

Structure Returns to Politics

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Introduction

Introduction

- ▶ Politicians support their self-interest in various ways
- ▶ No clear explanation - institutional explanations difficult to verify
- ▶ Me: Long term perspective - changing institutions
- ▶ Method
- ▶ Results: marginal returns
 - ▶ Interpret estimates in terms of minister's salaries
- ▶ Results: explanation
- ▶ Historical and theoretical relevance
 - ▶ These two paragraphs in the conclusion
- ▶ Structure of rest of paper

Historical Background

Historical background

- ▶ The Dutch Political System (in the 19th century)
 - ▶ Partijdemocratie in wording - From precursors of parties to political parties
 - ▶ Basic tenets of pol. system
 - ▶ Basic logic of elections (abs. majority, reelection, thresholds)
 - ▶ District/representative mapping
 - ▶ Development of electoral system (suffrage extension)
- ▶ (Dit later)
- ▶ From kiesverenigingen to parties (Main ideological currents)
- ▶ Role of newspaper recommendations
- ▶ Compensation of politicians

Data Sources

Data Sources

- ▶ Electoral Data
 - ▶ Figures: two figures - geography of close elections, temporal distribution of candidates
- ▶ Politician Data
- ▶ Non-Politician Data
- ▶ Personal Wealth
- ▶ Other Variables

Methods

Dynamic Regression discontinuity

- ▶ Explanation about the method to estimate the dynamic returns
 - ▶ 1 paragraph how the data is used to estimate the returns
 - ▶ Rest already written

Results

Descriptive Stats

- ▶ Table: Covariate Balance, First attempt - first stint
- ▶ Interpretation
- ▶ General descriptive statistics table
- ▶ Interpretation

1. Dynamic returns to politics

- ▶ Main result: show dynamic analysis
- ▶ Interpretation
 - ▶ Real numbers (present day equivalents)
 - ▶ In-office rents: anecdotal evidence
 - ▶ De Jong-affaire, Lintjesaffaire, Spoorweg van der Gaag
 - ▶ [This still needs development]
- ▶ Tables/figures:
 - ▶ 1 Figure with graphical result for 1st/2nd stint
 - ▶ 2 Tables, 1 with the results for different tries
 - ▶ 1 figure with the full dynamic results

2. Party Effect

- ▶ Explain method (using newspaper recs) in 1 paragraph
- ▶ Main result: show party interaction effect
- ▶ Interpretation
 - ▶ Party curbs rents
 - ▶ Principal-agent theory
- ▶ Tables/figures: 1 table with interaction effects for party establishment

3. Alternative Explanations

- ▶ Explanation: Indirect benefits later & Selection (Career Paths)
 - ▶ Explain method
 - ▶ Show results
- ▶ Explanation: Suffrage shocks altered composition of politicians
 - ▶ Explain method
 - ▶ Show results
 - ▶ Before/After Suffrage - DV Wealth
 - ▶ Before/After Suffrage - DV Career Paths
- ▶ Explanation: insider information, procurements (Bourveau & Coulomb 2020; Baltrunaite 2020)
 - ▶ Argue for no constant marginal returns
- ▶ Tables/figures: 2 tables, table career paths, table careerpaths/wealth after suffrage

Conclusion

Conclusion

- ▶ I find that politicians get wealthier because of political career.
- ▶ Only effect in the first period, consistent with a rent-seeking explanation
- ▶ Political parties curbed this effect
- ▶ Not consistent with other explanations:
 - ▶ Human capital-based or selection (career paths)
 - ▶ Changes of the electorate (suffrage extensions)
 - ▶ Insider information (constant return curve)
- ▶ Implications:
 - ▶ Political parties discipline politicians
 - ▶ Without, politicians use their discretion to enrich themselves
 - ▶ Strong suspicion in-office rents (anecdotal evidence)

Appendix

Appendix: Robustness Checks (1)

- ▶ Figure: Placebo test first rents
- ▶ Table: Covariate balance for the 1st stint - all attempts
- ▶ Table: Covariate balance for the 2nd stint
- ▶ Figure: ATT dynamic estimation with flexible bandwidth and diff. covariates
- ▶ Table: ATT dynamic estimation with flex. bandwidth and diff. covariates

Appendix: Robustness Checks (2)

- ▶ Table: Estimates of interaction effect with flex. bandwidth and diff. covariates
- ▶ Table: Estimates for rents within different treatment groups (comparing groups with diff. treatment status)
- ▶ Table: Career Paths with flex. bandwidth and different covariates
- ▶ Table: Career Paths Before/after party formation with flex. bandwidth and different covariates
- ▶ Table: Before/After Suffrage extensions with flex. bandwidth and different covariates
- ▶ Table: Career Paths before/after suffrage extensions, wealth before/after suffrage extensions with flex. bandwidth and different covariates