

Political Rents in a Changing Electoral System

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Abstract

Several studies have shown evidence indicating that politicians profit financially from holding office by extracting rents. The mechanisms allowing them to do so, however, remain unclear. Based on newly-collected data from probate inventories, we obtain a measure of wealth for a sample of just-elected politicians and their losing contenders in Dutch district-level elections (1860-1917). Using a regression discontinuity design, we estimate the returns from politics, and then relate the estimates to various contending explanations: electoral reforms, career opportunities and party organization. The results show that close election winners, who end up in politics, are significantly wealthier than their contenders, and that this result can be explained by the changing electoral system. The results are robust to other estimators, and changes in bandwidth and specification.

Introduction

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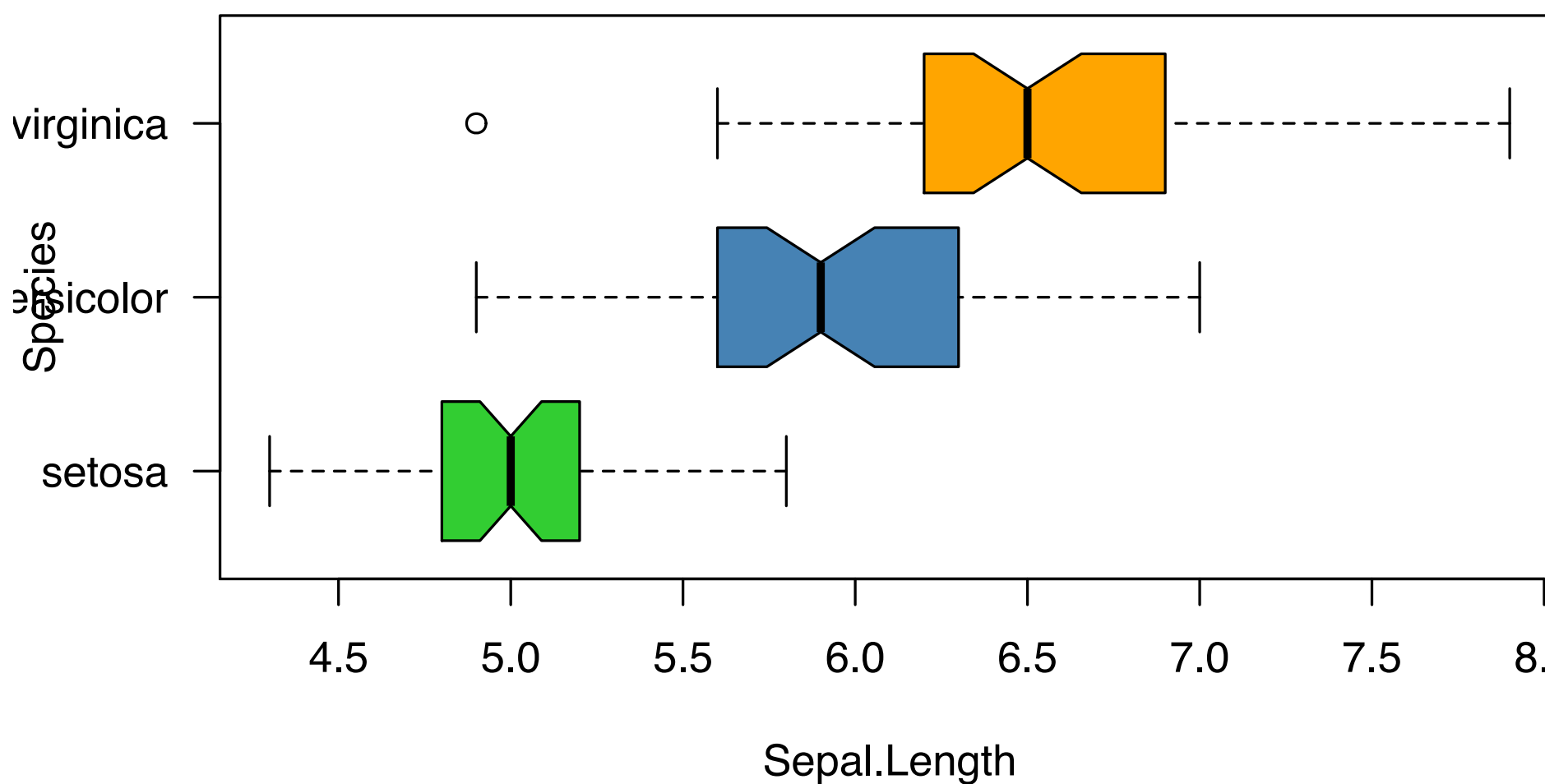


Figure 1: Figure Caption.

Test citations R Core Team (2018) Xie and Lesur (2018). See Figure 1.

Close Elections

The (Repository Lower House Elections) is a repository containing information about all elections to the Dutch lower house over the period 1848-1917, in which elections were organized at the district-level.

In total, there are about 2400 unique elections in the district system over the period 1860-1917. In line with other studies using close elections (e.g. Lee, 2008), we use a vote margin-based approach to identify which elections are close: in particular, we first find the *Marginal Winner (MW)* in the election, which is defined as a winning candidate with the lowest number of votes from all winning candidates. In the vast majority of cases, this amounts to the only winner, because the election had only one seat up for election, but in a significant minority of the cases, this yields a different candidate.

Then, at the district-candidate level, we define and compute vote margins as follows:

$$\text{Margin}_i = \begin{cases} \text{Amount of Votes}_i - \text{Amount of Votes}_{MW} & \text{if } i \in \{\text{Winners}\} \\ \text{Amount of Votes}_{MW} - \text{Amount of Votes}_i & \text{if } i \notin \{\text{Winners}\} \end{cases}$$

Mathematical Section

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$$E = mc^2 \quad (1)$$

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$$\cos^3 \theta = \frac{1}{4} \cos \theta + \frac{3}{4} \cos 3\theta \quad (2)$$

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$$\kappa = \frac{\xi}{E_{\max}}$$

Nam quis odio enim, in molestie libero. Vivamus cursus mi at nulla elementum sollicitudin. Nam quis odio enim, in molestie libero. Vivamus cursus mi at nulla elementum sollicitudin.

Probate Inventories

The *Memories van Successie* are archives primarily containing documents specifying the appraisal of a deceased individual's assets and liabilities with the purpose of levying inheritance taxes. The first inheritance tax that targeted lineal descendants was instated in 1877, and from that year onward, every individual whose estimated wealth was higher than some minimum threshold (in practice, almost everyone) was subjected to an appraisal of their assets and liabilities, and depending on the particular composition of the inheritance, a specific inheritance tax (Bos, 1990). Citizens were initially expected to voluntarily declare their assets and liabilities within a year after the decease, but the authorities were by no means depending on voluntary action: civil servants provided the tax authorities with lists of deceased individuals, after which descendants could be summoned to declare. In all cases, descendants had to declare under oath that the list of assets and liabilities they submitted was truthful in a court (Moes, 2012). Several miscellaneous documents containing internal correspondence within the tax agency also indicate that taxation was approached with care and legal requirements were paid attention to.

Results



Figure 2: Figure caption.

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Table 1: Table caption.			
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5.1	3.5	1.4	0.2
4.9	3.0	1.4	0.2
4.7	3.2	1.3	0.2
4.6	3.1	1.5	0.2
5.0	3.6	1.4	0.2

Conclusion

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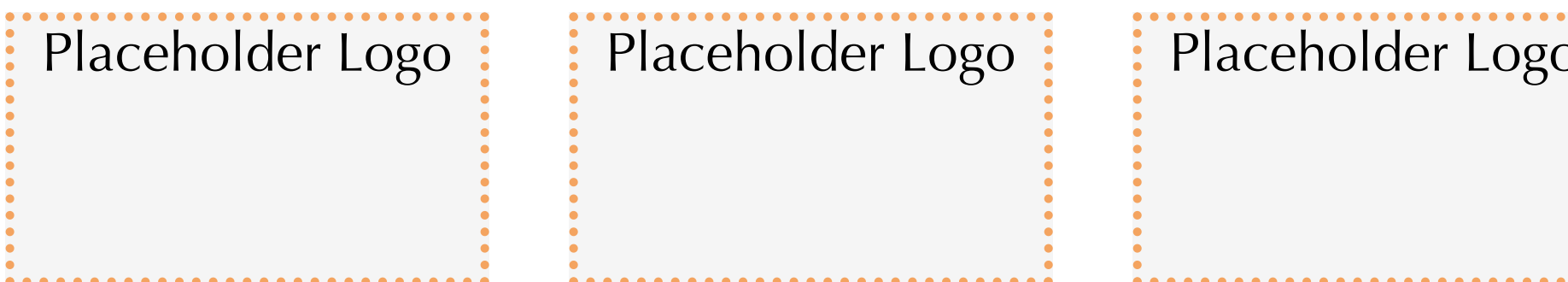
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References

R Core Team. 2018. “R: A Language and Environment for Statistical Computing.” <https://www.r-project.org>.
Xie, Yihui, and Romain Lesur. 2018. “Paginate the HTML Output of R Markdown with CSS for Print.” <https://github.com/rstudio/pagedown>.

Acknowledgements

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