

**THE DETERMINANTS OF VOLUNTARY RETIREMENT FROM
THE SENATE OF CANADA**

by

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Abstract

Legislative turnover is one of the important determinants of the quality of a democracy because the rate of turnover affects representatives' performance. A moderate rate of legislative turnover allows representatives to develop expertise in public policy and legislative administration. Higher legislative turnover, combined with apathy and unresponsiveness, deters representatives from accumulating expertise in public policy affairs.

The Canadian House of Commons suffers from high legislative turnover whereas the Senate of Canada benefits from stability due to guaranteed tenure. Guaranteed tenure enables senators to their tenure in the Senate as long as they desire to do so. Thus, it can be safely assumed that senators remain in the office so long as benefits of holding the office exceed the costs. Consequently, this thesis takes advantage of guaranteed tenure of senators to estimate the effect of salaries on legislators' tenure in office.

Preface

This thesis is an extension of Matthew Kerby and Kelly Blidook's study "It's Not You, It's Me: Determinants of Voluntary Legislative Turnover in Canada," published in the *Legislative Studies Quarterly* in 2011. The main contribution of this thesis is that this article and similar research has focused on the Canadian House of Commons. This thesis is the first attempt to conduct a systematic analysis of the Senate. I was responsible for collecting the data, conducting the testing, and writing the manuscript.

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Dedication

To my parents

1 Introduction

The causes and consequences of legislative turnover in the Canadian House of Commons have received significant attention. Canada has stood out among Western democracies for its high legislative turnover rates, as noted by many scholars (Franks, 1987; Atkinson and Docherty, 1992; Matland and Studlar, 2004; Kerby and Blidook, 2011). Various reasons have been offered for the high level of turnover in the Canadian House of Commons, and hence various suggestions have been offered to address the situation.

The focus of this research is the effect of financial incentives on Canadian representatives. Public servants are expected to pursue their positions out of a genuine desire to act on behalf of the public's common interests, rather than out of financial self-interest. Yet some representatives may not forswear all financial considerations. Financial factors become important in the making of a political career, affecting an individual's cost-benefit analysis and postretirement income.

The main challenge of examining the Canadian House of Commons is that many Canadian members of parliament (MPs) leave the House involuntarily via an election defeat (Atkinson and Docherty, 1992; Kerby and Blidook, 2011). Therefore, estimating the effect of financial incentives on MPs' duration of service in the Canadian House of Commons becomes a difficult task. At this point, the Senate of Canada becomes a valuable asset when measuring such effects.

The Senate of Canada offers an important opportunity to measure the effects of changes in salaries and pension regimes because Canadian senators have similar

functions as members of the House of Commons, but, unlike MPs, are not subject to election, enabling them to stay in politics as long as they desire. As a consequence of guaranteed tenure, senators do not experience any electoral pressure. Before 1965, senators were appointed for life and a mandatory retirement regime at the age of 75 was introduced in 1965. Given the opportunity for Canadian senators to serve as long as they wish, researchers can determine whether salary regime changes affect these politicians' tendency to stay in politics for longer periods.

This thesis proceeds as follows: In Section 2, I present the literature on the reasons for legislative turnover and give examples from other countries, particularly Canada. In Section 3, I briefly review the history of the Canadian Senate. In Section 4, I describe the study and its methodology, including data collection methods. In Section 5, I present the results obtained from this study. Finally, in Section 6, I present the conclusions that may be drawn from the study results.

2 Literature Review

In General

Several scholars have investigated the reasons for legislative turnover, as the large body of literature on the topic attests. Researchers who have studied the United States Congress have focused on individual stories to draw general inferences. For instance, Cooper and West (1981) rely on personal interviews to show that disaffection with parliamentary service is the main cause of retirement and hence legislative turnover (see also Frantzich 1981, Hibbing 1982). However, after the 1990s more systematic and quantitative studies were conducted. Instead of individual stories, researchers began to model legislators' individual utility maximization. Kiewiet and Zeng (1993) were the first to introduce individual-level utility maximization for retirement decisions and were followed by other researchers (Groseclose and Krehbiel, 1994; Hall and Houweling, 1995; Diermier et al., 2002). This research concluded that legislative turnover is a function of electoral variables, demographics, and financial incentives. Quantitative research transformed the idea of individuals seeking re-election and re-election became a means rather than the ultimate goal.

Studies on the US Congress dominate the literature. Yet some studies also concentrate on quantitative analysis of other single-country cases (Hibbing, 1988; Hayama, 1992; King, 2002). The comparative literature, however, focuses primarily on two-country comparisons (Eliassen and Pedersen, 1978; Graham Jr., 1982). The research by Matland and Studlar (2004) appears to be the first systematic cross-national study of the literature. This research mostly focuses on the electoral components of legislative

turnover, such as election frequency, electoral volatility and electoral system (majoritarian versus proportional representation).

In Canada

The literature on the Canadian legislature focuses primarily on the causes and consequences of legislative turnover rates in the House of Commons. The Canadian House of Commons suffers from high legislative turnover rates (Casstevens and Denham III, 1970; Franks, 1987; Atkinson and Docherty, 1992; Kerby and Blidook, 2011). Franks (1987) notes that the Canadian House of Commons, unlike the British House and the U.S. Congress, does not have experienced, long-term serving members. Atkinson and Docherty (1992) observe the same problem and define the Canadian MPs as amateurs¹.

I will examine the reasons for legislative turnover in the Canadian House of Commons, and in so doing propose some theories that might explain the reasons for turnover in the Canadian Senate. Atkinson and Docherty (1992) argue that electoral volatility (electoral defeat, i.e. involuntarily exit) is the main cause of high turnover rates (see also Docherty, 1997, 51-52). Matland and Studland (2004) make a similar argument for the Canadian House. Kerby and Blidook (2011), however, show that tenure is not significantly affected by the voluntary or involuntary nature of the MP's exit and, in fact, argue that "those who choose to leave on their own accord don't tend to stay significantly longer than those who are kicked out" (Kerby and Blidook, 2011, 625). These authors argue, however, that MPs who aim to impact public policies, but are unable to do so, are twice as likely to retire.

¹ The term "amateur," as used by Atkinson and Docherty (1992), refers to MPs who serve only one term.

3 Brief Overview of Salaries and Pensions

The high legislative turnover has not been merely an academic concern. According to non-academic commentators, there were two main reasons for the introduction of salaries and pensions. The first reason is to attract the “right kind of men” (St. Laurent, 1952, 3678) and to induce professionals to stay longer². Whether increases in salaries attract the “right kind of men” has been discussed elsewhere (Atkinson and Rogers, 2012; Kam and Pinar 2013).

When the Members of Parliament Retiring Allowances Act³ was first introduced, the law required service during “two parliamentary terms” in order for MPs to qualify for pension payments. The most recent pension law, The Members of Parliament Retiring and Allowances Act of 1985, requires MPs to provide six years⁴ of service in order to be eligible for collecting pension payments. This condition was interpreted as meaning two parliamentary terms for senators.

The graph below shows the inflation-adjusted annual salary changes of senators and members of parliament. As shown in the graph, senators were paid the same amount as members of parliament until 2001. After 2001, the annual salaries of senators remained lower compared to members of parliament. Between 1945 and 1953 (20th Parliament), senators’ adjusted salaries seem to be higher but during the 20th Parliament, the Canadian Senate sat less than 65 days each year. Therefore, their payments were

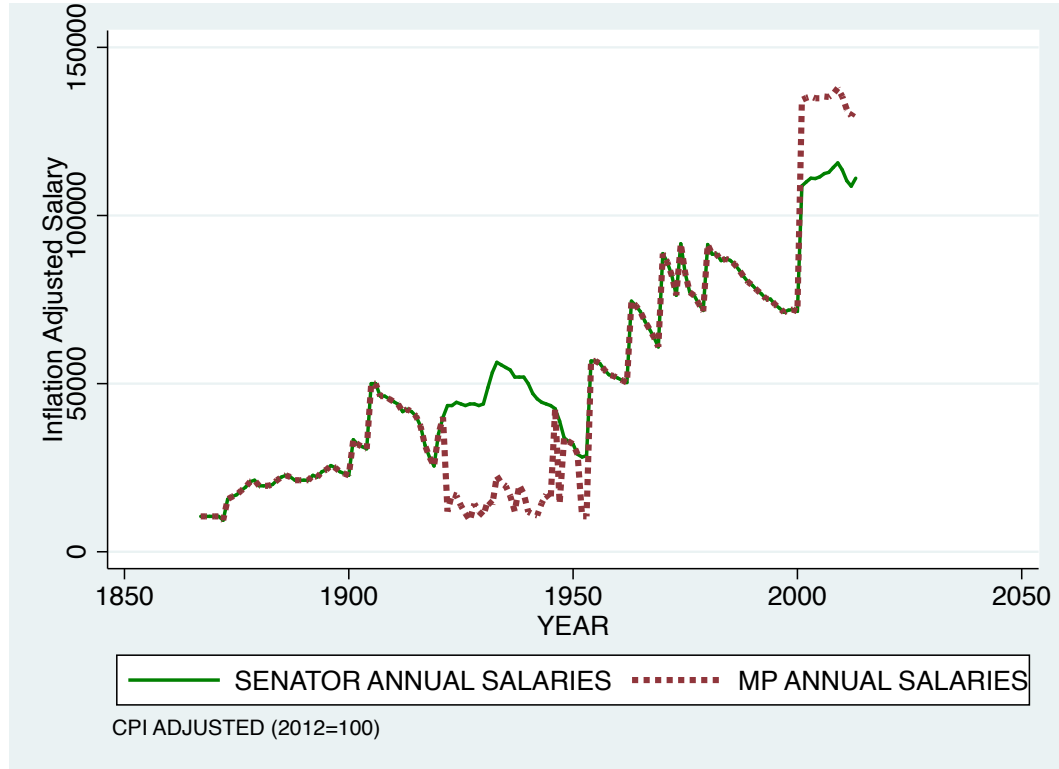
² Agar Rodney Adamson argued that “A pension scheme was necessary if House was to induce professionals to become MPs” (1952, 3687)

³ The Treasury Board of Canada publishes reports on the Administration of the Members of Parliament Retiring Allowances Act at the end of each fiscal year. The details about MP contributions, government contributions, indexing and calculations can be found in their publications.

⁴ Kerby and Blidook make a similar argument and adjust their calculations accordingly (2011: 633).

calculated by the number of sitting days and per diem payments. Otherwise, nominally speaking, there was not a difference between the salaries of MPs and Senators until 2001.

Figure 1: CPI Adjusted Annual Salaries of Senators and Members of Parliament*



The pension plan of Canadian politicians has a different structure. Senators and members of parliament have been subject to a different pension payment scheme because of contribution rates. Even though the contribution rates have changed over the years, we can say that senators contributed less compared to MPs and thus accrued their allowances later than MPs. For example, MPs contributed four per cent for up to 15 years whereas senators contributed three per cent for a maximum of 25 years⁵.

The changes regarding the duration of service in politics required for MPs to qualify for pension payments are aimed at increasing the length of service for members of

⁵ Even though I did not give the complete picture of contribution rates and allowances, a detailed explanation of annual allowances and government contribution rates can be found on the annual reports published by Treasury Board of Canada. The example I used above has been cited from the report for the fiscal year of 1995. See the Bibliography for the detailed names of the reports.

parliament. Because senators do not experience any electoral challenges, except for a few recent attempts to appoint elected senators from some provinces, they have insured themselves for qualifying for such payments. Therefore, we can safely assume that maintaining one's senatorial duties is a deliberate choice.

The Senate has become a difficult place for office-driven individuals⁶ who want to obtain a ministerial seat to pursue their policies because “by custom, almost all the members of the cabinet must be members of the House of Commons, or if not already members, must win seats” (Forsey, 2012, 38). Senators can be ministers, but the number of senators who have become ministers has been declining. One consequence of the fact that so few senators collect ministerial stipends (in addition to their standard senatorial salaries) is that there is little variation in compensation among senators.

⁶ Joseph A. Schlesinger coined the term “progressive ambition” for US legislators who seek higher offices (1966, 10). As discussed below Atkinson and Docherty (1992) argue that Canadian MPs don't have progressive ambition. The same story also applies to senators yet senators have been actively investigating major issues, including health care, national security, aboriginal affairs and human rights, to name a few. The Senate fulfills these tasks through its sub-committees.

4 Theory and Arguments

Voluntary turnover is a result of an individual's cost-benefit analysis based on the calculation of rerunning versus doing something else (Kiewiet and Zeng 1993, Matland and Studlar 2004). The factors that affect a representative's decision to retire can be categorized as financial incentives, institutional career opportunities, and electoral ambition (Hall and Van Houweling 1995). In Section 2 above, I discussed the reasons for legislative turnover. However, here I will explain the costs and benefits associated with political service.

My first line of inquiry relates to the costs associated with pursuing a political career for MPs. The literature overall focuses on two types of costs associated with legislative service, including electoral and post-electoral. Electoral costs are related with campaigning. Campaigns are costly and much is at stake if the outcome is uncertain. Federal limitations on campaigning also limit an individual MP's ability to mobilize donations. Post-electoral costs are mostly related to living away from home and travelling expenses. Canadian MPs face difficult choices between being responsive to their ridings' demands and an increasing workload in the House; they must travel between Ottawa and their riding, which is financially burdensome, time consuming, and exhausting.

It is safe to assume that members of the House of Commons and the Canadian Senate have political ambitions unlike most of us. However, they are not expected to renounce from their personal lives or financial interests while pursuing a political career. The benefits of a political career include affecting public policy, the prestige of holding an office and finally financial benefits that come with it in the form of salaries and pensions.

The above approach needs to be revised in the context of the Canadian politics. As noted above, for example, Canadian politicians do not have “progressive ambition”. In the case of the Canadian Senate, we need to alter the general theory further. First, senators have little expectations of becoming a minister as noted above. Second, senators are appointed for life and hence they do not experience any electoral challenges and costs associated with elections. Other than these two factors, Canadian senators have similar roles and financial incentives compared to those of Canadian MPs.

The assumption that politicians are only interested in re-election seems to be an over-simplistic approach. Re-election can be better understood as an intermediary goal to achieve post-election goals like higher offices and policy implementation (Diermier et al. 2005). In the Canadian Senate, re-election means being able to serve in the next parliamentary term. Atkinson and Docherty argue that unlike their American counterparts, Canadian MPs do not have “progressive ambition” (1992, 314). The same argument is also true for Canadian Senators.

Matland and Studlar (2004) argue that turnover is a function of an individual’s cost and benefit analysis. An increase in financial incentive is associated with an increase in benefits. Therefore, an increase in financial benefits should increase senators’ tendency to remain in the Canadian Senate.

The second component of financial benefits is the pension benefits and allowances. Once a senator “maxes out” his/her pension amount, the financial benefits remain constant, at an indicated higher amount, whereas the cost of serving in the subsequent term is not constant, but increases. Thus, the gap between the costs and benefits is reduced because of the increase in costs. Based on the assumption of

financially self-interested individuals, I expect the tendency to stay in the Senate to be reduced and senators to be more likely to retire voluntarily.

As mentioned above, travelling is a cost-related variable. Even though politicians receive an annual allowance for their expenses, the reimbursement for mileage that they received in earlier parliamentary terms has been abolished. Therefore, travelling is a financial burden, and therefore a discouraging factor. Moreover, travelling between their constituency and parliament takes a toll on the “physical health of members, and eats into their already packed schedules.” (Franks, 1987; 76) If this claim is true, then senators from provinces other than Ontario are expected to have a lower tendency to stay in politics.

If members of parliament represent one of the major parties (that is, the Liberal Party or Conservative Party, including the Progressive Conservative, Alliance, and Reform Parties), then they are more likely to stay in politics. The Canadian government has been dominated by two major parties, and senators from either party are more likely to become effective in politics through, for example, committee meetings or the legislative process.

Through such participation, Senators have the opportunity to affect public policy. This role can be pursued via the Senate committees. The Senate appoints a Selection Committee, which adopts a report for each member. Membership in the party that enjoys the majority of seats helps individuals to gain appointment to, or even chair, their desired committees. Part of the research for this thesis involved recording party seat distribution at the end of each parliamentary term.

This thesis also takes into account the importance of age, perhaps one of the key factors in any discussion of retirement. Despite the lack of rules or informal norms regarding age in Canadian politics, advancing age is an important consideration for politicians who decide to retire voluntarily. Politicians whose age falls within the common range of retirement age are more likely to retire (Docherty 1994). Political careers are demanding and require professionalization. Age can be considered a rough indicator of health and the physical ability to satisfy the demands of a job.

Another demographic variable that should be taken into consideration is a representative's gender, which is expected to affect their decision to retire. Politics in Canada has long been seen as a "man's game" (Everitt and Gidengil 2003). Since females experience more barriers, the cost is higher for them, which reduces their tendency to stay in politics.

As a summary of the discussion above, the hypotheses related to this study were given below.

Financial Cost and Benefits:

Hypothesis 1: An increase in financial benefits increases Senators' tendency to remain in the Canadian Senate

Hypothesis 2: Qualifying for pension benefits should reduce senators' tendencies to continue their careers.

Hypothesis 3: Maximizing pension amount should reduce the tendency to continue their careers in politics.

Hypothesis 4: The greater the distance from the capital, senators are more likely to leave the office.

Intra-Institutional Factors:

Hypothesis 5: Senators who are members of a major party are more likely to stay in politics.

Hypothesis 6: Senators from the party, which has the majority of seats in the House, are more likely to stay in politics.

Demographics:

Hypothesis 7: As age increases, the tendency to stay in service decreases.

Hypothesis 8: Females have a lower tendency to stay in politics.

5 Data

The data set includes all 922 Senators who served between 1867 and 2011 inclusive (1st Parliament - 41st Parliament). The Parliamentary website and Canadian Parliamentary Guide contain relevant information about the Senators, including biographical and electoral details if applicable⁷. Five senators were appointed to the Senate twice and one senator was appointed three times.

A longitudinal dataset was created which records the exit option of each senator, that is, whether she/he left the Senate by resignation, retirement, or death. The categorization of exit options is inspired by the parliamentary website. The exit option of senators who were appointed more than once was coded according to the reason for their final exit from senatorial service. Retirement strictly refers to senators who have to leave the Senate because of mandatory retirement at the age of 75. Resignation refers to senators who have left the Senate voluntarily.

The beginning and end of each parliamentary term are adjusted according to when general elections take place; hence, an individual senator is treated like a Member of Parliament. Yet, the beginning and end of a senator's service may not be the same as the date of the general election. Two hundred and eighty-five senators were appointed after serving at least one parliamentary term in the House. I did not include the electoral information (districts, number of votes, winning margin etc.) of the Senators who were appointed after serving in either the House of Commons or one of the provincial legislatures. However, if senators were appointed after serving in the House, their

⁷ Some senators were appointed after serving in the House of Commons. Some senators were active in provincial politics. Therefore, among senators, there have been some experienced politicians. The important fact is that they preferred to accept a position without an electoral challenge which makes electoral costs a significant factor to examine.

duration in the Senate was treated as a continuum of their former duty⁸. Along with variables related to their tenure in politics, the accumulated financial benefits of senators due to their prior service in the House of Commons were also included in the data set. The period of study ends with the 41st parliament inclusive and any senators currently in office at the time this study was conducted are treated as censored.

Table 1: The Distribution of Causes for Leaving the Canadian Senate

Canadian Senate					
Period	Retirement*	Resignation*	Death*	Average Tenure in Days**	Average Age at Exit**
1867-1952	0	8.25 (76)	38.55 (355)	5092.587 (3650.093)	72.48 (10.10)
1952-1965	0	0.98 (9)	6.84 (63)	5490.583 (3384.374)	74.03 (8.80)
1965-2011	14.66 (135)	11.62 (9)	8.03 (74)	5460.262 (3420.164)	74.01 (6.18)
1867-2011 (Total)	14.66 (135)	20.85 (192)	53.42 (492)	5267.537 (3542.045)	73.15 (8.95)

*Raw numbers are in parentheses. The percentages may not add up to 100 % because current senators were considered in calculations. Percentages are calculated based on total of 922 senators.

**Standard deviations are in parentheses. Senators' previous services in the House of Commons were not considered in the calculations. Current senators were excluded.

Twenty-six cabinets have comprised the Canadian government, which were led by the two dominant parties in Canada: the Liberal Party of Canada and Conservatives⁹. After 1953, the mean government duration was 3.33 years. Therefore, “two parliamentary terms” condition for retirement de facto has become six years of service.

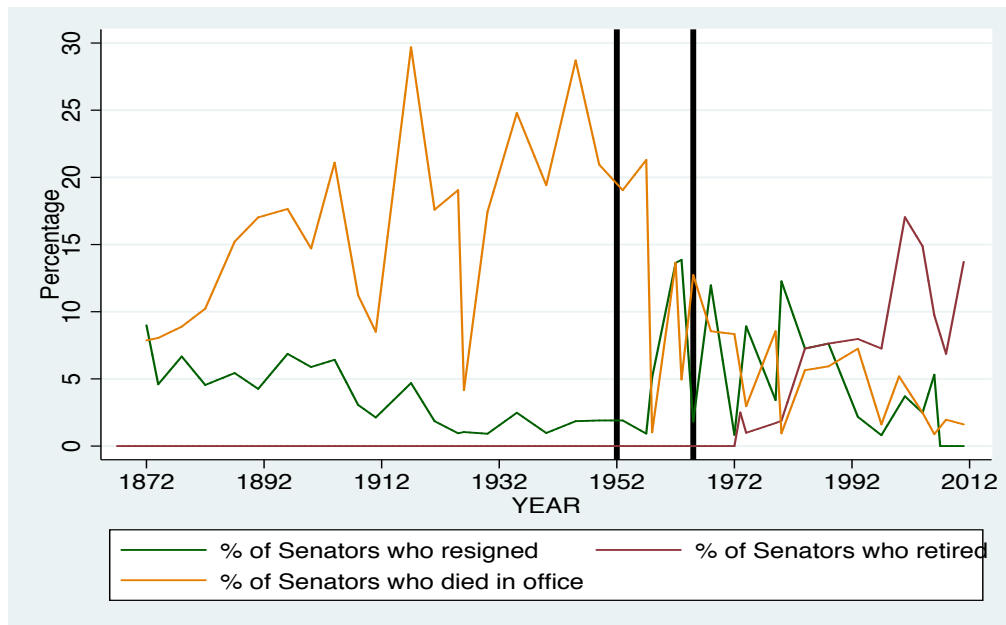
Since the Senate is a non-elected body, its turnover rates have been lower than those of the House. Table 1 presents the distribution of causes of turnover rates in the Senate: 14.66 % of senators left the Senate to pursue retirement, but 80.00 % (108) of the

⁸ It is important to include electoral information of senators who previously served in the House because the contribution to the pension plan was carried over when the individual is appointed to the Senate.

⁹ The Conservatives in Canada have used different names, such as The Conservative Party of Canada, the Progressive Conservatives, the Alliance Party, and so forth. They will be referred as the Conservatives hereafter.

retired senators left because of mandatory retirement regulations for senators at the age of 75¹⁰; 59 senators left the Senate because of either resigning or passing away after 1965, and between 1867 and 2011 20.85 % of senators resigned from the Canadian Senate.

Figure 2: Legislative Turnover Rates in the Canadian Senate, 1872-2011*



*The first black line marks 1952, the introduction of the Members of Parliament Retiring Allowances Act. The second black line marks 1965, the introduction of mandatory retirement at the age of 75. Turnover rates were calculated at the end of each parliamentary term and remaining data were interpolated.

Considering the average age of senators at the end of their tenure as depicted in Table 1, the introduction of the Members of Parliament Retiring Allowances Act of 1952 had a statistically significant effect. However, the amendments to the Constitutional Act in 1965, as compared to the period before, regarding the mandatory retirement of senators did not have a statistically significant impact on retirement age.

Figure 2 represents the turnover rates of senators by their exit option. The graph shows that how the causes of leaving the Senate changed by the introduction of the Members of Parliament Retiring Allowances Act and the introduction of mandatory

¹⁰ Senators who have been in service before 1965 have been exempted from this particular regulation.

retirement. Expectedly percentage of senators who left the Senate due to death decreased after the introduction of financial incentives. The difference of tenure among the individual groups relative to the exit option is statistically significant. Even though overall tenure increased after 1965, senators who leave the Senate by resignation tend to stay longer than senators who must leave due to retirement.

6 Methodology

It is well known that the ability of OLS and logistic regression techniques to analyze censored data is limited (Box-Steffensmeir and Jones 2004). This fact is easy to appreciate. One cannot fully comprehend a politician's propensity to stay in politics by looking only at the length of his/her tenure in politics. Many representatives, especially in Canadian politics, end their careers due to defeat. Calculating the length of defeated MPs' careers certainly underestimates their desire to continue in office, and it is therefore difficult to understand the effect of financial incentives on a representative's tendency to stay in politics.

The Canadian Senate offers a solution to this problem. Senators who left their duty by resigning make up a portion of the sample for this study because these senators left their duty voluntarily instead of serving until death. Therefore, an examination of retired senators allows researchers to measure the effect of financial incentives on politicians' tendencies to stay in politics. Because senators are not exposed to electoral competition, they qualify for pension benefits as soon as they complete six years of service. Thus, I applied a Cox proportional hazards model to estimate the timing of senators' departures from the Senate.

Cox proportional hazards models are a subset of event history models that can be applied to censored data. I simply adopted the estimation strategy of Kerby and Blidook's (2011) model, but the model used for this study includes both voluntary and mandatory retirement from the Senate. The senators who left the Senate due to mandatory retirement are included in the data, but are censored.

Previous studies used probit and logit regression models to estimate whether a representative remained in or left politics. However, Cox proportional hazard models are more useful simply because the shape of the hazard model cannot usually be identified. Another reason for applying a Cox proportional hazard model relates to the fundamental objective of this study: to distinguish senators according to their reasons for leaving the Senate. I also included senators who died in office because it accounts that one observes the full amount of time the individual could possibly remain in the Senate.

Senators' pension payments and salaries are two indicators of financial incentive. The salaries of parliamentary posts are not included in the data set for the current study. To make a reasonable assessment, salaries collected by Statistics Canada are converted to 2012 values, using the Consumer Price Index.

In my data set, salaries and allowances are divided into monthly rates. However, individuals make calculations with their future pay in mind. Thus, I also include a variable that measures changes in salary benefits. The pension benefits and related variables were coded as if the requirement was six years of service¹¹. Instead of using dummy variables to show when the pension was maxed out or whether the senator qualified or not, I generated a new variable that calculates the monthly accumulated allowance of members if they have retired on that date¹². If senators have served in the House of Commons, their accumulated allowances were added to pension variables.

I used dummy variables to code gender, major party membership, and province. Females were coded "1". Kerby and Blidook (2011) use the distance travelled from a

¹¹ Kerby and Blidook proceed in a similar fashion and adjust their calculations accordingly (2011: 633).

¹² At the end of every fiscal year, the Treasury Board of Canada has to publish a report on the retirement plans of MPs and Senators. The formula below was formulated according to the reports. Because of smaller contribution rates, Senators maximize their allowances in 25 years.

provincial capital to Ottawa. I used a dummy variable to indicate which province a senator represents. Major party membership is also used to indicate whether a senator represents a major (the Liberals or Conservatives) or minor party. The Period Dummy variable indicates the period before 1953 and after 1953. It has the value of 1 for the period after 1953 and 0 for before 1953.

7 Results

Table 2 presents the results of two different event history models of legislative turnover in the Senate due to resignation. Model 1 includes all senators for the entire period covered between 1867 and 2011. Model 2 replicates the Model 1, but includes financial factors aiming to measure the change in tendency of retirement after 1952. The senators are categorized based on their resignation date.

The hazard ratios shown in the table are the exponentiated beta coefficients that are interpreted as relative risk ratios. The dummy variables such as provinces, major party membership, majority government, and gender have the value of either 1 for yes or 0 for no. However, the ratios are not necessarily between 0 and 1. For example, in the Model 2, senators from the majority government in the House have an exponentiated beta coefficient equal to 1.002, which means that the hazard ratio for senators from the governing party is 0.2 % higher than that for members of the opposition parties. This implies that government senators have a higher risk of retirement and hence have shorter parliamentary careers on average than opposition senators.

Table 2: The Determinants of Voluntary Retirement from the Canadian Senate
Hazard Ratios from the Cox Model

	Model 1	Model 2
MAJOR PARTY MEMBERSHIP	0.969 (0.16)	1.037 (0.18)
MAJORITY GOVERNMENT	0.965 (0.11)	1.002 (0.12)
SEAT SHARE % in the House	1.000 (0.00)	0.999 (0.00)
AGE	0.985 (0.04)	0.995 (0.04)
AGE SQUARED	1.001 (0.00)	1.000407 (0.00)
FEMALE	0.611** (0.11)	0.677* (0.13)
TOTAL COMPENSATION		.9999151 (0.00)
CHANGE IN COMPENSATION		1.000236 (0.00)
# YEARS VESTED FOR PENSION		1.041 (0.02)
PERIOD DUMMY (AFTER 1952=1)	0.750*** (0.06)	0.976 (0.39)
MONTHS VESTED##PERIOD		1.022* (0.01)
TOTAL COMPENSATION##PERIOD		0.9999821 (0.00)
ALBERTA	1.182 (0.19)	1.276 (0.23)
BRITISH COLUMBIA	1.126 (0.22)	1.172 (0.24)
MANITOBA	1.119 (0.18)	1.142 (0.19)
NEW BRUNSWICK	0.829 (0.14)	0.854 (0.14)
NEWFOUNDLAND	1.108 (0.27)	1.189 (0.29)
NOVA SCOTIA	1.001 (0.13)	1.025 (0.14)
PEI	0.968 (0.17)	0.994 (0.17)
QUEBEC	1.142 (0.13)	1.178 (0.13)
SASKATCHEWAN	0.910 (0.16)	0.911 (0.17)
YUKON	1.951* (0.56)	2.427** (0.81)
FAILURES	683	683
Senators	920	920

Note: Exponentiated coefficients; standard errors in parentheses.
 *p < 0.05, **p < 0.01, ***p < 0.001.

The average tenure of senators is one of the essential elements of this study's analysis. It seems that tenure, like the age variable, increased after the introduction of the pension regime in 1952. Yet, expectedly, the introduction of mandatory retirement has reduced senators' tenure. The difference between the third period (1952-1965) and the fourth period (1966-2011) is statistically significant; however, an inadequate number of observations prevent a conclusion about the magnitude of the introduction of mandatory retirement.

The Period Dummy in the Model 1 explains the importance of the introduction of salaries and pensions. Basically, the hazard ratio of the period dummy tells us that the introduction of the Members of Parliament Retiring Allowances Act decreased the tendency for retirement. The hazard ratio of Period Dummy indicates that the hazards of a senator exiting the Senate declined by 25 % after 1952¹³.

The monthly salaries do not affect the senators' decision to retire. According to the Model 2 (after 1952), the hazard ratio for total compensation is very close to 1 and it was statistically insignificant. The negative coefficient variable for the interaction variable confirms that total compensation does not affect the retirement decision and again the interaction is also statistically insignificant.

I used the number of years vested towards the pension payments to measure the effect of pension related variables. It is a continuous variable starting from 0 to N when a senator qualifies for the pensions. A senator maxes out his or her pension allowances in twenty-five years. The number of years vested towards pension payments (# YEARS VESTED) and the interaction variable (MONTHS VESTED##PERIOD) have hazard

¹³ Other models (the models in which only voluntary retirement was coded as failure) suggest that this is mainly because mandatory retirement legislated in 1965 meant that far fewer senators passed away in office.

ratios greater than 1. This means that the introduction of pensions induced senators to leave the Senate earlier than when the Senate did not offer any pension plans. Before 1952, number of years vested for pension plan induced senators to stay in the Senate. Yet, the interaction variable tells us that after 1952, the number of years vested for pension has a negative effect on tendency of continuing political career.

Figure 3: Cox proportional hazards regression for Periods Before and After 1952

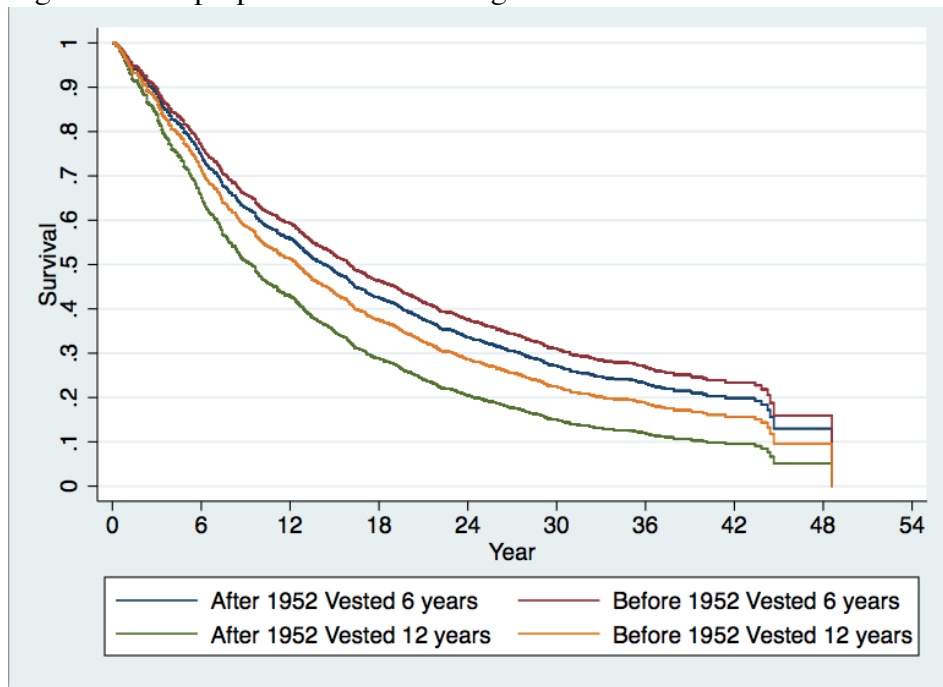


Figure 3 tries to capture the effect of the introduction of salaries and pensions. It is the survival curve for four different groups who vested for pension allowances for six and twelve years respectively. The calculation of vested years for pre-1952 senators is the same as the calculation of post-1952 senators. The graph confirms the data presented in Table 2. Before 1952, approximately 50 % of senators survived 12 years whereas after 1952, approximately 40 % of senators survived 12 years. Percentage of senators, who survived 6 years before 1952, has been higher than senators who survived 6 years from after 1952. We should note that the difference is much smaller at 6 years than at 12.

As mentioned above, the absence of electoral pressure for senators allows us to assume that a senator weighs senatorial financial incentives and post-senatorial financial incentives. One can choose to leave the Canadian Senate any time one wishes. I believe that a similar factor is in effect in the case of the Canadian Senate. Senators who qualify for pension benefits prefer to retire to seek private sector jobs with higher salaries.

Even though travelling is financially and physically costly, a senator's home province does not have a statistically significant effect on the tendency to retire. Only Saskatchewan senators seem to have higher tendency to stay. It is not surprising that this relationship is not statistically significant. The hazard ratio of Quebecois senators once again confirms the hypothesis by Kerby and Blidook (2011)¹⁴. Senators are obliged to travel to and from the provinces they represent, yet the relationship between provinces and senators is not as demanding as the relationship between ridings and MPs. Since senators are appointed politicians, their accountability to their home province is not as strong.

As previously noted, the Canadian Senate is a two-party-dominated institution. Occasionally, prime ministers have appointed senators from other parties, such as the Unionist Party, Reform Party, or Social Credit Party, but ideologically the Senate is dominated by the two major parties of Canada. It seems that membership in one of the two major parties does not affect senators' retirement decisions.

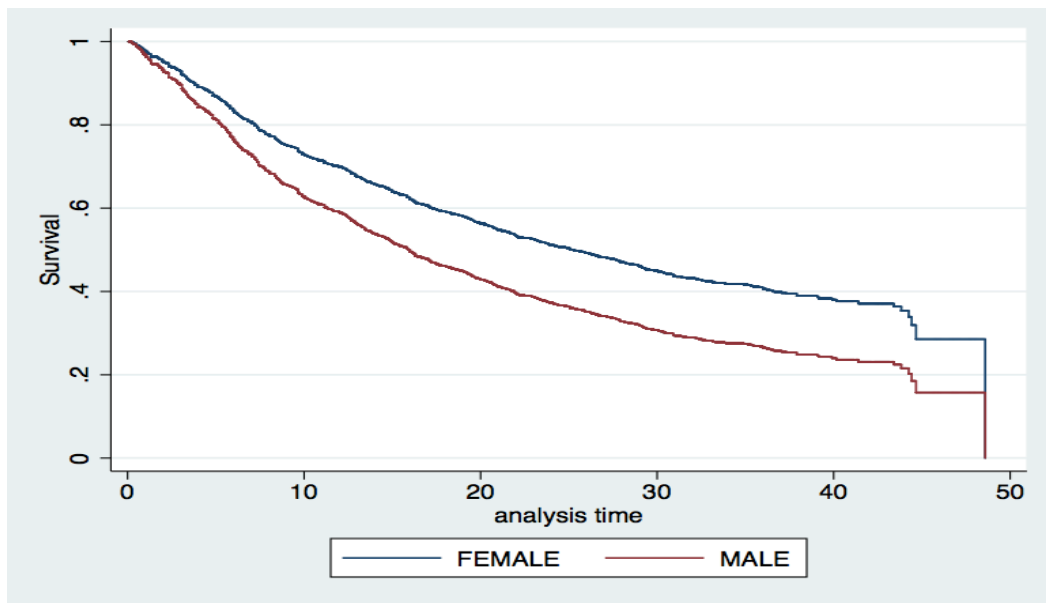
The members of major parties tend to stay longer than those belonging to the minor parties, but the difference is not statistically significant. The lack of statistical

¹⁴ Kerby and Blidook (2011) hypothesize that "MPs from Quebec are more likely to voluntarily leave office than MPs from other provinces."(2011,631) The model proposed by Kerby and Blidook (2011) does not provide any statistically significant relationship between "distance to Ottawa" and MPs as well (2011, 636-637).

significance is to be expected given that the Canadian Senate is a less partisan body and hence less polarized. Individuals do not experience any electoral challenges, and party membership is not as important as it is in the House of Commons.

Being a member of a majority government in the House seems to have a little effect on decision retirements. The effect of having a majority government seems to decrease tendency to retire by very small margins. In recent years, as opposition to the existence of the Senate increases, the senators' popularity has become tied to government. As government popularity decreases, senators are also more likely to retire voluntarily.

Figure 4: Cox proportional hazards regression for Gender



Finally, demographics also affect the decision to retire. The Canadian Senate has been criticized to be a white male-dominated institution. There were only five female senators before 1952. There was not enough variation to determine whether gender played a role in the senators' decision to retire before 1952. However, Table 2 indicates that gender differences have a significant effect on tenure of senators. Figure 4 illustrates the survival

function by gender. Table 2 and Figure 4 show that female senators stay longer than male senators. In the absence of electoral pressure and given guaranteed income, women tend to stay longer than their male counterparts.

Among the various demographic factors, age is the most important. It not only affects pension benefits, but also can become a cost. Age has been a significant factor in all two models. Even though it seems that the overall tendency to retire decreases as age increases, the age variable changes sign and shape after at the age of 57. Then the overall tendency to retire slightly increases. After 1952, the interaction of the age variable and the period dummy reveals that increase in age increases the tendency.

8 Conclusion

As the first systematic attempt to understand voluntary retirement from the Canadian Senate, this research makes an important contribution to current research. The Canadian Senate is a unique case as an appointed body with a legislative function. As such, it enables a comparative analysis with an elected body in the form of the House of Commons. It is very difficult to operationalize tendencies and the literature focuses on elected individuals. Yet researchers know so little about the tendencies of politicians who have left politics due to defeat. The Canadian Senate enables researchers to conduct invaluable comparative research.

In this research, I have tried to understand the effects of financial incentives on Canadian politicians' tenure if they were given the opportunity to serve as long as they want. However, the nature of political career in a parliament is limited to a parliamentary term and it requires re-election. Therefore, the Canadian Senate cannot give us a complete picture. For further studies, I believe that two additional refinements are required.

Initially, this study lacks post-senatorial benefits of individuals based on their previous career and educational background. A recent and extensive study by Diermier et al. (2005) addresses this issue in their study of US Congress. Their study includes post-congressional payments of retired politicians and their findings show that such payments are more important than salaries paid during service. I believe that their conclusion is worth noting here again: "the wage increase reduces early voluntary exit from Congress only by about 2 percent, and has virtually no effect on the overall average duration of congressional careers or the post-congressional decisions of politicians." (2005; 370)

This can simply explain why the tendency of voluntary retirement (resignation) increases after the introduction pensions. This way the composition of Senate (possibly the House as well) can be explained.

In this research I could compare a senator at one point in time with a similar senator at another time. However, this study needs to be advanced with an alternative and a far more complicated research design in order to make a conclusive explanation. I propose that a difference-in-difference model in which members of parliament, senators and members of provincial parliament (more specifically Ontario MPPs) are compared. By nature, political career is limited to a parliamentary term and it requires re-election to continue. The reason I propose Ontario MPPs is that we observe very similar party alliances with the same ridings as federal politics. However, Ontario provincial politics have been more stable and it has observed less electoral volatility. Therefore, we can answer the question of whether MPs were not given guaranteed tenure but experienced electoral stability how their tendency would change.

The recent scandals in the Canadian Senate once again made the public and scholars of Canadian politics pose questions about the state of the Canadian Senate and the accountability of senators. In the absence of electoral accountability, one must ask what motivates senators to fulfill the requirements of their duty and what motivates them to stay in politics. I aimed to answer these questions, and illustrated that financial incentives matter in Canadian senators' tenure, and constitute the main stimulus for remaining in or leaving the Senate. The ineffectiveness of provincial accountability further supports my claims.

The Canadian Senate has been transformed and there have been attempts to restructure it. Even though paying more for politicians does not necessarily ensure that they stay in politics longer, they must be compensated to a level, which will prevent corruption and enable them to fulfill the requirements of their duties. However, I believe that the Canadian Senate needs some institutional arrangements that will increase its accountability.

This research solely focuses on the effects of financial incentives on senators' tenure in politics. However, the results can allow us to speculate about the composition of the Senate. Whenever competency and tenure of politicians are discussed, initial suggestion is to offer higher financial incentives to attract honest and competent individuals. However, Caselli and Morelli (2004) show that financial awards might create more incentives for "low-quality citizens", i.e. a crowd-out effect of bad politicians. Therefore, both the House and the Senate might become more attractive for incompetent individuals.

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