtice et al. (2010) and the "Repayments" and "News" measures, which again makes sense given that the "Subjective" measure is constructed based on a combination of repayment information and subjective criteria defining objectionable criteria – a set of criteria likely to be similar to the criteria used by newspaper editors and readers.

Each of these raw measures of implication has its own scale, which would make it some-

what difficult to interpret regression coefficients in the analysis of the next section. For the sake of simplicity, therefore, we adopt an approach that reduces each raw score to a binary measure that results in the same number of MPs being labelled as "implicated." Specifically, we take as our starting point the "Subjective" measure, which labels 119 MPs as moderately or highly implicated; we then create binary variables for each measure such that the 119 most implicated MPs are labeled as "implicated" and others as "not implicated." This of course results in a loss of information, which should attenuate apparent relationships between implication and electoral outcomes; in practice, the substantive conclusions of the analysis do not change much when the raw measures are used instead.[26]

Table 2 reports correlations among these binary variables. Again, all of the correlations are positive, although the correlation between "expenses" and "repayments" is very close to zero and all of the correlations are lower (as might be expected if "true" implication varies continuously). The rank ordering of the correlations remains almost exactly the same.

V. ANALYSIS

Our approach to estimating the MP-level effect of the expenses scandal on the election in 2010 is to measure the association between whether a constituency's MP was implicated in the expenses scandal (according to each of the four definitions outlined in the previous section) and election outcomes in that constituency – whether the MP stands or re-election in that constituency, the vote share received by the MP's party, and whether the MP's party manages to hold onto the seat. The analysis thus focuses on whether election outcomes were sensitive to the local MP's actions; it can say little about national-level effects of the expenses scandal, e.g. whether voters punished Labour generally for being in government while expenses abuses were taking place or for inadequately responding once they had been revealed. To the extent that our regressions properly control for confounding factors that are correlated with both implication and election outcomes, the coefficients on implication can be taken as measures of the effect of an MP's implication in the expenses scandal on constituency-level outcomes.

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[26]Results available on request.

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Based on news reporting of the expenses scandal (and consistent with Groseclose & Krehbiel (1994) and Jacobson & Dimock (1994)'s analysis of strategic retirement following the U.S. House bank scandal of 1991), it seemed likely that some MPs chose not to run in 2010 (or were forced not to run by their party's leadership) as a result of their involvement in the expenses scandal. The effect of the scandal on election-day outcomes may thus have two components: its effect on who stands in the election, and its effect on how voters vote (conditional on who stands). Consistent with this, we conduct our analysis in two ways. We first measure the "total effect" of the scandal, not conditioning on whether the incumbent MP stands; this analysis looks at how an MP's implication in the expenses scandal affected his or her party's vote share and ultimate success in the constituency, including any effect that might occur as a result of the incumbent MP's subsequent choice not to stand in the election. We next measure the "conditional effect" of the scandal, taking the incumbent MP's decision to stand or retire as fixed and examining how outcomes differed between implicated and non-implicated incumbents (as well as new candidates who replaced implicated and non-implicated incumbents); this analysis looks at how implication affected election outcomes through channels other than the decision to stand or retire.

A. The "total effect" of implication

We begin by measuring the effect of implication in the expenses scandal on retirement decisions, as well as the "total effect" of implication on election outcomes (including the possible effect through retirement decisions). We rely on three OLS regressions:

- **Retirement**: The dependent variable is 1 if the incumbent did not stand in the 2010 election and 0 otherwise. Following Jacobson & Dimock (1994), we include controls for the incumbent MP's age and whether or not the seat is marginal (based on the notional 2005 results calculated under the 2010 constituency boundaries); we also include a control for the incumbent MP's party, allowing for the possibility that some (especially Labour) MPs may have anticipated the national vote swing and chosen not to run.[27]

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[27]For both these regressions and those for which the dependent variable indicates whether the incumbent

- **Vote share**: The dependent variable is the vote share of the incumbent MP's party in the 2010 election, in percentage points. We include controls for the incumbent MP's party, the notional vote share of the incumbent MP's party in the constituency in 2005,[28] and the region.[29]

- **Holding the seat**: The dependent variable is 1 if the incumbent's party won the seat in the 2010 election and 0 otherwise. We include controls for the incumbent MP's party, the notional margin in for the incumbent MP's party in the constituency in 2005, and the region.

For each dependent variable, we carry out four separate regressions, each using one of the four measures of implication introduced in the previous section.

Our analysis focuses on 485 of the 646 MPs elected at the 2005 UK General Election. Those from Scotland, Wales and Northern Ireland were excluded because many constituencies in those areas were contested by competitive candidates from regional parties such as the Scottish National Party and Plaid Cymru, making comparison with English seats difficult. We also excluded constituencies where boundary changes had occurred between 2005 and 2010 that were so substantial as to make it impossible to ascertain who the incumbent MP was, as well as those in which there had been a by-election since 2005 resulting in the election of a new MP. All other seats were included.

The regression results are presented in Table 3, and point estimates and confidence intervals on the implication terms are plotted in Figure 1. The results suggest that implication in the expenses scandal did in fact affect both decisions to stand and the ultimate election outcomes (both vote share and which party won), although which measure of implication is significant depends on which dependent variable we are considering.

party held the seat, we obtain nearly identical results by carrying out logistic regressions: the change in the predicted probability associated with changing implication from 0 to 1 is essentially the same under the OLS (linear probability) models that we report and the logistic regression, where covariates are held at their sample means. We therefore focus on the OLS results in the interest of interpretability.

[28]Notional vote shares are estimates of the 2005 vote if it had been conducted with the 2010 constituency boundaries. They were published in Colin Rallings and Michael Thrasher (eds.), *Media Guide to the New Parliamentary Constituencies*, Plymouth, LGC Elections Center, 2007.

[29]The regions are London, South East, South West, West Midlands, East Midlands, Yorkshire and the Humber, North West, and North East.

For retirement, the only measure of implication that is statistically significant at conventional levels is the one based on the sheer amount of second-home expenses claimed in the two years before the scandal. The fact that other measures of implication do not significantly predict the retirement decision is somewhat surprising given the list of MPs who stated that they were retiring due to accusations of unethical behavior. The regression results indicate that the rate of retirement was just as high among MPs who were asked to repay less or whose abuses were less discussed in the media (controlling for age, marginality, and party), which suggests that many of these retirements would have happened anyway.

Aside from total expenses, the implication measure that is closest to statistical significance is our news measure (p ¡ .08). We are reluctant to make much of this relationship, however, as it certainly suffers from an endogeneity problem: some of the news stories upon which the measure is based are actually reports of a retirement decision. (As noted above, for this regression we generate our "News" measure of implication based on stories from May 2009 alone, but some retirements were announced during that month.) Future work may be able to measure the relationship with less bias by further restricting the window or eliminating MPs from the analysis who announced the earliest retirements.

Turning to the election outcomes, the measures of implication that best predict both vote share and whether the incumbent party holds the seat are the three that did not predict retirement decisions. The "News" measure and the "Abuses" measure are both at least borderline significant predictors of both the vote share and party holding; the measure based on the amount of repayments demanded or paid is also a borderline significant predictor of whether the incumbent party holds the seat. Recall that these regressions do not condition on incumbency, meaning that in about a quarter of the races the incumbent MP is not running. The effect of incumbency on election outcomes measured in this regression is thus a combination of the effect of implication on retirement (and the effect of incumbency on election outcomes), the effect of the incumbent MP's implication on voter behavior in constituencies where the incumbent *does not* stand, and the effect of the incumbent MP's implication on voter behavior in constituencies where the incumbent *does* stand. If the last

of these effects dominates the others, we would expect to see a larger effect of implication on election outcomes when we focus on constituencies where the incumbent MP stands; we will carry out that analysis in the next section.

Why does the value of expenses claimed seem to explain retirement decisions, while repayments demanded, news attention, and independently judged abuses seem to explain election outcomes? One interpretation is that MPs cared about the expenses scandal because it threatened to curtail their effective salary (and thus those who had received the highest reimbursements were the most likely to retire because they stood to lose the most from impending restrictions on expensing), while voters cared about the expenses scandal because of what expenses abuses suggested about MPs' priorities. One of the direct effects of the expenses scandal was to reduce the amount of reimbursements MPs could claim, not just because of stricter rules but also because of stricter scrutiny: the average ACA request in the 2009-2010 period was about £10,000, down from about £17,500 in 2007-2008. This tightening amounted to an effective pay cut for MPs who took advantage of ACA, which might explain why those who had made the highest claims before the scandal were more likely to retire, conditional on age and other covariates. The fact that the sheer amount of expenses claimed does not predict election outcomes suggests that voters do not care as much about the amount of money MPs claim as they do about whether those claims seem justified or unethical in some way.[30] The fact that vote share and race outcomes depend more on whether the MP's expenses were widely covered in the media is consistent with the idea that voters were outraged more by the ethical basis of MPs expense claims than by how much they cost the taxpayer.

B. The effect of implication conditional on retirement decisions

We now turn to our second set of analyses of the effect of implication on election-day outcomes. Here, we take retirement decisions into account, focusing on the performance of implicated MPs who chose to stand for reelection and thus faced direct judgment from the

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[30]Another explanation is that voters do care about the sheer amount of expenses claimed but, because the big claimants had disproportionately retired, they did not have the opportunity to punish them at the polls.

voters.

Our main election outcome regressions, presented in Table 4, rely on the same controls and the same definitions of implication above. The difference between these regressions and those regressions is that in columns (1), (4), (7), etc of Table 4 we consider only constituencies where the incumbent stood for re-election; in columns (2), (5), (8) etc. we consider only constituencies where the incumbent did not stand; and in columns (3), (6), (9) etc we consider all constituencies but interact the effect of implication with a dummy variable indicating whether or not the incumbent MP stood for re-election. By comparing the effect of implication on election outcomes in constituencies where the incumbent MP ran to that in constituencies where the incumbent MP did not run, we can assess whether voters appear to have punished the actual implicated individual for bad behavior or whether they appear to have lashed out at the implicated MP's party even when that MP is not standing.[31]

The table indicates that in fact voters did seem to reserve their ire for implicated MPs themselves. The estimated effect of implication is statistically significant for 5 of the 8 incumbent-only regressions (columns 7, 10, 16, 19, and 22) and always at least as large (i.e. negative) as the comparable effect for the open-seat regressions. The interaction term, measuring the difference between the effect for constituencies where the incumbent stands and where he does not, is at least borderline statistically significant in three regressions (9, 21, and 24), and the point estimate is negative in all but one. Generally, and again in contrast to the findings on retirement, it seems that voters were most responsive to the nature of the abuses with which the MP was charged (i.e. the "Abuses" measure) and news stories implicating the MP in the expenses scandal (i.e. the "News" measure), less so to the monetary amount of excessive claims (i.e. the "Repayments" measure), and not at all to the monetary amount of the claims themselves (i.e. the "Expenses" measure). Figure

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[31]Another possible reason to carry out this comparison is concern about confounding variables: if vote shares for the incumbent MP's party were lower in constituencies where the MP was implicated because of confounding factors rather than because of the MP's behavior, we might expect to see an apparent effect of implication even in constituencies where the incumbent MP did not run; if we are willing to assume that voters would not punish the party of their implicated MP if that MP is not running, then we can carry out a placebo test by measuring the effect of the incumbent MP's implication in open contests.

2, which plots the point estimates and confidence intervals from the subset regressions (i.e. 1 vs 2, 4 vs 5, etc), makes these points clear.

The results shown in Table 4 and Figure 2 again confirm the finding that MPs and voters appear to have divergent concerns. As noted above, the only measure of implication that predicted MP's retirement decision was the measure based on the sheer amount of money an MP extracted from the expenses system. Table 4 and Figure 2 confirm that, conditional on the incumbent running, voters appear to have cared much more about whether an MP's abuses were widely discussed in the media ("News") or whether the MP's expenses were the type that an external analysis would judge to be corrupt ("Abuses") than about the sheer amount of expenses. This again suggests a kind of moral disconnect between MPs and voters.

C. The interaction of local abuses and national politics

By analyzing how election outcomes at the constituency level depend on the incumbent MPs' implication in the expenses scandal, we generally focus in this paper on how voters sanctioned individual politicians for questionable behavior. The expenses scandal of course occurred in a national political context, and in this section we seek to illuminate two aspects of this interaction.

First, one early prediction was that the expenses scandal would disproportionately hurt the Labour party, whose government was already in a weak position in May of 2009 in the midst of economic turmoil and two unpopular wars: although abuses had been committed by MPs of all parties, Labour might pay a larger electoral price because the abuses took place under their watch. Our cross-sectional analysis cannot address the question of whether or not the scandal caused a general loss of Labour support, but we can ask whether voters more heavily punished implicated Labour MPs than implicated Conservative MPs. (For voters to more heavily punish Labour MPs might make sense if voting against an implicated Labour MP was a more effective way to express displeasure at the Labour leadership's tolerance of expenses abuses.)

In the top two panels of Figure 3, we plot the point estimates and confidence intervals of

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interaction terms between each of our implication measures and a dummy variable indicating that the incumbent MP is from the Labour party; we carry out these regressions only for constituencies where the incumbent MP runs, meaning that the interaction term plotted is a measure of whether implication was more heavily punished in the case of Labour MPs than in the case of MPs from other parties. (The regressions are otherwise just like those reported in Table 4.) The coefficients suggest that implication in the expenses scandal was equally damaging for Labour MPs and other MPs, with the exception of the "Expenses" measure, which indicates that Labour MPs in the group with the highest expense claims were punished about 4 percentage points more severely than similarly implicated MPs from the Conservative and Liberal Democrat parties. This finding echoes the analysis of Johnston & Pattie, who surmise that the higher sensitivity of voters to Labour MPs' ACA claims is due to the fact that Conservative voters might forgive expense claims that would seem extravagant to less affluent Labour voters.

Second, at the time of the election it was not clear which party or parties would form a government in the aftermath; in this uncertain context, voters in marginal constituencies, who might expect their vote to help swing the balance from one party to another, may have placed a lower priority on punishing corrupt MPs as opposed to voting their party preferences. On the other hand, parties focus more effort on marginal constituencies (Denver et al. 2004), so voters in these constituencies may have more information about an implicated MP's abuses and thus may be more likely to vote on that basis.

In the bottom two panels of Figure 3, we plot the point estimates and confidence intervals of interaction terms between each implication measure and a dummy variable indicating that the constituency is marginal;[32] the interaction term plotted is a measure of whether implication was more heavily punished in marginal constituencies than elsewhere. Somewhat surprisingly, perhaps, the vote share regressions (bottom left panel) suggest that voters did not generally treat implicated MPs more generously in close races, where party preferences might be expected to predominate; the only definition of implication

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[32] As above, marginal constituencies are defined as those in which the notional 2005 margin of victory was less than 10%.

for which this is the case is the definition based on the sheer monetary of expense claims submitted ("Expenses"). On the other hand, the analysis of whether the incumbent MP's party keeps the seat suggests that (perhaps not surprisingly) implication in the expenses scandal was more decisive in marginal constituencies than elsewhere. The size of the implied coefficient is quite striking: if we measure the effect of the "News" definition of implication on the probability that the incumbent party holds the seat, focusing only on marginal constituencies, we find an estimated effect of over 28% (14% for the "Abuses" definition).

As it turns out, the results on vote share in the bottom left panel help to explain the results on election outcome in the bottom right panel. Part of the reason why implication in the expenses scandal appears to have been so decisive in marginal constituencies is that voters do not seem to have let the higher stakes of marginal races allay their desire to punish corrupt MPs. This is likely due to a combination of unsophisticated strategy on the part of voters and campaign tactics on the part of challengers, who probably worked harder to inform voters of the incumbent's ethical missteps.

VI. Discussion

In light of the results we have presented, three issues seem particularly worth further consideration: the magnitude of voters' responses to MPs' abuses, the motivation for voters' responses to MPs' abuses, and the relationship between MPs' abuses and MPs' pay.

A. Interpreting magnitude

We have shown that MPs who were implicated in the expenses scandal (judging from news coverage and subjective measure based on Curtice et al. (2010)) received a share of the vote 1.5 percentage points lower than similar MPs who were not. If our constituency covariates are sufficient to control for factors that affect both implication in the scandal and voting outcomes, then our findings can be taken as evidence that implication in the scandal caused voters as a group to move their support away from corrupt candidates. But how should we view the magnitude of this effect? Is a 1.5 percentage point shift large or small?

If we compare the effect to what voters said they would do in pre-election polling,

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it seems small. Just two months before the election, 38% of voters said they would not vote for a candidate of their preferred party if that candidate had been implicated in the scandal. If these survey responses are to be taken at face value and voters all agreed about which candidates were implicated, then we would expect the effect of implication on vote share to be almost 20 percentage points.[33] The fact that our measured effect is an order of magnitude smaller suggests that voters tended not to see incumbents of their own party as implicated, or that voters ultimately lost their nerve and supported their preferred party despite the incumbent MP being implicated, or both.

It is also small when compared to the effect found by Jacobson & Dimock (1994), where members of the U.S. House who had been found to bounce a substantial number of checks with the House bank received about 4 percentage points less support in the 1992 elections. (The Jacobson study also finds that implication in the House bank scandal predicts retirement decisions.) This disparity is particularly intriguing because the corrupt behavior at issue in the House bank scandal was not clearly more serious than MPs' abuses in the expenses scandal; if anything, the opposite is true. While the British scandal involved the direct misuse of public funds for personal gain, the American scandal for the most part did not. When a congressman's account with the House bank was overdrawn, it was still necessary for the value of the honored check to be repaid to the bank; as Jacobson notes, the overdrafts "violated no law and cost the taxpayers no money" (Jacobson & Dimock 1994, pg. 622). Yet the reaction to them was far more pronounced than that which we encountered in the British scandal.

We suggest that this disparity is the result of the relatively small personal vote in British parliamentary contests, as documented by Cain et al. (1984) and Gaines (1998). In the United States, voters cast three sets of national ballots – one each for the Senate, the House of Representatives, and the presidency; the British electorate, by contrast, votes in only one national election, which takes place as infrequently as once every five years. American voters therefore enjoy several channels through which to express both party preferences

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[33]We are assuming that the 38% figure applies to voters who support the incumbent MP's party, and that about half of voters fall in that category.

and judgments about individual politicians, which may make them more willing to use their votes to express their personal feelings about an incumbent and his or her record of ethical behavior. Other institutional differences between the British and American political systems also tend to make party voting more important in Britain. British MPs tend to vote in lockstep with their party and do not hold durable assignments on powerful committees as do their counterparts in Congress (Hibbing 1988), meaning that there is little advantage to a constituency of electing an MP for his or her specific beliefs or influence in the chamber. Further, while control of the House of Commons gives a party control over the executive and a free hand to set policy in Westminster, control of the House of Representatives gives a party power over only one of three key veto points in Washington; the relatively large importance of party control in the House of Commons helps explain why British voters would feel less inclined to vote based on candidate behavior or characteristics. Finally, in the case of the 2010 UK general election, voters may have felt particularly disinclined to use their vote as a comment on the probity of the incumbent MP because the two main parties were close in the opinion polls and the outcome of the election was unclear. (By contrast, in the 1992 election that followed the U.S. House bank scandal, a continued Democratic majority was never really in question.)

Once we take note of the fact that the personal vote in Britain is quite a bit smaller than it is in the U.S., what is surprising is how large the electoral effect of implication in the expenses scandal is compared to the estimates in Jacobson & Dimock (1994). As an indication, Gaines (1998) never finds an incumbency advantage over 2 percentage points for the major British parties in the 1950-1992 period, while Gelman & King (1990) and Lee (2008) provide estimates of incumbency advantage for a similar period in the US that are around four times as large. If we accept incumbency advantage as an indication of how much voters care about candidate characteristics (including constituency service, behavior in office, and candidate characteristics not measured in a model like Gelman & King (1990)'s), then the responsiveness of British voters to the expenses scandal begins to look large compared to the responsiveness of American voters to the House bank scandal:

British voters' response to the expenses scandal was roughly as large in magnitude as the incumbency advantage in the House of Commons, while American voters' response to the House bank scandal was only around half as large as the incumbency advantage in that chamber.

B. Interpreting motivation

Regression coefficients do not tell us much about the reasons why voters chose to punish MPs who had been implicated in the expenses scandal. In this section we briefly examine this question based on a sampling of media coverage of the scandal (including letters to the editor), read in light of scholarly work on elite corruption in political theory and political economy.

One common objection to MP behavior in the expenses scandal focused on fairness: it bothered voters that MPs enjoyed liberal expensing privileges to which they did not have access. A retired electrician in Redditch, Worcestershire, was quoted in Reuters two months before the election saying "It [the expenses scandal] still rankles with me because the ordinary working people are trying to find a job, and if they find a casual one, and they put a little through the expenses they are arrested."[34] Comments such as these indicate that voters expected their legislators to enjoy the same or similar expensing privileges (and face the same punishment for abuses of those privileges) as they do. Such concerns about fairness do not require that the MP's unethical behavior have any consequences for policy; they seem to reflect instead the voter's sense that the MP has improperly used his public office for private gain and should therefore be punished (Stark 1997) or that the MP no longer deserves the honor of public authority (Fearon 1999, pp. 57-58).

A second commonly-mentioned motivation for voters to punish MPs in the expenses scandal is what Fearon (1999) referred to as "selection": an MP's willingness to abuse the expenses system suggests that he is the type of politician who will act contrary to public interests in other, more important areas as well, and therefore that he should be replaced by a more public-spirited politician. As expressed in a letter to the editor published in

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[34]Avril Ormsby, *Reuters*, March 9, 2010, "Voters seek revenge over expenses scandal."

the *Financial Times* a month after the scandal broke, "Those who are cynically dishonest about expenses may carry the same attitude into politics. As in the financial world, public life at the moment needs more morality, not less."[35] In the language of political agency models (Besley 2006), the expenses scandal provided a signal of MPs' types; removing the corrupt MPs from office would increase the proportion of "good" type politicians and thus improve politics and policy for the voter.[36]

A third and related motivation for punishing corrupt MPs was best expressed by George Carey, former Archbishop of Canterbury, in a widely-discussed statement issued just after the scandal broke. Carey touches on both the unfairness argument ("While their constituents are suffering from the credit crunch and many are out of work, [MPs have] had access to unrivalled funds") and the selection argument ("What's most worrying about this sad, sordid and scandalous affair is that it reveals an ambiguity amongst our politicians in their attitudes to public service"), but he also makes what might be called a second-order selection argument: if this corrupt behavior is tolerated, only very self-serving and low-quality people will aim for political office in the future. "Ask yourself now," writes Carey, "whether men or women of integrity from whatever walk of life will want to touch political office? Our politicians of the future are all likely to have climbed the greasy pole from within by working as researchers or lobbyists." This claim finds its political economy analogue in Caselli & Morelli (2004), which presents a model in which only "bad" politicians (those who are incompetent and/or dishonest) are willing to serve in a legislature populated by other bad politicians. Carey's implicit directive is for voters and policymakers to respond to the crisis in a way that sparks a change in both the composition of the legislature and the esteem in which it is held by the public. The argument can be labeled "second-order selection" because, like Caselli & Morelli (2004), he argues that improving the quality of politicians now will have the second-order effect of improving the quality of

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[35] *Financial Times*, June 8, 2009, pg. 10.

[36] A letter to the editor published in the *Times* of London on May 15, 2009, clearly made the same point: "It is only when someone thinks they cannot possibly be caught out that their true nature is revealed. Voters will now be forced to take an active interest in the individual they are voting for rather than the colour of their banner. This will lead to a far superior crop of politicians." Letter from Byrne Harris, London N14; page 33.

politicians in the future.[37]

Each of these motivations for voters to be vigilant toward corrupt MPs (as well as a fourth motivation – sanctioning (Besley 2006) – that appears to have been explicitly mentioned only very rarely) is also a motivation for systemic reforms, such as the introduction of constraints on permissible expenses or a recall mechanism to permit voters to replace an errant MP between elections (Renwick et al. 2011). And reading the media coverage of the expenses scandal, it is clear that one is much more likely to encounter a citizen or public official urging reforms such as these than urging voters to punish individual implicated MPs. This imbalance in favor of reform is perhaps a recognition of the voter's difficulty (present everywhere, but especially in an SMD system with strong parties) of both expressing a party preference and creating good individual electoral incentives for politicians.

C. SALARY AND EXPENSES

Our analysis of the expenses scandal and the 2010 election contest reveals something of a moral disconnect between MPs and voters: voters were inclined to punish those MPs whom they deemed to have acted immorally, whereas MPs were prone to retire if they had been amongst the most profligate claimants under the expenses system in place prior to the outbreak of the scandal. Part of what is intriguing about this disconnect is that it replicates the apparent disconnect between how MPs and the public appear to have viewed the purpose of the expenses system.

The explicit purpose of the expenses system, as described above, was to compensate MPs for the particular costs of working as an MP – maintaining two residences, most notably, but also running a staff both in London and in the constituency. There are indications, however, that within Parliament it was widely recognized that MPs' salaries were lower than they should be given MPs' professional qualifications, and that expenses and allowances provided a practical way of increasing MPs' total effective compensation

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[37]The same argument is also concisely expressed in a letter to the editor published in the *Times* of London on May 13, 2009: "If politics was not seen as a self-serving career in which the accumulation of power and, duly, money were seen as natural then maybe it would attract a more altruistic type of person." Letter from Neil Cudd, Kingstanding, Birmingham; pg. 27.

without provoking public opinion. This insider's view of the expenses system was described most candidly by MP Nadine Dorries soon after the scandal broke:

> Prior to my intake in 2005 MPs were ...sat down and told by people in the fees office: 'You haven't been awarded pay rises. An MP's salary is not commensurate with anyone else at your professional level. This pot of money has been awarded to you as an allowance, not expenses ...our job here is to help you maximise that.[38]

When compared to those holding senior positions elsewhere in the public sector, an MPs basic salary is in fact relatively modest. As of April 1, 2010, it was set at £65,837; a hospital consultant in the National Health Service, in contrast, earns a minimum basic salary of between £74,504 and £100,446[39], while a state school headteacher can earn as much as £112,181 if working in Inner London.[40] When compared with the upper echelons of the private sector, the difference is still more pronounced; Barclays Capital investment bankers are paid an average of £236,000, and mean compensation for equity partners at the UKs leading 50 law firms was £524,500 in 2010.[41] Significantly, there is no provision for an MPs salary to progress on an upwards pay scale, as is the case across the remainder of the public sector.

Since MPs have historically had the right to set their own salaries, their relatively low pay might be seen as somewhat surprising. However, each annual increase had to be voted through by Parliament, with the result that both the pay raise and debate surrounding it became a matter of public record immediately. In such instances the voting public was not easily persuaded by the case that MPs' pay should be more comparable to that of top professionals; not only would much of the public reject the claim that bankers and lawyers were paid appropriately, they also tended to view MPs' contribution to society fairly dimly

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[38]Suzy Jagger & Philip Webster, "MP slapped down over suicide remark; Tory accused of wild and erratic statements," *The Times (London)*, May 23, 2009, pg. 8.

[39]http://www.nhscareers.nhs.uk/details/Default.aspx?Id=553

[40]http://www.tda.gov.uk/get-into-teaching/salary/teaching-salary-scales.aspx

[41]http://www.edwardsgibson.com/article/view/47

and did not even agree on whether being an MP qualified as full-time job.[42] Consequently, even prior to the expenses scandal issues concerning MPs salaries were widely reported in the media, with a small public outcry accompanying each attempt to introduce an above-inflation pay increase. While MPs privately grumbled about the low pay, key figures took politically advantageous public stands against raising MP pay; Gordon Brown's reluctance to endorse a raise of 1% above inflation in 2007 is an example in point.[43]

This is not to say that MPs were satisfied with the level of their salaries; Alan Duncan's contentious claim in the aftermath of the expenses scandal that MPs were forced to "live on rations" was reported in the media to represent the sentiments held privately by many in Parliament.[44] Instead of receiving a large salary akin to other professionals, an MP's remuneration package consisted of a series of allowances that accompanied their basic wage. In addition to the Additional Costs Allowance that played the central role in the expenses scandal, MPs could claim for the costs of staffing and maintaining an office, communications and incidental expenses. Strikingly, the allowance for office costs and staffing that MPs were permitted to claim rose almost three times as fast between 1981 and 2011 as did their salary.[45]

We surmise that by the time the expenses scandal broke out, allowances had begun to be seen by MPs essentially as an extension of salaries that they considered moderate at best. They took advantage of these allowances in numerous ways. Many utilized rules that allowed them to employ family members in their offices, with over 100 doing so as of 2008.[46] Others launched regular constituency newsletters, funded by the taxpayer, which often carried party political undertones. The lengths that certain MPs went to in order to maximize their claims under the Additional Costs Allowance was yet another instance

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[42]For example, see letter to the editor from John Birkett, 29 May 2009, in the *Glasgow Herald*: "[A]ll MPs should have outside jobs. After all, about 100 MPs do have another job as ministers in the government, so the argument that it is a full-time job falls flat."

[43]http://news.bbc.co.uk/2/hi/7159357.stm, accessed 5 September, 2011.

[44]http://www.telegraph.co.uk/news/newstopics/mps-expenses/6015434/
Alan-Duncan-MPs-are-treated-like--and-have-to-survive-on-rations.html

[45]The allowance for office costs and staffing rose from £8,480 in 1981 to £115,000 in 2011; the MP's basic salary rose from £13,950 in 1981 to £65,738 in 2011.

[46]http://www.independent.co.uk/news/uk/politics/more-than-100-mps-employ-family-members-on-expenses-8
html

of this pattern. Viewed within this context, expenses claims that were seen by the public as immoral were perceived rather differently by some MPs, who believed that allowances originally designed to help them fulfill their Parliamentary duties had become entitlements that they would have been foolish not to claim.

The fact that the expenses system provided a "top-up" for MPs who felt that their salary was too low helps to explain our finding that MPs who most heavily relied on their Additional Costs Allowance were more likely to retire. The fact that voters judged these expense claims by the official standards (i.e. that they provide reimbursement to MPs for expenses required by their parliamentary duties) helps to explain why voters were especially likely to punish those MPs whose expense claims were not justified under the rules.

VII. Conclusion

In this paper, we have examined an important recent episode in which voters were given an opportunity to punish public officials for corrupt behavior. The behavior in question – the abuse of expensing privileges by members of the House of Commons – lends itself unusually well to measurement and comparison across politicians, making it possible to carry out fine-grained analysis of what behavior in particular seems to have provoked the strongest reaction from voters. We produced four different measures of MP corruption that capture in different ways the sheer monetary cost to voters of MPs' expenses, the monetary value of MPs' improper claims, and the extent to which MPs' claims were viewed as scandalous or objectionable. We then carried out regressions to measure the extent to which these measures predict MPs' retirement decisions as well as the ultimate voting outcome in the 2010 general election.

Our most notable finding is that MPs' retirement decisions and citizens' voting decisions seem to have responded to different aspects of MP behavior. An MP's retirement decision is significantly correlated with the sheer monetary value of his or her second-home allowance claims, suggesting that those MPs who stood to lose most from the impending curtailment of expensing privileges were those who were the most likely to retire. Voters, by contrast, punished those MPs whose expense abuses were most widely discussed in the media and

those found to implicated according to a subjective coding based on Curtice et al. (2010). This disparity suggests that voters responded to MPs' ethical lapses while MPs responded to their anticipated drop in effective pay.

The degree to which voters punished individual MPs for expenses abuses (a drop in vote share of about 1.5% on average) is modest in comparison to voters' responses to corruption in the US and other settings, but the lower magnitude seems reasonable given the fact that most British MPs have few individual powers and British voters have no other opportunity to express a party preference at the national level. The findings thus illustrate the fact that the degree to which electoral accountability can constrain individual politicians depends on political institutions including the electoral system, separation of powers, and legislative organization.

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Table 1: Correlation among measures of implication (continuous versions)

	Expenses	Repayments	News	Subjective
Expenses	1.00	0.09	0.26	0.16
Repayments	0.09	1.00	0.34	0.40
News	0.26	0.34	1.00	0.47
Subjective	0.16	0.40	0.47	1.00

Table 2: Correlation among measures of implication (binary versions)

	Expenses	Repayments	News	Subjective
Expenses	1.00	0.00	0.17	0.02
Repayments	0.00	1.00	0.21	0.36
News	0.17	0.21	1.00	0.35
Subjective	0.02	0.36	0.35	1.00

Table 3: Total effect of implication

Model:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Dep. variable:	MP retires (0,1)				Vote share (pct.)				Party holds seat (0,1)			
Implication def:	Expenses	Payments	News	Abuses	Expenses	Payments	News	Abuses	Expenses	Payments	News	Abuses
Intercept	−0.631	−0.576	−0.609	−0.583	8.209	8.030	8.714	8.274	0.704	0.728	0.735	0.725
	(0.121)	(0.121)	(0.122)	(0.122)	(1.656)	(1.613)	(1.611)	(1.597)	(0.065)	(0.063)	(0.063)	(0.062)
Age	0.015	0.014	0.014	0.014								
	(0.002)	(0.002)	(0.002)	(0.002)								
Margin in '05	−0.004	−0.005	0.003	−0.003								
	(0.042)	(0.042)	(0.043)	(0.043)								
Share in '05					0.883	0.886	0.882	0.885				
					(0.031)	(0.031)	(0.031)	(0.031)				
Margin in '05									0.015	0.015	0.015	0.015
									(0.001)	(0.001)	(0.001)	(0.001)
Labour	0.053	0.039	0.046	0.041	−10.691	−10.643	−10.789	−10.732	−0.414	−0.413	−0.422	−0.420
	(0.040)	(0.040)	(0.040)	(0.040)	(0.499)	(0.494)	(0.491)	(0.490)	(0.038)	(0.037)	(0.038)	(0.037)
Lib Dem	−0.032	−0.048	−0.049	−0.047	−3.039	−2.998	−3.343	−3.171	−0.302	−0.305	−0.318	−0.314
	(0.070)	(0.070)	(0.070)	(0.071)	(0.799)	(0.795)	(0.795)	(0.789)	(0.060)	(0.059)	(0.060)	(0.059)
Implicated	0.136	0.056	0.087	0.019	−0.280	−0.229	−1.469	−1.429	0.015	−0.062	−0.066	−0.090
	(0.043)	(0.043)	(0.049)	(0.043)	(0.483)	(0.473)	(0.472)	(0.464)	(0.037)	(0.036)	(0.036)	(0.036)
N	485	485	485	485	485	485	485	485	485	485	485	485

NOTE: The regressions differ in the way implication is defined. In each case around 119 MPs are identified as being "implicated"; in columns marked "Expenses" these are the MPs who collected the most ACA reimbursements in 2007-2008 and 2008-2009 combined; in columns marked "Payments" these are the MPs who were required to make the most repayments by the Legg report; in columns marked "News" these are the MPs whose news coverage in the period from May 2009 to the election in May 2010 was most likely to mention "expenses"; and in columns marked "Abuses" these are the MPs who are identified as implicated by the criteria outlined in Curtice et al. (2010).

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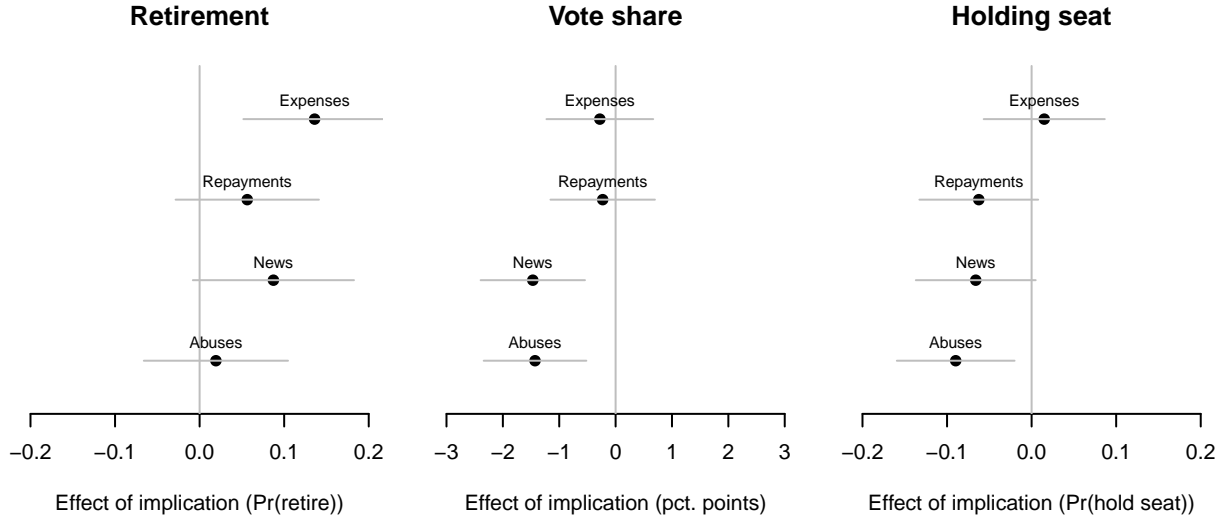Table 4: Effect of implication, conditional on retirement decisions

Model	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Dep. variable:	Vote share (pct.)			Vote share (pct.)			Vote share (pct.)			Vote share (pct.)		
Implication def.:	Expenses			Payments			News			Abuses		
Incumbent runs?	Y	N	Both	Y	N	Both	Y	N	Both	Y	N	Both
Implicated	−0.460	1.083	1.054	−0.347	0.985	0.741	−1.994	0.804	0.890	−1.485	−1.243	−1.100
	(0.579)	(0.849)	(0.846)	(0.554)	(0.886)	(0.867)	(0.579)	(0.852)	(0.814)	(0.530)	(0.919)	(0.905)
Incumbent			2.565			2.412			2.849			2.161
			(0.557)			(0.552)			(0.575)			(0.535)
Interaction			−1.590			−1.118			−2.940			−0.380
			(1.013)			(1.023)			(0.995)			(1.048)
N	367	118	485	367	118	485	367	118	485	367	118	485

Model	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Dep. variable:	Party holds seat			Party holds seat			Party holds seat			Party holds seat		
Implication def.:	Expenses			Payments			News			Abuses		
Incumbent runs?	Y	N	Both	Y	N	Both	Y	N	Both	Y	N	Both
Implicated	0.013	0.050	0.050	−0.079	0.053	0.004	−0.066	−0.010	0.011	−0.111	−0.003	−0.002
	(0.044)	(0.066)	(0.065)	(0.042)	(0.069)	(0.067)	(0.045)	(0.066)	(0.063)	(0.041)	(0.071)	(0.070)
Incumbent			0.106			0.112			0.112			0.120
			(0.043)			(0.042)			(0.045)			(0.041)
Interaction			−0.035			−0.083			−0.089			−0.115
			(0.078)			(0.079)			(0.078)			(0.081)
N	367	118	485	367	118	485	367	118	485	367	118	485

NOTE: *OLS regression coefficients shown for regressions in which the dependent variable is the vote share of the incumbent MP's party (top panel) and a binary variable indicating whether the incumbent MP's party won the seat (bottom panel). All regression include, in addition to the variables indicated, an intercept plus controls for previous performance (vote share in 2005, for models 1-12, and margin, for models 13-24), party of the incumbent MP, and region. Full regression results available on request.*
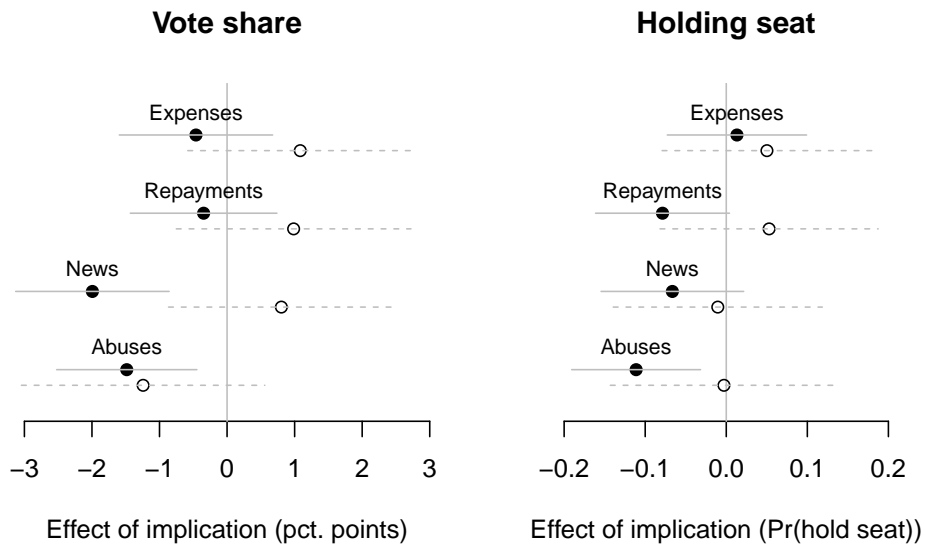
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Figure 1: Effect of expenses scandal implication on 2010 election

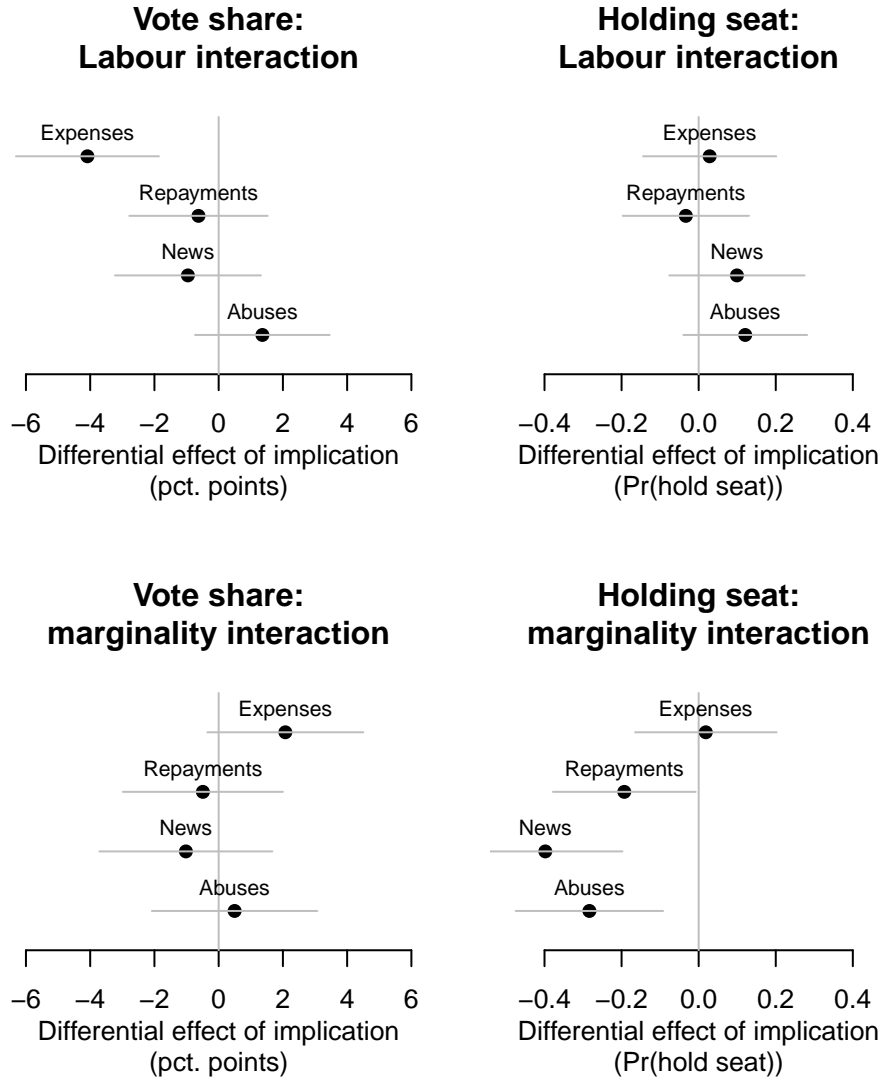**Retirement**　　　　　**Vote share**　　　　　**Holding seat**

NOTE: *Each panel shows the predicted change in a constituency election outcome from changing the incumbent MP's implication from 0 to 1. The left panel shows the predicted change in the probability that the incumbent MP will not stand in the election; the center panel shows the predicted change in the vote share received by the incumbent MP's party (in percentage points); the right panel shows the predicted change in the probability that the incumbent MP's party will win the seat. Horizontal lines show .95 confidence intervals. The regressions underlying these estimates are reported in Table 3; regressions do not condition or subset on whether the incumbent MP stands for office.*

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Figure 2: Effect of expenses scandal implication on 2010 outcomes, subset by incumbency

Vote share

Expenses

Repayments

News

Abuses

−3   −2   −1   0   1   2   3

Effect of implication (pct. points)

Holding seat

Expenses

Repayments

News

Abuses

−0.2   −0.1   0.0   0.1   0.2

Effect of implication (Pr(hold seat))

NOTE: *Solid circles and lines show the point estimate and .95 confidence intervals for the subset of constituencies where the incumbent MP stood for re-election; the open circles and dashed lines show the point estimate and .95 confidence intervals for the subset where the incumbent MP did not stand. The left panel shows the predicted change in the vote share received by the incumbent MP's party when the incumbent MP's implication is changed from 0 to 1; the right panel shows the predicted change in the probability that the incumbent MP's party will win the seat when the incumbent MP's implication is changed from 0 to 1. The regressions underlying these estimates are reported in Table 4.*

Figure 3: Variation in the effect of implication

Vote share: Labour interaction

Expenses
Repayments
News
Abuses

−6 −4 −2 0 2 4 6
Differential effect of implication
(pct. points)

Holding seat: Labour interaction

Expenses
Repayments
News
Abuses

−0.4 −0.2 0.0 0.2 0.4
Differential effect of implication
(Pr(hold seat))

Vote share: marginality interaction

Expenses
Repayments
News
Abuses

−6 −4 −2 0 2 4 6
Differential effect of implication
(pct. points)

Holding seat: marginality interaction

Expenses
Repayments
News
Abuses

−0.4 −0.2 0.0 0.2 0.4
Differential effect of implication
(Pr(hold seat))

NOTE: *Each panel plots the point estimates and .95 confidence intervals from the interaction term of OLS regressions. The top two panels show the interaction between expenses scandal implication and an indicator variable that is 1 when Labour held the seat prior to the 2010 election. The bottom two panels show the interaction between expenses scandal implication and an indicator variable that is 1 when the constituency is calculated to be marginal, in the sense that the notional vote margin in 2005 was less than 10 percentage points. All regressions are carried out only for constituencies where the incumbent stands for re-election.*

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