

# Structure Returns to Politics

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# Table of Contents

Introduction

Historical Background

Data Sources

Methods

Results

Conclusion

Appendix

# 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
- ▶ Results: explanation
- ▶ Historical and theoretical relevance
- ▶ Structure of rest of paper

## Historical Background

# Historical background

- ▶ District System
  - ▶ Basic tenets of pol. system
  - ▶ Basic logic of elections (abs. majority, reelection, thresholds)
  - ▶ District/representative mapping
  - ▶ Development of electoral system (suffrage extension)
- ▶ Political Landscape
  - ▶ What were the precursors of parties? (Kiesverenigingen)
  - ▶ 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