

Raising MEPs' salaries causes them to attend fewer meetings, but cutting their salaries increases their attendance rate.

by Blog Admin

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*What impact does a parliamentarian's salary have on the amount of effort they put into representing citizens? **Naci Mocan** and **Duha Altindag** outline results from a study on salary changes which took place as part of a change in procedures in the European Parliament in 2009. They note that MEPs who experienced an increase in salary in 2009 attended fewer meetings, while those who experienced a pay cut raised their attendance rate. The results suggest that there is a significant link between the effort of parliamentarians and the amount that they are paid.*



Salaries of public officials generally do not depend on their performance while in office. For example, elected members of a parliament are entitled to their fixed salaries regardless of their legislative output or attendance at parliamentary sessions. This particular salary structure, coupled with the perceived lack of effort on the part of parliamentarians and the fact that in many countries' parliamentarian salaries are significantly higher than average incomes, has long been a source of criticism.



Changes to the compensation structure of parliamentarians can be used to modify their performance. Economic theory predicts that an increase in the portion of income that does not depend on work effort (non-labour income) leads to a decrease in work effort, all else being equal. Similarly, a rise in non-labour income is expected to increase absenteeism from work. Although [empirical analyses](#) have verified the hypotheses in a variety of settings (for example, lottery winners and inheritance receivers reduce the amount of labour supplied to the market), the impact of a change in salaries on parliamentarian job performance has not been studied extensively.

A change in the salary structure of the European Parliament in 2009 provides a natural experiment where it is possible to quantify the responsiveness of parliamentarians' performance to their salaries. Prior to July 2009, members of the European Parliament (MEPs) received salaries which were determined by their home country. As a result, there was substantial variation in salaries between members representing different countries. For example, the salary of a member from Poland was €29,043, whereas the salary of a member from Italy was €142,512. Starting in the summer of 2009, salaries were equalised between the members of the Parliament to €91,983 and were paid from the EU budget. Because of this new salary structure, MEPs from Austria, Ireland, and Italy experienced salary decreases, while all other MEPs had their salaries increased. The magnitude of these changes in salary was substantially different between MEPs depending on the country they represent.



European Parliament (Credit: European Parliament, CC-BY-SA-3.0)

Using a data set that spans the period between July 2004 and December 2011, we [investigated](#) how the change in salaries during 2009 affected the attendance of MEPs as well as various job performance measures, such as speeches delivered, motions filed and reports written. The findings indicate that a one per cent increase in salaries of an MEP leads to around a 0.04 per cent decrease in the number of days they attend the parliament. For example, the increase in salary from about €76,000 to €92,000 of an MEP (such as in the case of MEPs representing France), prompted an MEP to miss about one additional meeting in the parliament every year in the 7th Parliamentary term (post July 2009), thus supporting the hypothesis that an increase in non-labour income does have a detrimental impact on work effort.

These effects are symmetric, in the sense that the magnitude of the effect of a salary cut is not different from that of a salary increase. In other words, the MEPs who experienced a salary cut of one per cent attended 0.04 per cent more of the meetings.

An increase in salaries has a negative impact on the number of written or oral questions asked by parliamentarians, but salaries are not related to other job-related activities such as declarations of formal statements, opinions drafted, motions filed, reports written, or speeches delivered. Similar results are obtained when the sample of freshman parliamentarians (those who have never before served as an MEP) or the sample of seasoned parliamentarians (those with previous EU Parliament experience) are analysed. All of these reported results are obtained from an analysis that isolates the influences of personal attributes of the parliamentarians as well as country characteristics, such as per capita income and the extent of political competition in the home country.

The analysis revealed other interesting findings. Age has a non-linear impact on attendance, with attendance peaking at about age 52. Parliamentarians representing lower-income countries have a reduced propensity to attend sessions. Neither sex nor educational attainment of MEPs has an influence on their parliamentary efforts. Tenure of the MEPs increases their attendance. Peer pressure from the political group is an important determinant of MEPs' attendance. That is, a better attendance record from an MEP's political group prompts that MEP to attend more sessions.

In addition, we find that freshmen parliamentarians from a given EU country are about six percentage points more likely to skip a particular plenary session of the parliament if a national holiday in that EU country overlaps with that parliamentary session. For example, MEPs representing Austria, which celebrates its National Day on 26 October, were less likely to travel to Brussels to attend plenary sessions that took place between 24 and 27 October 2011. Similarly, Hungarian MEPs were less likely to show up for the plenary session spanning the period between 12 March and 15 March 2007, since it overlaps with a Hungarian holiday: "1848 Revolution Day."

European Union Parliamentarians are responsible for passing laws that govern the member countries; they have control over the EU budget, and they supervise the other EU institutions. Consequently, given the significance of the job, it could be presumed that the effort MEPs put into their work would not be influenced by their salary. The results of the analysis summarised above show that this is not the case and that salaries have a significant impact on work effort.

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Note: This article gives the views of the authors, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.

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