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Revolving doors in government debt management

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Revolving doors in government debt management

Filippo Silano

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Revolving doors in government debt management^{*}

Filippo Silano[‡]

Abstract

Compiling a unique dataset describing the career trajectories of 634 former and in office public officials at debt management units (DMUs) across 26 OECD countries, this article assesses the revolving door phenomenon in government debt management. The analysis' purpose is twofold: (i) to estimate the professional link between bureaucrats and financial institutions developing the market for government securities (i.e. dealers), and (ii) to describe the potential causes and effects of the phenomenon. To this end, the study relies on sequence analysis to empirically examine the sample's career trajectories, and on case studies, surveys, and interviews to qualitatively assess the revolving door. The main finding is that 53% of in office public servants worked at the dealers, whereas 46% of former bureaucrats moved to the dealers after their office. In particular, the general management, other senior positions and traders are the roles mostly affected by the phenomenon. Apart from being expertise enhancing and fostering financial market's trust, the study shows that the revolving door's side effect could entail the risk of capture. Causes are the dominance of the industry's mindset over public finance, the DMU-dealer institutionalised *quid pro quo* relationship, and the presence of a 'black-box' in the DMU's governance. The paper shall trigger studies pondering regulatory interventions curbing the revolving door's downsides. Further, the dataset paves the way to research estimating the impact of employees' background on agency performance.

Key words: revolving doors, public finance, government debt management, dealers, capture, financialisation

JEL Codes: H63, H74, H10, P16

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I. Introduction

With the expression ‘revolving door’, scholars and policymakers denote a socio-economic phenomenon describing the career flow of industry’s professionals to public entities and vice versa. The dynamic has been prominently examined in context of market regulation, among others, in financial markets (Lucca, Seru, and Trebbi 2014; deHaan et al. 2015), communication (Gormley 1979; Cohen 1986), and public utilities (Salant 1995). Yet the focus on government agencies acting beyond the mandate of regulation is still scant. And it is limited to public procurement in the Brazilian health system (Barbosa and Straub 2017), and Japanese bureaucracy (Asai, Kawai, and Nakabayashi 2021). To fill this gap, this article delivers an empirical and qualitative account of the revolving door in government agencies in charge of issuing and managing public debt – debt management units (DMUs).

DMUs are government bodies with the mandate of minimising long-run government funding costs, constrained to prudent risk management (Blommestein and Turner 2011). The agencies’ pivotal mandate envisages the development of the debt management strategy and the issuance of government bonds by running competitive auctions (Borresen and Cosio-Pascal 2002), whose participants belong to a restricted group of financial institutions – these are labelled as ‘primary dealers’ or ‘specialists’ (Arnone and Ugolini 2005). Along with ancillary credit institutions,¹ the ‘primary dealers’ are market makers for government securities (MacKenzie et al. 2020). The two categories – hereafter enclosed by the umbrella term *dealers* – differ by the presence of a legal arrangement with sovereigns. Indeed, the primary dealers’ partnership with the government is regulated by the primary dealership, a bilateral agreement wherein the parties commit to mutual obligations and benefits, whose entity varies across jurisdiction (World Bank 2010, 14). Essentially, such a self-enforcing arrangement consists in a *quid pro quo* relationship, an institutional setting featuring an “interplay of mutual interests” between the two parties, which might trigger the rise of “collusive transactions” as a risk (Dobry 1986; Lemoine 2013, 6). Overall, the dealers enhance government bond markets liquidity, and in exchange they

¹ ‘[...]a market maker or liquidity provider authorised to deal in debt securities who is not a Primary Dealer (FICC Markets Standards Board 2020, 4).

benefit from, among others, syndicated deals entailing significant fees, priority for entering derivative contracts with the state, participation in auction's reopening programmes, and behind closed doors consultations with debt managers (Ranasinghe 2020; Sigaux 2018; World Bank 2010; National Audit Office 2007, 11).

Stemming from the above-outlined DMU-dealer mutual relationship, this article explores the professional ties between public debt managers and the dealers, a dynamic whose evidence is still non-systematic and anecdotal (Sadeh and Porath 2020, 745; Trampusch 2019, 15). To this end, this paper empirically describes the revolving door in government debt management, and qualitatively evaluates potential determinants and implications of the phenomenon, with the far-reaching objective of providing policymakers with fundamental insights assessing the need for regulatory intervention.

To accomplish this goal, the study deploys a unique data set describing the career path of 634 former and in office public servants at national DMUs located in 26 OECD countries. The research design allows both to deliver a snapshot of debt managers' professional background at the time of data gathering, and explore the causes as potential motives triggering career moves between public and private sphere. To empirically analyse bureaucrats' career trajectories, the methodology draws on sequence analysis (Abbott and Tsay 2000), a statistical device tracing and outlining the sample's career history. Evaluating the potential determinants and effects of the revolving door, the qualitative analysis outlines two case studies from European jurisdictions, embedded in surveys, as well as interviews conducted with a selected sample of national DMUs.

Overall, among public officials, the most recurring pre- and post-office career trajectories exhibit transitions across the following industrial sectors: financial services, public administration and professional services. As observed from the analysis, 53% of the sample was working at the dealers before being appointed at the national DMU, whereas 46% of former public servants moved to the dealers after their office. Further, 19% of former public debt managers exhibit a circular career path with respect to the market makers – i.e. they worked for them before and after the public appointment. In particular, the revolving door gains momentum in roles entailing high

degree of communication with the dealers and discretion within the organisation – i.e. the general management, high seniority positions and traders.

The qualitative assessment shows that, although the revolving door is endemic to the public debt management's institutional framework, the phenomenon entails the risk of capture and rent-seeking activities. Indeed, the dominance of career backgrounds at the dealers over public finance might exacerbate the asserted risk that the industry would successfully lobby the DMU, thereby biasing the debt management policy cycle at their own advantage (Arnone and Ugolini 2005; Lemoine 2013; Sadeh and Porath 2020).² Furthermore, due to the DMU-dealer *quid pro quo* relationship coupled with the presence of a 'black-box' in the DMU's decision-making process, revolvers might facilitate potential collusive schemes to occur moved by rent-seeking behaviour, shared mindset, and social ties with the industry.

The remainder of the article is the following. Section II provides a review of the literature. Then, Section III outlines the research design, with a particular focus on the empirical strategy and the construction of the dataset. Section IV presents the results and performs empirical analyses, assessing to what extent the revolving door varies across position, country, and DMU's institutional framework. Hence, Section V carries out the qualitative assessment, and Section VI concludes summarising the findings, sketching policy solutions, and discusses avenues for future research.

II. Literature

Although the revolving door has entered the academic debate in the 1950s (Bernstein 1955), it is only in the wake of the 2007-2008's Global Financial Crisis that the topic has gained utmost momentum. Stemming from the widely shared argument that the most prominent cause of the phenomenon is the financial industry's capture of the regulatory process (Crotty 2009; Krugman 2009; Baker 2010; Stiglitz 2010), the literature has focussed on the analysis of career transitions of lobbyists and regulators to assess the intensity of the ties linking the government with the financial industry

² '[Italy responding to a survey of a primary dealer system's disadvantages] Risk that the debt management policy may be sometimes influenced by views that are more biased towards primary dealers' own interests than those of the sovereign issuer' (Arnone and Ugolini 2005, 51).

(Lucca, Seru, and Trebbi 2014; Cornaggia, Cornaggia, and Xia 2016; Igan 2016; Young, Marple, and Heilman 2017; Wirsching 2018).

Within a less circumscribed scope, the dynamic has been examined in institutional contexts ranging from central banking (Adolph 2011) and international financial governance (Seabrooke and Tsingou 2020) to international tax governance (Christensen 2021), investment arbitration (Langford, Behn, and Lie 2017), and lobbying (LaPira and Thomas 2014).

Although research on the revolving door describes the phenomenon as beneficial for both the government and the industry (Che 1995; Salant 1995), scholars identify that the career interchange could impair public integrity through the emergence of rent-seeking activities and industry's capture (Laffont and Tirole 1991). According to the latter narrative, public officials would perform lax regulatory activity, with the prospect of a lucrative position in the industry (Spiller 1990). And bureaucrats who worked for the private sector would bias their office in favour of their former employer (Gormley 1979; Cohen 1986). Conversely, the phenomenon's supporters claim that the revolving door would set the right incentives to enhance the degree of professionalisation for both the industry and regulators, thereby increasing social welfare in several ways (Che 1995; Salant 1995). First, a regulator in office would intensify its enforcement activity with the prospect of a highly remunerative career in the private sector - conveying an expertise signal (Che 1995). Furthermore, revolvers might deliver multiple benefits to the entry organisation by providing precious assets such as expertise and a network of professional contacts (Vidal, Draca, and Fons-Rosen 2012; Bertrand, Bombardini, and Trebbi 2014; Yates and Cardin-Trudeau 2019).

Studies investigating the causes and effects the revolving door have been focussing on rejecting or validating the capture hypothesis (Lucca, Seru, and Trebbi 2014; Cornaggia, Cornaggia, and Xia 2016), thereby overlooking additional potential implications arising from the phenomenon (Seabrooke and Tsingou 2020, 19). To overcome such limit, this article evaluates the causes and effects of the revolving door embedding quantitative evidence in case studies, surveys and interviews, an approach championed by the methodological literature (Zinnbauer 2015).

III. Research design

1. Data and empirical strategy

1.1. Sample jurisdictions

Stemming from the study's purpose of identifying and examining the professional relationship between the debt managers and the dealers, the presence of a primary dealer system is necessary condition for selecting the jurisdictions wherein setting the analysis. Apart from Luxembourg, Costa Rica and Switzerland, OECD countries have a primary dealer system in force.³ Due to data availability issues, the jurisdictions included in the sample are 26 (for details on the agencies, see Table A1, Appendix I).⁴

Although DMUs' autonomy varies across countries, such agencies are accountable to the responsible Ministry, the Parliament (i.e. Treasury committees), or the central bank (Williams 2010; Trampusch and Gross 2021). Specifically, DMU's autonomy from the policy cycle is directly proportional to its degree of proximity with the MoF or central bank (Currie, Dethier, and Togo 2003). Austria, Germany, Greece, Hungary, Ireland, Portugal, Slovakia, Sweden, and the UK established a DMU separate from the MoF – debt management office (DMO) (Currie, Dethier, and Togo 2003); in particular, Austria, Germany, Hungary and Slovakia opted for outsourcing the task to a limited liability company fully owned by the government, thereby benefitting from the greatest agency autonomy (Williams 2010). Instead, Australia, Belgium, France, the Netherlands, Poland, New Zealand, and the US have a DMO located within the MoF (Currie, Dethier, and Togo 2003). The debt management task is carried out by specialised units within the Treasury in Colombia, Czech Republic, Finland, Israel, Italy, Slovenia, and Spain (Williams 2010). Institutional outliers are Denmark, Iceland, and Norway, whose DMU is located within the central bank (Currie, Dethier, and Togo 2003).

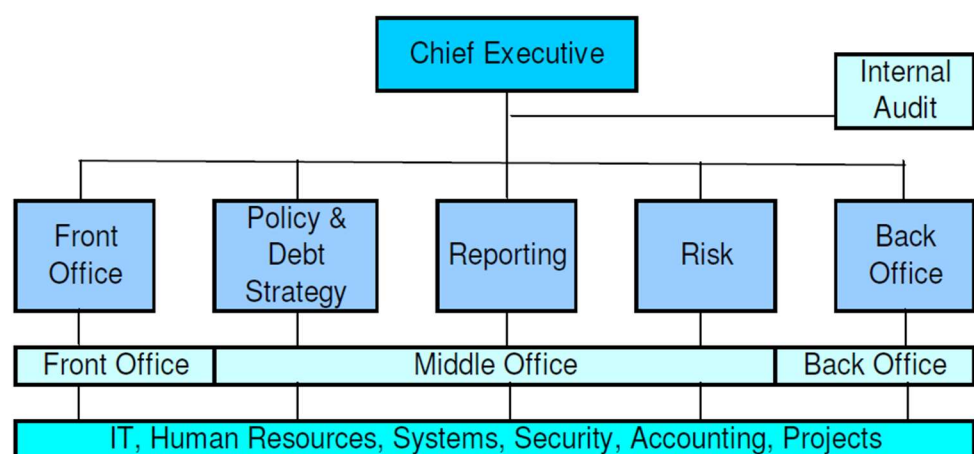
³ The presence of a primary dealer system is disclosed on the DMU's institutional website. See, for instance, the Agence France Trésor <https://www.aft.gouv.fr/en/primary-dealers-presentation>.

⁴ Australia, Austria, Belgium, Colombia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, the Netherlands, New Zealand, Norway, Portugal, Poland, Slovakia, Slovenia, Spain, Sweden, the UK, and the US.

1.2. Sample public officials

The selection of sample public officials draws on two criteria: *proximity* with respect to the dealers and degree of *discretion* in the organisation. This implies the focus on bureaucrats covering positions both entailing professional communication with the industry and with the power to affect the debt management policy-making process. That is, public servants operating in the following DMU's departments (Figure 1): the front office (i.e. traders and portfolio managers), the middle office (i.e. risk managers and economists), and the general management (i.e. CEOs). Such internal divisions are respectively in charge of funding transactions, developing economic and risk management strategy, and being accountable for agency's operations (Cosio-Pascal 2007, 8; Williams 2010). Additionally, given their potential power of affecting decision-making, the analysis includes lawyers and external consultants.⁵ Roles concerning information technology, settlement of transactions, and reporting (i.e. back office) have been discarded, since the task of maintaining the organisation's informative systems implies only limited communication with the dealers and does not influence the decision-making process and operations over the management of government debt (UK DMO 2021; Cosio-Pascal 2007).

Figure 1. DMU's comprehensive organisational structure



Source: (Williams 2010).

⁵ The literature on state's financialisation provides qualitative evidence that internal and external consultants influenced the wave of institutional reforms experienced by public debt management (Trampusch 2015; 2019).

The front office is the department operating in closest *proximity* with the dealers, followed by the general management and the middle office. Indeed, a trader communicates with the market makers' bond desk in her day-to-day operations (UK DMO 2021; Cosio-Pascal 2007) , and a CEO meets stakeholders at quarterly and individual meetings (World Bank 2010; Lokhandwala 2014).⁶ The middle office liaises with the dealers at institutional meetings represented by high ranking officials – i.e. senior risk managers and economists – to exchange views on capital markets' trends (World Bank 2010; UK DMO 2020; MEF 2021). And lawyers and consultants interface with the dealers at variable intensity and specifically for the execution of specialised projects – e.g. implementation of financial software packages (Fastenrath, Schwan, and Trampusch 2017, 273; Trampusch 2019, 14).

In terms of *discretion*, the general management outlines, approves, and is accountable for the debt management policy (Cosio-Pascal 2007; UK DMO 2005).⁷ The front office has the operational mandate of minimising funding costs drawing on discretionary strategies, and the middle office to provide intelligence shaping the development of the debt management strategy (Cosio-Pascal 2007; Borresen and Cosio-Pascal 2002). Professionals – i.e. lawyers and consultants – deploy their technical expertise in particular areas of the organisation – e.g. computerization, debt audits and preparation of rescheduling negotiations (Borresen and Cosio-Pascal 2002, 6). It must be highlighted that the degree of discretion varies across seniority and position as well. For instance, a senior trader has the power to head the trading strategy and a senior economist to guide the macroeconomic analysis influencing the overall debt management policy.

1.3. Career data

Moving to the process of retrieving career data, disclosure of public officials' identities and resumes is beyond the scope of freedom of information laws in most countries of

⁶ For additional evidence, see the minutes of consultations of the UK DMU (UK DMO 2020).

⁷ Note that the general management is held accountable to the Parliament, MoF or central bank (UK DMO 2005; Williams 2010; Trampusch and Gross 2021).

the sample.⁸ However, institutional websites usually provide a list of public officials (mostly high-ranking),⁹ the starting point for inferring career data querying the news,¹⁰ social networks (LinkedIn and Xing),¹¹ professional databases,¹² resumés, and public laws.¹³ The alternative method is to query the DMU of interest on social networks to then retrieve employees' career data. Information availability varies across positions' seniority. Given the role's salience, data on the general management were retrieved from the majority of the afore-mentioned sources. Career information on high seniority positions were queried from professional databases, the news and social networks. And data on lower ranking public officials were extracted mainly from social networks and occasionally the news. Overall, the analysis gathers a sample of 634 former and in office public officials – 358 in office at the time of data gathering and 276 formers.

1.4. The dealers

Retrieving the list of dealers, the analysis draws on different strategies varying across jurisdictions and class of financial institution (i.e. primary dealer or ancillary market maker). First, it must be highlighted that primary dealers' composition is dynamic, as both parties deserve the right to exit the agreement.¹⁴ Hence, the analysis includes only government bond specialists with an active appointment at the time of data gathering.

⁸ The only exceptions are Czech Republic, Denmark and Italy, which disclosed public officials' identities and resumés.

⁹ See, for instance, the case of two DMUs, the Österreichische Bundesfinanzierungsagentur <https://www.oebfa.at/ueber-die-oebfa/organisation/mitarbeiter.html> and the Agence France Trésor <https://www.aft.gouv.fr/en/managing-directors>.

¹⁰ Information queried through the database factiva, a company owned by Dow Jones & Company, see professional.dowjones.com/factiva/.

¹¹ Since career information submitted on social networks is a data typology self-reported by users, a validity issue arises. However, trustworthiness of the sources is higher, for instance, than surveys, because it is cross-checked by the network of individuals who personally and professionally know the user (Coen and Vannoni 2020).

¹² Dafne <https://dafne.bvdinfo.com/version-2021129/Home.serv?product=dafneneo>, Amadeus <https://login.bvdinfo.com/R0/amadeusneo> and Orbis <https://www.bvdinfo.com/de-de/unsere-losungen/daten/international/orbis>.

¹³ Laws containing debt managers' career information, see the case of Portugal Resolução do Conselho de Ministros n.º 24/2019, de 1 de Fevereiro, <https://dre.tretas.org/dre/3604135/resolucao-do-conselho-de-ministros-24-2019-de-1-de-fevereiro>.

¹⁴ The primary dealers might consider to exit the dealership due to rising costs triggered by burdensome regulation, and volatile fixed income markets (McGlashan 2016; Reuters 2016). Instead, the government could end a dealership in case the primary dealer would disrupt the market for government securities (Ainger 2020).

The Association for Financial Markets in Europe (AFME) provides each financial year a list of primary dealers across geographical Europe (AFME 2020). In the rest of the world, primary dealers have been retrieved from institutional websites.¹⁵ Concerning ancillary market makers, the European Securities and Markets Authority (ESMA) provides a constantly updated list across jurisdictions (ESMA 2022), in the rest of the world, information have been obtained consulting the websites of financial institution's encountered while examining public officials' career data.¹⁶

1.5. The longitudinal data set

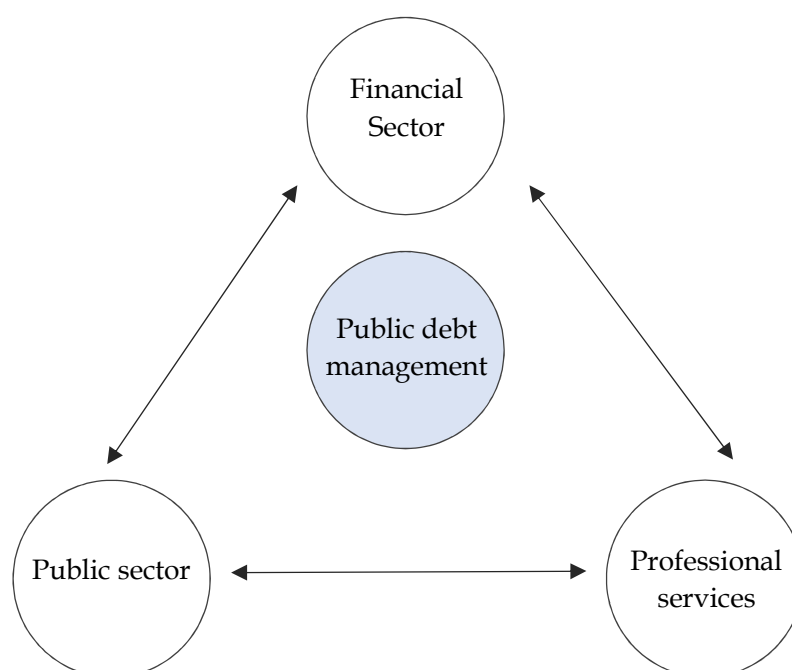
Career data have been collated in a longitudinal data set, a data typology apt at describing chronological sequences (Ritschard et al. 2009). Such a representation allows to describe the sample's career trajectory across a discrete time dimension.

The preliminary hand-coding task informed that the professional ecologies surrounding sovereign debt management are professional services, financial markets and the public sector (Figure 2). Indeed, the most recurring career paths exhibited by debt managers include transitions across organisations belonging to at least one of those industries.

¹⁵ See, for instance, New Zealand <https://debtmanagement.treasury.govt.nz/government-securities/primary-market-access-information> accessed 14 September 2021, and the US <https://www.newyorkfed.org/markets/primarydealers> accessed 14 September 2021.

¹⁶ Task consisting in checking whether the financial institution is authorized to deal in debt securities (FICC Markets Standards Board 2020).

Figure 2. Public debt management's professional ecologies



As illustrated in the decode Table 1, professional positions have been sorted into the three macro professional ecologies. And career states have been associated to a natural number – i.e., for instance, ‘2’ for an employment at a DMU and ‘6’ at a primary dealer covering a high seniority position.

Table 1. Decoding public officials career history across professional state, sector, and seniority

Public Sector	
1	Public administration
2	Public debt management
Financial Markets	
3	Employed at a financial institution (generic)
4	High seniority position (generic)
5	Employed at a dealer
6	High seniority position (dealer)

Professional Services

7 Lawyer/Consultant

8 Academic

9 Unemployed/Other

To highlight the debt management profession, the public sector has been grouped into two sub-categories, ‘financial markets’ in four in order to distinguish between a career at a dealer or at a generic financial institution, and to account for the transition across seniority positions. Lawyers and consultants belong to the same category stemming from the rationale that lawyers have particular ‘disposition for professional empowerment’ (Seabrooke and Tsingou 2020, 7). Since the sample’s large majority belongs to the three macro categories, to embed the analysis in consistency, career transitions across underrepresented economic sectors have been labelled with ‘8’ for the academia and ‘9’ for others.

Upon numerical transformation of each career state as per Table 1, the observations have been collected across two dimensions: individuals and time (see Table 2).

Table 2. Sample from the longitudinal dataset

$i \backslash t$	1984	...	2016	2017	2018	2019	2020	2021
1	3	...	3	3	2	2	2	2
2	6	...	6	2	2	2	2	2
3	1	...	1	2	2	2	3	3
...
...
634	4	...	4	1	1	2	2	1

Where i is the unique identifier labelling the units of the sample, in particular, $i \in N, i = 1, 2, \dots, 634$. And t is the discrete time dimension, ranging from 1984 to 2021, due to data availability. The database's entries must be interpreted as follows. Before being publicly appointed in 2018, individual '1' spent thirty-three years working as employee at a financial institution not operating as dealer. Individual '2' spent her career covering a high seniority position at primary dealers (6), before public appointment (2). The third observation informs that the public debt manager nurtured a career in public administration, then moved to the DMU, and afterwards switched to a generic financial market institution.

2. Surveys and interviews

To investigate the causes and effects of the revolving door phenomenon, beside two case studies from European jurisdictions, the article draws on surveys and interviews with a sample of DMUs. Only the Australian Office of Financial Management, the Italian Ministry of Finance, and the UK Debt Management Office were available to respond – the latter institution in a digital meeting. The questions focussed on exploring the professional relationship between the DMU and the dealers – for a replica, see Appendix III. To this end, the questionnaire asked whether the dealers' expertise matters for carrying out agency operations, and how the industry's preferences affect the DMU's policy formulation process. Furthermore, to evaluate the agency's degree of transparency, questions investigated how the dealers' privileges are set and awarded.

IV. Results

This section provides empirical evidence of the revolving door phenomenon in government debt management. Splitting the sample in two sub-sets – i.e. in office and former public servants - the study deploys first summary statistics, to then evaluate the phenomenon's entity across positions and seniority. Additionally, the analysis assesses the dynamic across countries and DMU's institutional design.

The methodology adopted to examine career trajectories draws on sequence analysis, a branch of statistics apt at carrying out descriptive studies of distributions

of data displaying sequences of states over time (Abbott 1995). Operatively, data analysis tasks have been deployed with the statistical software R and the features of the package TraMineR (Gabadinho et al. 2011) providing methods of analysis for longitudinal datasets, indexes, and graphical tools.

1. Summary Statistics

Figure 3 illustrates the total distribution of career trajectories of the sample of public servants in office, across the time frame 1984 - 2021. First, the plot shows the absence of early careers, evidence that modern debt management is a relatively recent profession. Overall, the graph provides preliminary evidence that a career at the dealers is the most diffused professional background across the sample. Indeed, as denoted by the vast yellow area, the largest share of career sequences entails a long-lasting career at market makers of government debt. It follows public administration, and to a lesser extent professional services and generic financial institutions.

Figure 3. Total distribution of career sequences across a sample of 358 public servants in office

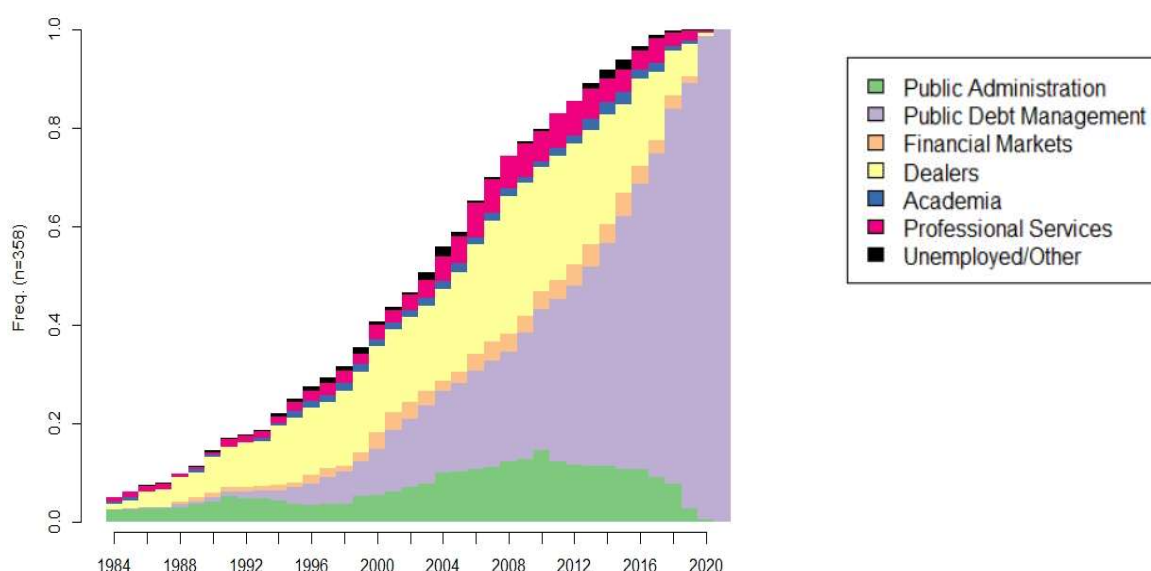


Table 3 provides descriptive statistics on the career background of public servants in office. Before becoming debt manager, circa 53% of the sample nurtured a career at

the dealers, 34% at public authorities, 19% at consultancy companies, 15% at generic financial institutions, and 11% in the academia.¹⁷

On average, before the public appointment, the sample spent circa 5 years working at the dealers. Accounting an average of 2 and a half years, the second most enduring tenure is in public administration, followed by professional services (circa one year), and financial markets (less than one year).

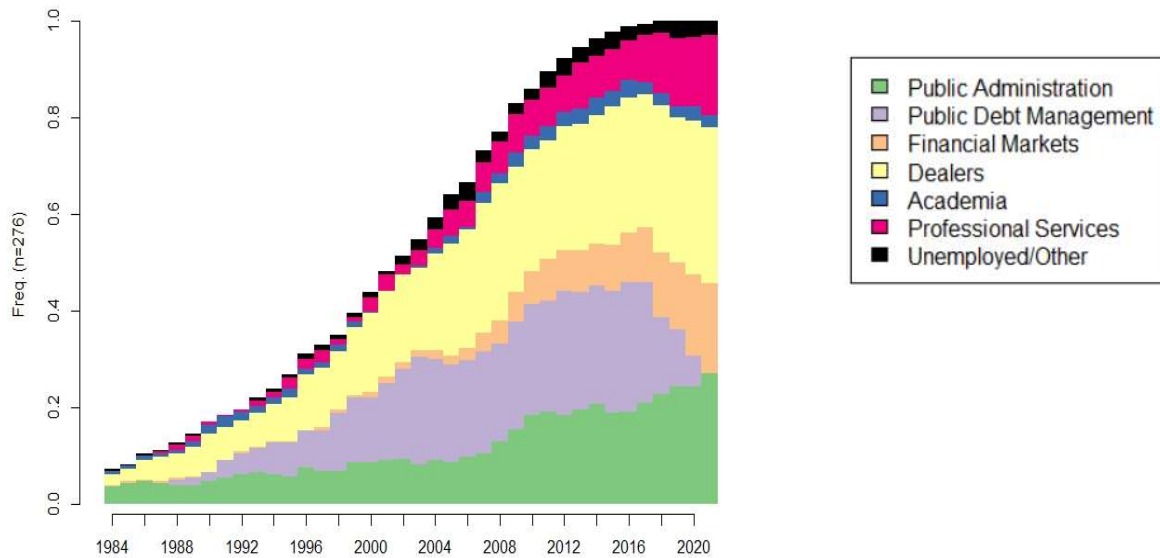
Table 3. Distribution of most frequent career transitions across a sample of 358 public servants in office

	<i>Transitions</i>	<i>Share</i>	<i>Count</i>
1	(Dealers) - (DMU)	53%	191
2	(Public Administration) - (DMU)	34%	122
3	(Professional Services) - (DMU)	19%	67
4	(Financial Markets) - (DMU)	15%	52
5	(Academia) - (DMU)	11%	39

Moving to former public servants, Figure 4 illustrates the distribution of 276 career trajectories observed between 1984 and 2021. The large yellow area in correspondence of 2021 shows that, at the time of data gathering, former public servants are prominently working at the dealers. The result is followed by public administration, financial markets and professional services.

¹⁷ The share of transitions does not sum up to 1, since, before public appointment, the sample might have developed a career across multiple professional ecologies.

Figure 4. Total distribution of career sequences across a sample of 276 former public servants



Descriptive statistics in Table 4 confirm that the most recurring debt manager's destination after their office is a position at the dealers - accounting for 46%. Such a result is followed by public administration (37%), financial markets (25%), and professional services (22%). Before serving at national DMUs, 38% of the sample worked at the dealers, 36% at public administrative bodies, and 22% at consulting companies. Moreover, 53 public servants worked at market makers for government debt before and after their experience at the DMUs.

On average, the sample has spent circa 7 years at primary dealers, and 1 year and a half at other financial institutions. Furthermore, former debt managers have been worked circa 4 years and a half in public administration, and only around two years at professional services companies. Finally, the sample' average tenure at DMUs is 5 years.

Table 4. Distribution of most frequent career transitions across a sample of 276 former public debt managers at national DMUs

	<i>Transitions</i>	<i>Share</i>	<i>Count</i>
1	(DMU) - (Dealers)	46%	127
2	(Dealers) - (DMU)	38%	105
3	(DMU) - (Public Administration)	37%	102
4	(Public Administration) - (DMU)	37%	99
5	(DMU) - (Financial Markets)	25%	70
6	(Professional Services) - (DMU)	22%	61
7	(DMU) - (Professional Services)	22%	60
8	(Dealers) - (DMU) - (Dealers)	19%	53

2. Comparative analysis

2.1. Across roles and seniority

The purpose of this sub-section is to evaluate the phenomenon's salience accounting for debt managers' proximity with the dealers and degree of discretionary power within the government agency. As per the research design, the positions included in the analysis are CEOs, traders and portfolio managers, economists, and professionals (i.e. lawyers and consultants).

Additionally, considering revolvers' seniority while working at the dealers, the analysis allows to draw insights on public servants' degree of connection with their former employer. Indeed, the higher the level of seniority while working at the dealer, the more likely the public servant to establish professional connections with key positions (Abbott 1988). On the 'exit' side, the data aim to assess the extent to which public officials switch to a high seniority position at the dealers after their office, crucial information for the assessment of the potential motives triggering public officials moves in the private sphere.

Table 5. The revolving door across positions, in brackets share of high-ranking roles at the dealers

	<i>Entry</i>	Count	<i>Exit</i>	Count
Traders	67% (16%)	45	50% (27%)	26
Economists	44% (3%)	26	39% (16%)	38
Professionals	44% (44%)	7	100% (--)	7

Table 5 provides the distribution of the revolving door phenomenon across DMU's positions, accounting for sample public officials neither senior nor head of department. In brackets, the share of public officials with a high-ranking career at the dealers. Overall, 'traders' are public officials mostly affected by the phenomenon's 'entry' side, followed by economist and professionals. Furthermore, across the sample in office, 'professionals' is the category exhibiting the largest share of high seniority positions while at the dealers (44%), followed by traders (16%) and economists (3%).

Moving to the 'exit' side, 'professionals' entails the largest share of public debt managers who moved to the dealers after their public appointment (100%). Accounting for 50%, the result is followed by traders and economists (39%). Among former public officials, traders are those who yielded the largest share of seniority positions (27%), followed by economists (16%).

Table 6. The revolving door across senior positions, in brackets share of high-ranking roles at the dealers

	<i>Entry</i>	Count	<i>Exit</i>	Count
CEOs	57% (43%)	35	51% (44%)	31
Traders	61% (27%)	37	46% (39%)	13
Economists	39% (14%)	25	40% (24%)	25
Professionals	55% (30%)	15	33% (-)	2

Table 6 provides summary statistics for examining the magnitude of the revolving door phenomenon across high-ranking positions. Senior public officials with the

largest share of background at the dealers are traders (61%), followed by CEOs (57%), professionals (55%) and economists (39%). Additionally, accounting for 43% of sample executives, CEOs are those who covered most high-seniority positions while at the dealers. The result is followed by senior professionals (30%), traders (27%) and economists (14%).

Moving to the 'exit' side, accounting for a share of 51%, CEOs are those who after their office move to the dealers the most, mainly covering high seniority positions (44%). More of the same applies to senior traders, whose 46% switched to the dealers and 39% to a high-ranking role. Senior economists are affected by the phenomenon to a slightly lesser extent and the sample of senior professionals does not host any public official who moved to high-ranking positions at the dealers.

Overall, the results show that the roles entailing largest degree of discretion within the organisation and communication with the dealers are most affected by the revolving door. Indeed, the phenomenon gains particular magnitude among CEOs, other senior positions and traders. Importantly, public officials endowed with the highest level of discretion (CEOs) are those who after their office are more likely to switch to high seniority positions at the dealers. Additionally, traders and CEOs among the sample are those categories exhibiting a circular career path with respect to the dealers the most. In particular, 25% of former executives and 22% of traders worked at the dealers before and after their office (see Appendix II).

2.2. Across countries and institutional frameworks

This sub-section presents an analysis of the revolving door phenomenon across 20 OECD countries and agency institutional framework. The reason for not including all 26 sovereigns is due to the small size of the sample.

Table 7. The revolving door phenomenon across 20 OECD countries

Country	<i>Entry</i>	<i>Exit</i>
Australia	44%	42%
Austria	73%	67%
Belgium	57%	60%
Denmark	33%	42%
Finland	50%	--
France	50%	27%
Germany	81%	17%
Greece	40%	60%
Hungary	67%	58%
Ireland	51%	48%
Israel	25%	--
Italy	33%	75%
The Netherlands	39%	33%
New Zealand	40%	43%
Portugal	58%	41%
Slovakia	60%	--
Spain	20%	100%
Sweden	59%	25%
United Kingdom	60%	60%
United States	64%	53%

With circa 81% of the sample with a background at the dealers, the country most affected by the phenomenon's 'entry' side is Germany, followed by Austria (73%), Hungary (67%), the US (64%), Slovakia (60%), the UK (60%), Sweden (59%), Portugal (58%) and Belgium (57%). Least affected sovereigns are Italy (33%), Denmark (33%), Israel (25%) and Spain (20%). The data deliver preliminary evidence that countries establishing a debt management office (DMO) are most affected by the phenomenon – i.e., among others, Austria, Germany, Hungary, Slovakia, the US, the UK, Sweden, Portugal and Belgium.

Jurisdictions with the largest turnover towards the dealers are Spain (100%), Italy (75%), Austria (67%), the UK (60%), Belgium (60%), Greece (60%), Hungary (58%) and the US (53%). The DMUs least affected by the revolving door 'exit' side are the ones of the Netherlands (33%), France (27%), Sweden (25%), and Germany (17%). Overall, cross-country data inform that there is no apparent relationship between the two directions of the phenomenon.

Table 8 reports the size of the revolving door across institutional design. As illustrated in the research design, the DMU's degree of independence from the policy cycle varies across institutional frameworks (Currie, Dethier, and Togo 2003; Sadeh and Porath 2020). External DMOs benefit from the greatest autonomy, followed by DMOs within the MoF, and specialised directorates within the MoF or the central bank (Currie, Dethier, and Togo 2003; Williams 2010; Sadeh and Porath 2020). The results provide preliminary evidence of a positive correlation between agency autonomy and the magnitude of the revolving door phenomenon. Indeed, the more the DMU is independent from the policy cycle the greater the share of public servants in office with a background at the dealers. Therefore, the results provide empirical evidence to the theory that sovereigns opting for greater DMU's delegation manage to attract specialised personnel from the financial industry (Borresen and Cosio-Pascal 2002; Williams 2010). Concerning the 'exit' side, data show that specialised units within the MoF exhibit the largest share of public officials switching to the dealers after their office. It follows external and internal DMOs. The data show that there is no relationship between the phenomenon's 'exit' side and the DMU's institutional design.

Table 8. The revolving door phenomenon across DMU institutional frameworks

<i>Institutional design</i>	<i>Entry</i>	<i>Exit</i>
External DMO	61%	50%
DMO in the MoF	48%	41%
Directorate in the MoF/Central Bank	38%	54%

V. Qualitative assessment

This section delivers an assessment of potential determinants and consequences of the revolving door. Outlining two case studies from European jurisdictions and drawing on surveys conducted with a sample of DMUs, the analysis qualitatively shows that the presence of the revolving door among public servants could entail the risk of capture and rent-seeking activities. This is due to the dominance of the industry's

mindset over public finance, the DMU-dealer *quid pro quo* relationship, and the presence of a 'black-box' in the DMU's decision-making process.

1. The 'entry' side

Potential determinants of the 'entry' side of the revolving door are the arguments of expertise and networking with the industry. The proper implementation of public finance reforms supports the former argument. Indeed, the rise of the state as market player has required government agencies to master financial practices (Datz 2008), thereby demanding the hiring of public officials with experience in the industry and, in particular, familiar with the dealers' operations (Lemoine 2013).¹⁸ This feature has been confirmed by surveys submitted to the Australian, Italian and British DMUs (AOFM 2021; MEF 2021; UK DMO 2021). Importantly, the UK DMO disclosed that, although experience at the dealers is not a necessary condition for a prospect candidate, such a professional background is highly desirable especially for those roles whose day-to-day operations require constant communication with the market makers and a pre-established knowledge of industry functioning (i.e. traders and portfolio managers) (UK DMO 2021). Thanks to previous experience on the field, this improves both the public servant's understanding of global financial markets and the dealer's business, thereby enhancing the DMU's credibility (UK DMO 2021).

Hence, within such a professional environment, the revolving door can be seen as an institutional feature, which helps importing the financial sector's logic and expertise in the government agency. According to the theory of linked ecologies (Abbott 2005), revolvers would influence the entry organisation through the creation of 'hinges' and 'avatars'. The former denotes shared conceptions common to the dealer and the DMU, and the latter captures the revolver's tendency to export its professional logic to the entry organisation. Although the revolving door might be beneficial to improve agency performance and foster financial markets' trust, it could lead to excessive

¹⁸ 'A secondment of at least three months in the commercial banks, to gain direct experience of how bond trading works, has become an obligatory rite of passage for the AFT's [French DMO] operational staff' (Lemoine 2013, 16-17).

dominance of financial industry's logic within DMUs, a feature that would give rise to over representation of the industry's interests.

Another argument applying to the revolving door's 'entry' side is the one of professional networking. Social connections are valuable assets that revolvers provide to a given organisation (Vidal, Draca, and Fons-Rosen 2012; Bertrand, Bombardini, and Trebbi 2014; Yates and Cardin-Trudeau 2019). The revolving door would allow to foster the relationship among different stakeholders and sow the seeds for potential business opportunities. In frame of public debt management, entry revolvers might ease the communication with primary dealers, thereby yielding to mutual benefits. Indeed, the improvement in the flow of information would ease the execution of day-to-day operations and the development of long run partnerships. In particular, since dealers' side-benefits include their exclusive participation in state privatisation programmes (Preunkert 2020, 16), revolvers would provide both the dealer and the government with connections functional to prospective partnership's development. Moreover, public servants with social ties at the dealers would help debt management units to develop a financial sector's mindset, a necessary condition to implement the post-reforms debt management framework (Datz 2008; Lemoine 2013).

The empirical results show that the most common professional path within the sample includes a professional transition at the dealers, thereby highlighting the dominance of the industry's mindset over public finance. Supporting the argument is the absence of a significant share of senior public servants with a background in public finance, something that would act as counterbalance to the industry. The primacy of private finance's mindset might exacerbate the inherent risk of an institutional setting, wherein the dealers' could excessively influence the debt management policy (Arnone and Ugolini 2005, 51; Lemoine 2013; Sadeh and Porath 2020), thereby leading to intellectual capture (Abbott 1988).

The upcoming sub-section outlines a case study describing how the mechanisms triggered by the revolving door's 'entry' side contribute at explaining the DMU's potential advocacy of the industry's interest.

1.1. Case Study: The UK

In several jurisdictions, among the dealers' benefits is their exclusive right of participating in syndications, an exclusive type of auctions entailing large fees for the dealers (Ranasinghe 2020). Usually, sovereigns organise such auction format for either supporting the launch of new products (i.e. green bonds), or to assure debt market's liquidity in times of crisis (The World Bank 2010; McCrum 2017). In addition, the arrangement serves as incentive for the dealer to endure the government partnership (Preunkert 2020, 10). A recent parliamentary inquiry launched in the UK focussed on examining whether the syndicated contracts signed with the dealers since 2009 had been favouring the public interest (Stubbington 2020). In particular, the Parliament's Treasury Committee requested the DMU's chief executive – Sir Robert Stheeman¹⁹ - to provide a thorough description of how syndication-related fees are established (Stride 2020). The public servant's response does not provide any clear rationale underlying the calculation of the fees,²⁰ whose parameters are claimed to be the nominal size of the transaction, its inherent risk and maturity (Stheeman 2020). Lack of transparency in fees determination might reveal a risk factor for the public good, since a clear identification of actual funding costs is not available. According to Sir Stheeman, fees are paid to award the dealer for the service provided to the state. However, a 'black-box' in their setting coupled with strong professional ties between dealers and DMU's executive might lead to alternative conclusions.²¹ For instance, one could argue that a certain degree of freedom in setting the fees might provide the DMU with operative margin for arbitrarily delivering additional awards to the dealers, especially in times of crisis. In other words, the state would enter collusion schemes with the dealer, either for nudging the latter to commit to the agreement or supporting DMU's personnel eventual rent-seeking objectives. In a scenario, wherein the DMU and the dealer would enter a side-contracting arrangement, executive public servants

¹⁹ The chief executive is in office from January 2003 (Global Capital 2012).

²⁰ In setting fees, the UK DMO relies on fees schemes in force in other jurisdictions. A rationale implemented by other debt management units across the EU (UK DMO 2021).

²¹ In the UK DMO, meetings with stakeholders are held under the 'Chatham House' rule (National Audit Office 2007, 11), according to which "participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed [...]" (Chatham House 2022).

with high seniority experience at primary dealers might facilitate the collusive scheme to occur. In frame of the UK DMU, the executive director Sir Robert Stheeman nurtured a successful career at the primary dealer Deutsche Bank (1991-2002), where he became director of the debt capital markets group before turning public servant (Global Capital 2012). The DMU's executive professional ties coupled with its financial practice mindset are likely to ease the rise of side-contracting arrangements awarding the dealer with additional fees, thereby potentially breaching the DMU's mandate. Alternatively, rent-seeking behaviour might arise if the executive would then switch to the dealer back in the future. A circular path characterising the career trajectory exhibited by circa 25% of the executives within the sample (see Table A3, Appendix II).

2. The 'exit' side

The empirical evidence of the revolving door 'exit' side, in particular among executives and senior positions, leads to the formation of three arguments describing the phenomenon. That is, the one of expertise, professional networking, and rent-seeking. According to the argument for expertise, public officials signal the industry their public finance skills (Che 1995), which might serve the dealers for recruiting specialists in the law of the state. Further, revolvers would provide the industry with personal information and valuable government connections, which could be functional both for fulfilling day-to-day-operation and fostering long run business opportunities – i.e. state's privatisations (Preunkert 2020, 16). The third cause of the revolving door would be that, while in office, public servants would bias their operations in favour of the dealer, in prospect of a more profitable career in the private sector (Spiller 1990). Such a rent-seeking behaviour would take place as the public servant enters side-contracting arrangements with the dealer. Mostly entailing the presence of collusion schemes, these frameworks would require the bureaucrat to act for the private interest, with the incentive of an economic reward *ex-post*.

Above all, a primary dealer system features an interplay of the parties' mutual interests, which inherently may entail collusive transactions (Dobry 1986; Lemoine 2013; Sanderson 2019). That is, the state must nudge the dealers to commit to the

partnership providing them with the right incentives (World Bank 2010), a strategy requiring the DMU to occasionally act in the private interest. Given such an institutional setting, one might argue that the public servant's incentive to switch to the dealer could facilitate the collusive scheme to occur. The forthcoming case study describes how, according to the rent-seeking argument, public officials might bias the DMU's decision making process in favour of the dealers.

2.1. Case study: Italy

In several jurisdictions, one recurring primary dealers' benefit is the exclusive right of stipulating derivative contracts with the state (World Bank 2010, 20). Such financial instruments allow the state to hedge from interest rates and currency fluctuations, and to engage in opaque techniques – e.g. window dressing government debt (Piga 2001). Although derivative contracts might advantage the state, these could reveal to be profitable for the dealer, given the instruments' stochastic nature. In Italy, former directors of the Treasury are on trial for public financial losses amounting at €3bn, arising from entering derivative contracts from 1995 to 2005 (Reuters 2021). The Court of Account's allegation is that the executives signed derivative contracts with Morgan Stanley adding an advantageous exit clause for the dealer ignoring its certain adverse effects for taxpayers (Vagnoni 2017). Upon realisation of favourable market conditions, Morgan Stanley exercised the right to use the clause and yielded circa €3bn. The advantageous contract arrangement signed between the dealer and the Ministry of Finance might be either the result of asymmetric information between the parties or triggered by rent-seeking behaviour. The former explanation is inherent to the primary dealership itself. Governments managing public debt rely on the dealers due to their undisputed expertise in financial markets (World Bank 2010). Hence, the specialists might exploit their informational advantage to predate public resources, thereby violating the terms of the dealership (Corte dei Conti 2019). In this case, the dealer could have induced the sovereign to enter a disadvantageous agreement, leveraging on the Treasury lack of knowledge of complex financial instrument's functioning. Moving to the rent-seeking hypothesis, one of the defendants Domenico Siniscalco,

who at the time of the events was minister of finance,²² became executive director at Morgan Stanley in 2006, without any cooling off period (Morgan Stanley 2006). The reasons for the appointment might be surely due to Siniscalco's experience, skills and professional connections with the government. However, one might also argue that the hiring is part of a collusive side-contracting arrangement between the former minister and the dealer, wherein Siniscalco would have favoured the industry in tailoring the agreement with the ultimate objective of switching to a highly remunerative job at Morgan Stanley.

This section offered a qualitative assessment showing how, although the revolving door constitutes an institutional feature of public debt management, one of the phenomenon's side effects would be detrimental for the public good. This is due to the dominance of the industry's mindset over public finance and the institutional framework regulating the DMU-dealer partnership. Indeed, the empirical analysis shows that, among the public servants in office, there is a dominance of career backgrounds at the dealers, which, without any sufficient counterbalance, might exacerbate the risk that the dealers would bias the debt management policy formulation. Further, given the relationship of mutual dependence between the DMU and the dealers, revolvers covering high seniority positions might intensify the risk of collusion schemes to arise. In particular, given the empirical evidence of former DMU's executives switching to the dealers and even experiencing a circular career path, the analysis suggests the potential presence of a rent-seeking behaviour backing executives' operations while in office. As illustrated in the two case studies, revolving doors might provide a legal argument for opaque high-ranking public-private interactions. Indeed, an executive in office who nurtured a senior career at a dealer might support the private interest both for the shared mindset and in prospect to return to the industry. And a senior public servant, without any experience at the dealers, might contribute at delivering benefits to the industry, thereby increasing the likelihood of being awarded with a career in the private sector. Providing such qualitative evidence, the assessment unravels institutional settings deserving careful

²² Siniscalco was Finance Minister from July 2001 to September 2005 (Morgan Stanley 2016). As above-mentioned the derivative contracts object of dispute were signed between 1995 and 2005.

monitoring and potential regulatory intervention to avoid the rise of welfare-adverse side effects.

VI. Conclusions

This paper examines the revolving door phenomenon in government debt management. Deploying a unique dataset tracing the career path of 634 former and in office public debt managers across 26 OECD countries, the article provides a systematic empirical account of the phenomenon, thereby advancing the literature in the political economy of sovereign debt management embedding anecdotal in empirical evidence (Sadeh and Porath 2020; Trampusch 2019). The database shall pave the way to research on the impact of the revolving door on agency operations, and survival analyses assessing the impact of public officials' professional backgrounds on their career progressions (Coen and Vannoni 2020).

The paper's main finding is that 53% of public officials in office worked at financial institutions labelled as dealers, and that 46% of former public debt managers moved to the dealers after their mandate at the DMU. In particular, the revolving door phenomenon gains momentum among senior public officials and positions whose task requires high degree communication with the dealers – i.e. CEOs, other senior positions and traders. The cross-country analysis shows that, although the revolving door's 'entry' side seems to be positively related to DMUs with an institutional framework entailing higher degree of delegation, the 'exit' side is distributed across the sample regardless of the legal design. These results provide preliminary evidence that greater DMU's delegation is more likely to attract industry professionals. Future research shall econometrically explore the link between the revolving door phenomenon and the institutional design framing government debt management.

Drawing on the empirical results, two case studies, surveys and interviews with a sample of DMUs, the qualitative assessment shows that, although the revolving door is endemic to modern sovereign debt management, it could give rise to material and intellectual capture. Indeed, while the professional flow from the dealers allows the government to improve its financial markets expertise, the observed dynamic can be a source of risk. Across the sample, public officials with a background at the dealers

outnumber those who worked in public finance. Lack of monitoring might trigger bias in agency operations in favour of the dealers, given the revolver-private manager ideological proximity, and the collusive nature of the dealership itself (Dobry 1986; Lemoine 2013, 6). As illustrated by the case study on the UK DMU, an executive with high-seniority background at a primary dealer might act as lobbyist advocating the interests of his former employer, thereby biasing the debt management policy in favour of the industry. Such an argument would provide evidence for the case involving CEO Sir Robert Stheeman, who, at the time of writing, is under parliamentary scrutiny with the allegation of not operating in the interest of the UK taxpayers (Stubbington 2020).

Post-employment data show the dominance of the dealers over other career destinations, a dynamic which might affect the behaviour of public officials while in office, triggering conflicts of interest. Specifically, incumbent public debt managers would act favouring the dealers in prospect of a more remunerative position in the industry. A theory providing a legal argument for the ongoing trial involving former Italian Minister of Finance Domenico Siniscalco (Reuters 2021), who, after participating in the design of derivative contracts between the Republic of Italy and Morgan Stanley exceptionally favourable for the latter, moved to such dealer covering a high seniority position without any cooling-off period (Morgan Stanley 2006).

Embedding case studies in empirical data, the results aim at providing policymakers and regulators with qualitative and quantitative evidence of risk of material and intellectual capture arising from the revolving door phenomenon. Disclosing particularly sensible areas, the study shall justify increasing monitoring activity accompanied with regulatory interventions. In particular, policymakers shall draw their attention on public servants endowed with notable discretionary power and whose operations involve significant communication with the dealers – i.e. CEOs, other senior positions and traders. Additionally, monitoring activity shall focus on DMU's operations entailing a 'black-box' in the decision-making process – i.e. syndicated deals and derivative contracts.

Regulatory proposals shall advocate greater transparency in the DMU's internal governance and in the disclosure of public officials' career information, both *ex-ante*

and *ex-post*. Moreover, policymakers shall ponder the introduction of post – and pre-government employment restrictions and cooling-off periods with respect to the dealers for most sensible positions. Lastly, parliamentary committees shall enhance their monitoring activity by drawing on experts independent from the industry and reviewing the recruitment process of senior positions.

Future research shall systematically identify government debt management's operational areas entailing risks of capture, and deploy cost-benefit analyses assessing the effect of regulatory interventions aiming at curbing the revolving door's side effects. Additionally, in light of the recent developments prompted by the recovery plan "Next Generation EU" (Mehreen Khan 2020), the article shall provide policymakers with evidence-based recommendations guiding the establishment of a European DMU.

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Appendix I

Table A1. List of jurisdictions and related DMUs

<i>Jurisdiction</i>	<i>DMU</i>
Australia	Australian Office of Financial Management
Austria	Österreichische Bundesfinanzierungsagentur
Belgium	Belgian Debt Agency
Colombia	Investor Relations Office
Czech Republic	Ministry of Finance
Denmark	Danmarks Nationalbank
Finland	State Treasury
France	Agence France Trésor
Germany	Bundesrepublik Deutschland – Finanzagentur
Greece	Public Debt Management Agency
Hungary	Government Debt Management Agency
Iceland	Central Bank of Iceland
Ireland	National Treasury Management Agency
Italy	Ministry of Economy and Finance
Israel	Government Debt Management Unit
The Netherlands	Dutch State Treasury Agency
New Zealand	New Zealand Debt Management Office
Norway	Norges Bank
Portugal	Agência de Gestão da Tesouraria e da Dívida Pública
Poland	Ministry of Finance
Slovakia	Debt and Liquidity Management Agency
Slovenia	Ministry of Finance
Spain	Ministry of Economic Affairs and Digital Transformation
Sweden	Riksgälden
UK	UK Debt Management Office
United States	Federal Reserve Bank of New York

Appendix II

This appendix provides a detailed overview of the sample's career trajectories across DMU's roles of interest – i.e. CEOs, traders, economists and professionals.

Table A2. Distribution of most frequent career sequences across a sample of 61 executives in office

	<i>Transitions</i>	<i>Share</i>	<i>Count</i>
1	(Dealer) - (DMU)	57%	35
2	(Public Administration) - (DMU)	49%	30
3	(DMU) - (Dealer) - (DMU)	10%	4

Table A3. Distribution of most frequent career sequences across a sample of 61 former executives

	<i>Transitions</i>	<i>Share</i>	<i>Count</i>
1	(DMU) - (Dealer)	51%	31
2	(Dealer) - (DMU)	48%	29
3	(Public Administration) - (DMU)	46%	28
4	(DMU) - (Public Administration)	30%	18
5	(Dealer) - (DMU) - (Dealers)	25%	15
6	(DMU) - (Professional Services)	23%	14
7	(DMU) - (Financial Markets)	21%	13

Table A4. Distribution of most frequent career sequences across a sample of 130 traders and portfolio managers in office

	<i>Transitions</i>	<i>Share</i>	<i>Count</i>
1	(Dealer) - (DMU)	64%	83
2	(Public Administration) - (DMU)	28%	37
3	(Financial Markets) - (DMU)	18%	24
4	(Professional Services) - (DMU)	12%	15

Table A5. Distribution of most frequent career sequences across a sample of 80 former traders and portfolio managers

	<i>Transitions</i>	<i>Share</i>	<i>Count</i>
1	(DMU) - (Dealer)	49%	39
2	(DMU) - (Public Administration)	41%	33
3	(Dealer) - (DMU)	40.00%	32
4	(Public Administration) - (DMU)	34%	27
5	(DMU) - (Financial Markets)	26%	21
6	(Dealer) - (DMU) - (Dealer)	23%	18

Table A6. Distribution of most frequent career sequences across a sample of 123 economists and risk managers in office

	<i>Transitions</i>	<i>Share</i>	<i>Count</i>
1	(Dealer) - (DMU)	41%	51
2	(Public Administration) - (DMU)	39%	48
3	(Professional Services) - (DMU)	21%	26
4	(Financial Markets) - (DMU)	15%	19

Table A7. Distribution of most frequent career sequences across a sample of 122 former economists and risk managers

	<i>Transitions</i>	<i>Share</i>	<i>Count</i>
1	(DMU) - (Public Administration)	39%	48
2	(DMU) - (Dealer)	39%	48
3	(Public Administration) - (DMU)	33%	40
4	(Dealer) - (DMU)	31%	38
5	(DMU) - (Financial Markets)	28%	34
6	(DMU) - (Professional Services)	22%	27
7	(Dealer) - (DMU) - (Dealer)	12%	15

Table A8. Distribution of most frequent career sequences across a sample of 44 professionals in office

	<i>Transitions</i>	<i>Share</i>	<i>Count</i>
1	(Professional Services) - (DMU)	53%	23
2	(Dealer) - (DMU)	50%	20
3	(Professional Services) - (Dealer) - (DMU)	20%	9
4	(Public Administration) - (DMU)	16%	7
5	(Dealer) – (Professional Services) - (DMU)	13%	6

Table A9. Distribution of most frequent career sequences across a sample of 13 former professionals

	<i>Transitions</i>	<i>Share</i>	<i>Count</i>
1	(DMU) - (Dealers)	69%	9
2	(Academia) - (DMU)	46%	6
3	(Dealers) - (DMU)	46%	6
4	(Public Administration) - (DMU)	31%	4
5	(DMU) – (Academia)	31%	4

Appendix III

Survey

1. What are the main advantages and disadvantages of a primary dealer system?
2. In a strategic meeting over the formulation of the debt management policy, among the stakeholders' preferences, to what extent does the dealers' position affect the policy outcome? Generally, are the positions of the dealers and of the DMU aligned? Would you be so kind to make some examples?
3. Is it important that the debt management task is carried out implementing the industry's expertise? Why?
4. Recruiting new employees, is for the DMU important to have candidates who worked at the dealers? Why?
5. How has the Treasury awarded the dealers with privileges? Are these the result of negotiations between the DMU and the dealers? If yes, would you be so kind to describe the related negotiation process and if it must abide by regulations?