Democratization, Personal Wealth of Politicians and Voting Behavior

Bas Machielsen

September 2021

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Abstract:

Theories of democratization identify various factors motivating politicians to democratize, but often neglect politicians' personal financial interest. In this study, I analyze whether politicians prioritized their self-interest in a number of votes on laws that effectuated suffrage extensions, extended the scope of government, and established fiscal legislation in the context of democratization in the Netherlands (1870-1918). Using newly-collected archival data and instrumental variable estimation for politicians' personal wealth, I find convincing evidence that wealthier politicians are less likely to vote in favor of legislation that is likely to decrease their own personal wealth, controlling for a wide array of characteristics. The results also show that these effects are absent in important laws that do not have a direct impact on politicians' wealth, such as votes on suffrage extension and other government intervention. The results are robust to different assumptions and estimation procedures.

JEL Classifications: N14, D72, H71

1 Introduction

One of the most important and influential developments in modern history has been the rise and gradual expansion of democratic governments in Western Europe. At the beginning of the 19th century most countries were ruled by oligarchical elites that were closely allied to an autocratic ruler, usually a king or emperor (Downing, 2020). After 1848 most of these countries adopted a parliamentary system with a separation of powers anchored in a constitution (Berman, 2019; Van Zanden and Van Riel, 2004; Persson and Tabellini, 2005). These were not yet parliamentary democracies, however. Rising incomes did lead to a gradual extension of the franchise in the second half of the nineteenth century but in most countries universal suffrage was only granted after 1900 . Besides these political changes, European states transitioned from minimalist governments raising taxes for military purposes only, to governments actively intervening in the lives of citizens, first through investments in public health, transportation, and communication, then through investments in public education, and finally through extensive welfare schemes including unemployment benefits and pensions. (Dincecco, 2011; Downing, 2020; Tilly et al., 1998; Lindert, 2004; Ziblatt, 2006).

This double transition from autocracy to parliamentary democracy, and from passive government to the welfare state, has been widely studied in various disciplines. Political scientists have identified various mechanisms to explain why incumbent politicians would agree to reforms that reduce their power, in particular the threat of revolution (acemoglu2000did), electoral expedience (Lizzeri and Persico, 2004; Aidt et al., 2010), and electoral competition (Llavador and Oxoby, 2005; Galor and Moav, 2006)[1]. Subsequent empirical studies have found evidence for each of these mechanisms in specific historical settings (Ziblatt, 2008; Dincecco et al., 2011; Aidt and Jensen, 2014; Aidt and Franck, 2015; Dincecco, 2011; Aidt and Jensen, 2017; Przeworski, 2009; Capoccia, 2010). The empirical evidence on the relationship between political transformation and public finance reform is mixed: notably Lindert (2004) observed a positive correlation between democratization and public spending in European and North American states but others have found no association between franchise extension and public expenditure (Dincecco, 2009; Aidt et al., 2010; Chapman et al., 2020). In the US in the nineteenth century, Corvalan et al. (2016) document that the extension of suffrage did not change the size of government with eligibility requirements in place, but once these were removed and less wealthy politicians took office, more redistributive policies were enacted.

This goes to the heart of the issue addressed in this paper. Why would incumbent politicians in the oligarchies of nineteenth century Europe agree to political and fiscal reforms that chipped away at their power and wealth? For several decades after the installment of parliamentary regimes very little changed in the composition of the political elite (Clark, 2012; Mendoza et al., 2012; Querubin et al., 2016; Martinez-Bravo et al., 2017; Thompson et al., 2019). Members of parliament were often extremely wealthy (Piketty, 2013; Magraw, 1986; Machielsen, 2021) and in many countries the nobility remained overrepresented in parliamentary circles for a very long time (Moes, 2012). But if it was in their own interest to object to fiscal reform, increased government spending, and universal suffrage, why did they eventually agree to this? Was it an ideological choice, fear for revolution, the result of political bargaining, or had something changed in the composition of the political elite?

[1] For an overview: Przeworski (2009)

To answer these questions, I turn to the case of the Netherlands. The Netherlands is an emblematic case from the perspective of European transition to democracy: the Netherlands became a constitutional monarchy in 1848, and took until 1918 to implement universal suffrage after the First World War (Van Zanden and Van Riel, 2004). In the transition period, the political system shares many characteristics with other countries: it is a bicameral system, where lower house elections took place in a district system, with a and the parliamentary arena was initially populated by insiders, and gradually diversified Van den Berg and Vis (2013). Suffrage was initially based on taxes paid (van der Kolk et al., 2018), requirements which were relaxed later. These characteristics makes the country similar to e.g. the United Kingdom, Germany (Prussia), and Sweden. On the other hand, the Netherlands shares explicit religious tensions with e.g. Belgium and Austria (Evans, 1999). There is ample variation in voting behavior and politicians likely voted as if their vote was pivotal. Due to the chaotic nature of parliament, very few laws were accepted as a *fait accompli*, and it was difficult to predict beforehand whether a law would pass or not (Van den Berg and Vis, 2013).

This study focuses on the influence of politicians' self-interest on this transformation. In this paper, I employ arguably the most obvious proxy for a politician's self-interest: their personal wealth. Using newly-collected probate inventories collected from various archival sources, I retrieve a reliable picture of politicians' personal wealth. I then analyze the influence of politicians' personal wealth, amid many other factors suggested by competing theories, on their voting behavior in a host of important fiscal reforms, suffrage extensions and government interventions. Personal wealth might causally influence voting behavior because acceptance or rejection of reforms might influence politicians' future cash flows in various ways. In a present-day context, there is also evidence that politicians' self-interest might influence their decision-making (Ferraz and Finan, 2009; Fisman et al., 2014; Tahoun and Van Lent, 2019). To ensure a causal interpretation of the estimates, we employ several estimation procedures. In particular, we provide instrumental variable (IV) estimates of personal wealth on the propensity to vote for reforms, instrumenting parental wealth by an indicator whether the politician's father was also politically active. I also rely on various other alternatives to limit the bias caused by endogeneity by relying on (plausibly exogenous) timing of death among politicians.

2 Political Transition from Oligarchy to Democracy

2.1 Political Transformation and Self-Interest

Thorbecke's constitution of 1848 stands as a major achievement in the creation of a modern democracy in The Netherlands (Van Zanden and Van Riel, 2004; Aerts, 2018). And yet, it would take another seventy years of political decision-making on suffrage, state intervention, and taxation to complete the transformation towards a parliamentary democracy. This protracted bargaining process is captured in the adoption, between 1874 and 1921, of a long series of laws that changed the electoral system, set new responsibilities for the central government and increased public revenue. None of these laws were accepted as a *fait accompli*; they were adopted after long debates in parliament and many laws were approved with narrow majorities (Van den Berg and Vis, 2013).

In this paper, I analyze the voting behavior of individual politicians on three sets of laws that together shaped the political transformation of the Netherlands. In table 1, I show the voting outcomes for key laws, and summarize politician's voting behavior on these laws. First, there were in total five attempts at suffrage extension, two of which failed and three of which were accepted (van der Kolk et al., 2018). Second, I identified twelve key laws that intervened in markets and established the regulation of labor, education and housing (van Gerwen and van Leeuwen, 2000), thereby breaking with the preceding paradigm of the nightwatchman state. I refer to this set of laws as government intervention. Finally, an inheritance tax and an income tax were established, and their tariffs were repeatedly increased over the course of the transition (Vrankrijker, 1967; Smit, 2002; Lindert, 2004).

[table 1 Here]

Now the question is to what extent politicians considered their own private interests when voting for these laws. Dutch parliamentary historians have emphasized that political decision-making in the transition period was strongly determined by ideological orientation (de Haan, 2003; De Rooy, 2014; Van den Berg and Vis, 2013; Aerts, 2018).[2] This is very clear in the case of suffrage extensions - universal male suffrage was marked by a compromise between the two major political factions that involved the bargaining of universal suffrage (wanted by liberals) against state funding of religiously-based schools, wanted by confessional politicians (Lijphart, 2008). Ideological concerns were dominant not only in suffrage-related questions, but also in questions related to government intervention. Many of the laws regarding government intervention were implemented in a spirit with the so-called *sovereignty in one's own circle*-principle, coined by confessional leader Abraham Kuyper (Van den Berg and Vis, 2013; Koch, 2020). Significantly, and in contrast to several other countries (Lindert, 2004; Lehmann-Hasemeyer and Streb, 2018), the majority of these laws burdened not the state, but private actors such as employers with the execution (and financing) of these provisions.

[2] In theory, self-interest could also have played a role, if there are likely effects of these laws on the personal finances of politicians. In practice, however, this does not seem to be the case for suffrage extensions and regulation, which is consistent with several empirical studies finding no relationship between suffrage extensions and redistribution (Scheve and Stasavage, 2012; Corvalan et al., 2016).

2.2 The Impact of Fiscal Legislation on Politicians

Fiscal reforms after 1870 were primarily driven by practical concerns. Increased government spending and corresponding revenue were necessitated by several exogenous trends: the stalling of revenue from the colonies necessitated higher domestic taxation to balance the budget (Van Zanden and Van Riel, 2004; van Zanden and van Riel, 2010), but the aforementioned expansion of the government into many areas of life also required funds. The tax system, based predominantly on excise duties and tariffs was also widely considered to be outdated (Van den Berg and Vis, 2013). Finally, social tensions and perceived inequity were widespread, so that ideological considerations were not entirely absent. Arguably, these factors shifted the consensus towards acceptability of increasing taxation, sometimes even rendering taxation progressive. In appendix A, I describe the historical background of the legislation into more detail.

[Figure 1 here]

The implemented reforms focused on the establishment and modification of two important laws. First, an income tax was established in 1893, which represented a paradigm shift, replacing (very low) taxes on consumption goods, and also established progressivity. The 1914 hike increased basic tariffs and progressivity (Smit, 2002; van Zanden and van Riel, 2010). Second, the other major source of tax revenue was inheritance taxation. In 1878, parliament established a basic tax rate on inheritance to lineal descendants. The rates were increased in 1911, 1916, and 1921, but unlike the income tax, there was no progressivity until 1911, whereas afterwards, progressivity was introduced (Jacobs, 2003). In figure 1, I show the changing effective tax rates over time for different levels of income, corresponding to relatively poor, median, and relatively rich politicians.

In contrast to suffrage extensions and government regulation, fiscal laws have a direct impact on politicians' personal finances almost by definition. Extrapolating from the possibility that politicians might benefit from taxation in terms of public goods, they are personally confronted with expected costs. Under several assumptions, the financial consequences of the acceptance of the law can easily be calculated. To illustrate, using the rates of the 1893 income tax and the 1911 succession law, an estimate of the present value of accepting the law, using $r = 0.03$ and $T = 20$ (the average age at the time of voting is 53, and the average age of death of a politician is 73), we find that the expected present value cost of the acceptance of the 1893 income tax for a politician who earned about 5,000 guilders per year was about 8,000 guilders, and the expected costs of the acceptance of the inheritance tax reforms for a politician with median wealth at death (150,000 guilders) was about 2,500 guilders. These amounts are not trivial: they amount to four times a politician's yearly formal income for the income tax, and one time a politician's formal yearly income for the initial inheritance tax.

After observing that a politician's income and wealth are (mechanically) related, it is easy to see that wealthier politicians experience higher expected costs from acceptance of the law. Hence, I expect that personal interests influence politicians' voting behavior on fiscal legislation, such that richer politicians are *ceteris paribus* less likely to vote in favor of fiscal reforms.

3 Estimating the Effect of Wealth on Voting Behavior

3.1 The Link Between Politician Self-Interest and Voting Behavior

I can build on the work of political economists (Ziblatt, 2006; Lijphart, 1975; Mukand and Rodrik, 2020) to model the effect of ideology and personal wealth on politicians' voting behavior based on observables. In the political economy literature (as in Snyder Jr, 1991; Mian et al., 2010), politicians' preferences are usually modeled as a function of an ideological component, and some component that reflects self-interest. In this context, the decision to accept a law can influence politicians' utility in two ways: first, it is costly if they choose a voting outcome far away from their party ideology, $p_i^* \in [0, 1]$, reflected by the difference between p_i and p_i^*. Second, politicians are supposed to care about the personal financial consequences of accepting the law. Both considerations might lead them to decide upon accepting the laws according to the following framework, based on e.g. Levitt (1996); Mian et al. (2010); Tahoun and Van Lent (2019):

$$U(p_i, C_i) = -(p_i - p_i^*)^2 + \beta \cdot f(p_i, C_i) + \epsilon_i^p \tag{1}$$

where $p_i \in \{0, 1\}$ is the (observed) vote of politician i, and $f(p_i, C_i)$ is a function representing the impact of the acceptance of the law on their own wealth by taking into account potential *personal* cost to the politician $C_i = C(W_i)$. This framework is accommodates parties' ideological considerations, reflected in p_i^*: political parties might have preferences over social and societal outcomes that are be affected by the law. For example, they might be convinced that the particular law increases equality and equity, helps poorer individuals in general, or helps a particular ethnic, religious or economic group (which they may or may not value).

Keeping their moral values and preferences over social outcomes fixed, political parties might also not be convinced that the law in question solves the problem it attempts to solve, or indeed creates additional problems outweighing the initial problem. For this reason, their preferred outcome for such a law would be $p_i^* = 0$. In the Dutch context, opponents of establishing a state pension and other kinds of welfare feared structural government deficits (Slijkerman, 2016). Furthermore, they might be ideologically in favor of free markets, and any government intervention can be thought of as bringing disutility to this group of politicians, which would be reflected in $p_i^* = 1$. In the setting of the Netherlands, some socialists frequently thought that government intervention did not go far enough, and some conservatives thought that it went too far (van der Kolk et al., 2018). This can be reflected in a $p_i^* \in (0, 1)$, meaning that the suffered utility loss is less than somebody who is absolutely against it if accepted or absolutely in favor of it when rejected.

To keep the structure as simple as possible, suppose that:

$$f(p_i, C_i) = \begin{cases} C(W_i) = \log W_i & \text{if } p_i = 1 \\ 0 & \text{if } p_i = 0 \end{cases}$$

indicating that the costs are proportional to $\log W_i$ in case of acceptance. This means that politicians would factor the cost of a law in their decision as if the acceptance would depend only on their vote. Combining this observation with a hypothesized $\beta < 0$, I deduce that the higher a politician's wealth,

the lower the probability they vote in favor of a law. Alternatively, if politicians' self-interest would not influence their decision ($\beta = 0$), there would be no relationship between a politician's personal wealth and the probability of voting in favor of a law.

3.2 Empirical Model

To find out whether self-interest plays a role in politicians' decision-making, I collect voting outcomes on the three ensembles of laws describe in section 2: suffrage extensions, government interventions and fiscal legislation. I use newly-collected probate inventories to obtain a measure of politicians personal wealth at the time of death.[3] Furthermore, I capture a politician's ideology by a classification on the basis of several works by political historians (van den Berg, 1983; Secker, 1991; van den Braak, 1999; Turpijn, 2017; Oomen, 2020), authors of detailed collective biographical works of Dutch politicians. The classification comes from a dataset by the *Parlementair Documentatie Centrum*, assembled on the basis of aforementioned works and under the supervision of the aforementioned authors, and is primarily based on close reading of parliamentary debates, secondary works, and biographical information. I map this very heterogeneous classification to the three basic ideological currents: {Liberal, Confessional, Socialist}.

In previous empirical studies of voting behavior (Kalt and Zupan, 1984; Peltzman, 1984, 1985; Levitt, 1996; Mian et al., 2010), separating ideology from personal and constituent interests has proven difficult because ideological interests and constituent interests were (nearly) perfectly correlated, e.g. richer and more confessional politicians represent districts in which religious shares are higher. In this study, however, I exploit many votes, with many different district-politician combinations, so that there is sufficient variation to separately identify the effects of constituencies, ideology, and personal wealth.

The baseline model involves creating three subsamples based on the three sets of laws $k \in K = \{\text{Suffrage, Gov't Intervention, Fiscal Legislation}\}$, and then pooling the voting decision of politician i on all laws $j \in k$, augmented by law fixed effects. Then, as implied in section 3.1, I model $\Pr(p_i = 1)$ as a function of a politician's wealth and party, augmented by controls:

$$V_{i,k} = \alpha + \beta \cdot \log \text{Wealth}_{i,j} + \delta \cdot \text{Party}_i + \gamma \cdot \text{LawDum}_j + \eta \cdot \text{Controls}_{i,j} + \varepsilon_{i,k}$$

I estimate a linear probability model, as it easily allows for robust standard errors (Wooldridge, 2010) and it is more straightforward to estimate and interpret a model with indicator variables, and to interpret eventual interaction effects (Greene, 2010).

3.3 Control Variables

Aside from the party line and their personal financial interests, politicians also take into account other factors when deciding on their vote: many theories suggest that politicians take into account constituent interests (Duggan and Martinelli, 2017). Others argue that these interests might be more effective depending on electoral competition (Barro, 1973; Ferejohn, 1986). Yet other theories imply that threats of

[3] In the past, researchers have considered indirect proxies of self-interest, such as ideology (Kalt and Zupan, 1984; Peltzman, 1985) or personal shareholdings (Duchin and Sosyura, 2012; Tahoun and Van Lent, 2019). This study arguably uses the most obvious proxy for self-interest, i.e. personal wealth.

instability or revolution might induce politicians to vote (Acemoglu and Robinson, 2000; Aidt et al., 2010). Hence, I include various control variables attempting to capture these factors at the politician-district level. First, to capture economic interests in a particular district, I include the share of the total labor force working in industry, services and agriculture in the closest available year preceding the vote. It is well-known from the historical literature that there are significant regional differences, and industry was located in a few regions (Knippenberg et al., 2000). I also include the proportion of tax-paying individuals as a proxy for local wealth. Moes (2012) documents that landed aristocrats were regionally concentrated in several provinces. Second, to capture revolutionary threat, I include a socialist dummy, indicating whether the politician competed against a socialist, as well as the voting share obtained by socialist candidates. Revolutionary threat has manifested itself during the 1918 attempt at revolution by leading socialist politician Troelstra (Wijne, 1999). Third, as a measure for peaceful agitation, I include a count of strikes in the year preceding the vote in a politician's district. In the late nineteenth century, strikes were increasingly used as a means of pressuring employers, but were geographically concentrated (see e.g. Van der Velden, 2009). Fourth, I include a measure for a district's religious composition: depending on the specification, I include the percentage of Dutch Reformed or Roman Catholic inhabitants. Religion is known to be the dominant factor in Dutch political life, which was expresses in the pillarization system (Lijphart, 2008). Finally, I additionally include various electoral variables (turnout, total vote margin, and nearest competitor margin) to control for possible effects of political competition, and I add several demographic variables, a politician's age at the time of vote, and the age at the time of first entrance into the lower house, as well as a politician's long and short electoral horizons (days to the next election, and years until planned retirement). In appendix B, I summarize all variables and sources used in this study.

3.4 Empirical Challenges

3.4.1 Controlling for Differences in Portfolio Composition

I use probate inventories to measure the wealth of politicians. Probate inventories contain politicians' wealth at the time of decease, but also contain the asset composition. Wealth at the time of decease can be a distorted measure of wealth at the time of voting. However, using return rates, it is possible to adjust a politician's wealth for differential returns in asset classes, effectively controlling for the (potentially distorting) effects of portfolio composition on wealth. I use data on asset class returns provided by Jordà et al. (2019) to estimate a politician's wealth at the time of voting, thereby correcting for differential asset returns to which they might have been exposed over the course of their lifetime. Not doing so might risk overstating differences in wealth between politicians, and potentially overestimating the effect of personal wealth on voting behavior. This procedure also ensures comparability between the wealth levels of politicians who died (and whose wealth was observed) at different points in time. I start out by deflating all observed wealth to 1900 guilders. Then, I use the following recursive relationship to identify a politician's wealth at the time of voting on law k as a function of their (deflated) wealth at death:

$$\text{Wealth}_{i,t+1} = \sum_{J} \text{AssetShare}_{i,j,t} \cdot \text{AssetReturn}_{i,j,[t,t+1]} \tag{2}$$

In words, since a politician's wealth at death, and their portfolio composition (in terms of asset classes) are known and observed, it is possible to estimate the wealth one year before using (average) real returns on asset class j. Applying this recursively yields an estimate of the wealth at the time of voting. In appendix C, I detail the precise assumptions used to match portfolio composition with assets class returns as provided by Jordà et al. (2019). I also show that the collection of inventories did not introduce a selection bias in my data in appendix D.

3.4.2 Endogeneity

Even after correcting for differential wealth returns, politicians' wealth could be endogenously determined, because particular voting behavior might be rewarded by interest groups, and other behavior is not (Ferraz and Finan, 2009; Fisman et al., 2014; Tahoun and Van Lent, 2019). Hence, both wealth and voting behavior could be simultaneously determined. To arrive at an estimate unbiased by endogeneity, it is necessary to either find a measure of initial wealth that is measured before politicians' wealth is affected by their voting behavior.

Early deaths: To this end, I make use of politicians who died relatively recently after having cast their votes in any of these laws. If these deaths are random with respect to voting behavior, and if the relationship between wealth and voting behavior is the same for this subpopulation as for all other politicians, the distortion in estimates due to endogeneity is negligible. I use a dummy variable indicating whether a politician died within $x \in \{2, 5\}$ years after having cast the vote on a particular law, and estimate the following model:

$$V_{i,k} = \alpha + \beta_1 \cdot \log \text{Wealth}_{i,j} + \beta_2 \cdot \text{Died within X years}_i + \beta_3 \cdot \text{Wealth x Died within X years}_{i,j} + \beta_4 \cdot \text{Party}_i + \beta_5 \cdot \text{LawDum}_j + \gamma \cdot \text{Controls}_{i,j} + \varepsilon_{i,k} \quad (3)$$

A politician who died fairly recently after a certain vote has less time to accrue rents from voting behavior after their political career, for example, in a lucrative function that they have occupied after their political career. Hence, it is likely that the simultaneity bias is attenuated for these observations. Secondly, the fact that a politician died closely after voting makes their wealth at death a good proxy for their initial wealth, on the basis of which they initially decided to vote. If the bias is strong, we would observe a large discrepancy in the influence of wealth on voting behavior between politicians who died later after having voted, thus having enough time to accrue rents, and politicians who died relatively shortly after having voting. On the other hand, if endogeneity plays a small role, we expect β_3 to be insignificant. On the other hand, if the bias is large (and the effect of wealth on voting behavior is present) we would observe a β_1 and β_3 that are widely different in magnitude.

Instrumental variable: Another alternative to eliminate endogeneity from the estimates is using exogenous variation that is correlated to wealth, while at the same time being uncorrelated to a politician's ideology (Angrist and Pischke, 2008; Wooldridge, 2010). To that end, I find the professions of the fathers of politicians, using mainly the *Biographical Dictionary of the Netherlands* and genealogy websites, and construct an indicator variables indicating whether the father of politician i was a politician's father has

ever been a politician (at any level) or not:

$$Z_i = \begin{cases} 1 & \text{if father of politician } i \text{ was active in politics} \\ 0 & \text{otherwise} \end{cases}$$

First, concerning the relevance of this instrument, politicians whose fathers were ever active in politics tend to be wealthier than politicians whose fathers were not. Validity of this instrument implies there is no direct effect of being a member of a political family on voting behavior, conditional on political party, and other controls. In appendix E, I discuss threats to identification, and argue against their plausibility, and provide robustness checks. In the past, researchers have used similar instruments to account for the endogeneity of wealth. Meer et al. (2003) used inheritances as an instrument for wealth, whereas Tahoun and Van Lent (2019) uses returns from a retirement plan, and Hilber and Liu (2008) use the occupation of the parents, parental education level, and parental income.

3.5 Descriptive Statistics

In table 2, I show the descriptive statistics of all covariates in the empirical analysis. The median politician has an estimated deflated wealth of about 35,000 guilders, with ample within-category variation: standard deviations are generally very high, and there are politicians with a negative net wealth as well as politicians with a very high net wealth. The composition of the labor force in the districts they represent is such that industry shares hover around the 35 percent, with a large standard deviation, agricultural shares around 10 percent and services taking up the rest. On average about 5% of the district's inhabitants were tax-liable, and there were about 2 (suffrage extensions), 8 or 9 (government intervention and fiscal legislation) strikes in politicians' districts in the year preceding the vote. In the elections preceding suffrage extensions, there was almost no competition from socialists, whereas in elections preceding votes on government intervention and fiscal legislation, the socialist share of votes climbed substantially. Similarly, the turnout in those elections was higher on average for government intervention and fiscal legislation, than for suffrage extension. At the time of vote, politicians are on average about 52 years old, and have been member of parliament for about 10 years. Districts were on average 34% Catholic, and about 60% Protestant.

[table 2 here]

4 Analysis

4.1 OLS Estimates

I start by estimating the influence of a politician's personal wealth on their voting behavior by providing OLS estimates. I show results analyzing the lower house voting outcomes. In table 3, I show results on laws pertaining to suffrage extensions. I start with a baseline model including only a politician's estimated wealth at the time of voting, augmented by political party dummies and law dummies. Gradually, I add several control variables to the model. The results demonstrate an absence of the influence of personal wealth on voting behavior in these laws: the point estimate is negative, but close to zero in most specifications. The coefficient on personal wealth is also never significant.

[Table 3 and table 4 here]

Furthermore, the results demonstrate that the most important driver of suffrage extension is party alignment. This can be interpreted in two ways: either politician's ideology is the dominant factor in motivating their voting behavior on suffrage extensions, or party discipline has been sufficiently strong to dominate all other incentives. This contradicts findings in several other countries (Przeworski, 2009; Aidt and Franck, 2015, 2019), in that proxies for revolutionary threat are not associated with an increased propensity to vote for suffrage extension. No other control variable is significantly associated with adoption, including the number of strikes in a representative's district, nor the turnout or the margin to the nearest competitor in the last election.

Secondly, in table 4, I show the results of a parallel analysis for laws establishing government intervention. These results show also that the effect of personal wealth is absent, as hypothesized. The point estimate in almost all regressions is not far away from zero, and is insignificant in all cases. In contrast to the results in table 3, the results on government intervention show a consistent effect of strikes on the propensity to adopt legislation: politicians in districts with more strikes have an increased propensity of voting in favor of (progressive) reforms. Electoral turnout is also associated with a higher propensity to vote in favor. This can have various interpretations: politicians who were planning to vote for government intervention were popular and experienced a higher turnout. Secondly, it could be that these elections were especially competitive, and the competition induced them to vote in favor of (popular) government intervention. Both of these explanations imply a certain extent of electoral responsiveness (Duggan and Martinelli, 2017), but the second is less plausible given the absence of significance on the coefficient of Margin to Nearest Competitor.

Next, in table 5, I further investigate the influence of wealth on the propensity to vote in favor of fiscal legislation. Because fiscal legislation has a direct impact on politicians' personal wealth, the latter is expected to influence politicians' voting behavior. I estimate the same models as in tables 3 and 4.

[Table 5 here]

In nearly all specifications, there is a consistent negative coefficient on personal wealth, significant at the 5%-level. This indicates that personal wealth played an important role for politicians in deciding

whether to vote in favor or against the law. The coefficient estimate varies from -0.020 in a parsimonious model to -0.027 in a full model, indicating that a 1% increase in wealth would cause a decline in the propensity to vote in favor of fiscal legislation with 0.27% percentage points. Secondly, I find that the Roman Catholic share of the population in the district is significantly negatively related to the probability to accept fiscal legislation. Catholics, nationally a minority, might have felt less need to contribute to the state compared to their Protestant counterparts, consistent with other documented differences between Catholics and Protestants elsewhere (Becker and Woessmann, 2009). Outside personal wealth, religious composition, ideology or party discipline, none of the other variables is significantly related to the adoption of fiscal legislation.

To find out to what extent the effect can be generalized to the other representative body, the upper house, I contrast the results within the upper and lower houses in tables 6. In contrast to the lower house, the upper house was charged with judicial testing of the coherency of accepted law projects by the lower house, and formally, it had no explicit role of defending the interest of particular constituents (van den Braak, 1999). Furthermore, eligibility in the upper house was restricted on the basis of individual's wealth, restricting the upper house to extremely wealthy individuals. I stepwise include party dummies supplemented by law dummies, giving a *within-law*, *within-party* estimate of the effect of wealth on the propensity to vote. The results are provided without an extensive set of control variables owing to the indirect nature of upper house elections, so that these politicians do not represent a district.

[Tables 6 here]

Surprisingly, the results show that, once I control for the influence of party and law fixed effects, the correlation between personal wealth and the propensity to vote in favor of fiscal legislation is only present in the lower house. In the upper house, the relationship appears to be spurious and disappears after adequately controlling for differences between parliaments. A possible explanation could be that upper house members are more constrained than their lower house counterparts, with a role that is more explicitly technocratic and legal, thus leaving no opportunity to pursue their own interests. Alternatively, the marginal utility of wealth might be so low that the price of accepting fiscal legislation relative to its ideological or other effects is minimal. In this interpretation, the lower house, where average, median, but also maximum wealth levels are lower than in the upper house, might attach a much higher marginal utility to personal wealth.

4.2 Isolating the Effect of Wealth

The estimates provided in the previous section might suffer from endogeneity bias. In particular, politicians' personal wealth and voting behavior might be simultaneously determined: politicians might have been rewarded in terms of wealth based on their voting profile (e.g. Fisman et al., 2014). If politicians who voted *against* fiscal legislation were positively rewarded by interest groups, this might lead to an overestimation of the effect of personal wealth. In table 7, I make use of the exogenous times of death of politicians to disprove such an explanation. I estimate the differential effect of personal wealth between politicians who die early and who die late. In the present analysis, I use a cutoff of two years before politicians can

reap the rewards for their voting behavior.[4] Now, if there were a strong rewards for voting, the estimates for the effect of personal wealth on voting behavior would differ sharply between politicians who died early and those that did not, and there would also have been a sharp baseline difference in wealth.

[Table 7 here]

The results in table 7 show no significant interaction effects, indicating the effect of voting behavior on wealth is the same for both groups, and there are also no significant differences in baseline wealth rates for politicians that died within two years and politicians that did not. Even though the point estimates on the interaction between personal wealth and died within two years are always in the opposite direction of the original effect of personal wealth, the difference is never significant. This result is corroborated if I expand the threshold from 2 years to e.g. 5 years, making the group of politicians who died within that timeframe larger. This indicates that the explanation above likely does not play a large role in shaping the relationship between personal wealth and voting behavior. The absence of clear rewards from voting behavior is also consistent with historical accounts of parliament being relatively unpredictable (Van den Berg and Vis, 2013). The coefficient estimates on personal wealth in these regressions are somewhat stronger than in the baseline OLS estimates: these models imply that a 1% increase in wealth would lead to a decreased propensity of 0.04 percentage points to vote in favor of fiscal legislation.

Next, to further isolate the causal effect of personal wealth on I employ instrumental variable estimation. As an instrument, I use an indicator whether a politician's father has been active in politics, no matter on what level. Among comparable variables that I construct from professional information, this variable has the highest predictive power over the endogenous variable. Politicians whose fathers were active in politics tend to be much wealthier than politicians whose fathers did not, and controlled for political party affiliation, it is not likely that having a father in politics influences politicians' voting behavior. In appendix E, I argue against threats to identification, and conduct some robustness tests.

In table 8, I show the results of the first-stage and IV estimates. In columns 1-2, I start with a parsimonious model, which I expand to religious shares and strikes in columns 3-4. In columns 5-6, I estimate a full model, with the exception of controlling for the professional composition of a district, due to limited data availability. In columns 7-8, I add this variable to the model.

[Table 8 here]

The estimates show a convincing negative effect of personal wealth on voting behavior, with a magnitude that exceeds the OLS estimates. The magnitudes of the coefficients now imply that a 1% increase in wealth causes a $0.6\$$ to 0.8% decrease in the propensity to vote in favor of fiscal legislation. In some estimates, the effect is even stronger. In the first-stage regression, Father Politician is always a significant predictor of a politician's personal wealth, no matter the added controls.

Turning to the control variables, these estimates are in line with the OLS results. First, it seems that there is a consistent negative relationship between the share of Catholics in a districts and the propensity to vote in favor of fiscal reforms. Second, there also seems to be some evidence for a negative relationship

[4] In appendix **??**, I show that the results are not sensitive to the particular cut-off chosen.

between the socialist share in an election and the propensity to vote in favor of fiscal legislation, in contrast to what it suggested by the threat of revolution-hypothesis (Acemoglu and Robinson, 2000; Aidt and Jensen, 2014). A possible interpretation could be that in those districts where socialists did well, the winning politician might have been backed by a strong electorate which preferred a different policy profile, which was subsequently put into practice by the delegate. In all IV estimates, political party remains the dominant explanatory variable for voting behavior, although adding more variables to the equation weakens the party effect in favor of the personal wealth and catholic share effects.

4.3 Sensitivity of the Estimates

In table 8, I investigate the sensitivity of the results with respect to slightly different variable definitions. In particular, I now use a Protestant demographic share in the district, and use an indicator variable measuring whether a politician competed against a socialist. I also include the share of the labor force active in agriculture, and include a politician's age at the time of vote. The effect of personal wealth on the propensity to vote in favor of fiscal legislation is fairly insensitive to changes in specification. If anything, the effect tends to be slightly stronger in comparison to table 8, and are highly significant. Instrument relevance is also not affected by these choices.

The results in table 9 also show that more control variables attain significance. In particular, it seems that there is a strong negative effect of having competed against a socialist, with the likely explanation of competition. The Protestant share shows a coefficient sign opposite to the Catholic share coefficient in table 8, and the magnitude is almost identical. In the last equation, there is also a negative influence of a districts agricultural share. This is in line with the intuition that agricultural districts tend to be more fiscally conservative.

[Tables 9, 10 here]

In table 10, I show IV estimates using a different instrument, expected inheritance, defined as parental wealth over the number of brothers and sisters. Due to the limited availability of the documents, the sample size for this analysis is significantly smaller. The results show that the effect of personal wealth on the propensity to vote in favor of fiscal legislation is still significant and negative. Its magnitude is slightly smaller than in the preceding analyses, but still larger than in the OLS estimates. The first-stage results also show that the instrument is significantly related to a politician's wealth at the time of voting in all equations, and is not strongly affected by the choice of control variables.

All in all, the results show that politicians' personal wealth is significantly related to the tendency to vote in favor of fiscal legislation.

In the online appendix, I show further robustness checks. I particularly investigate the sensitivity to the results with respect to the independent variable, and whether the wealth correction matters. I also show results using slightly different versions of the instrumental variable, and show intermediate models.

5 Interpretation and Conclusion

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Figures and Tables

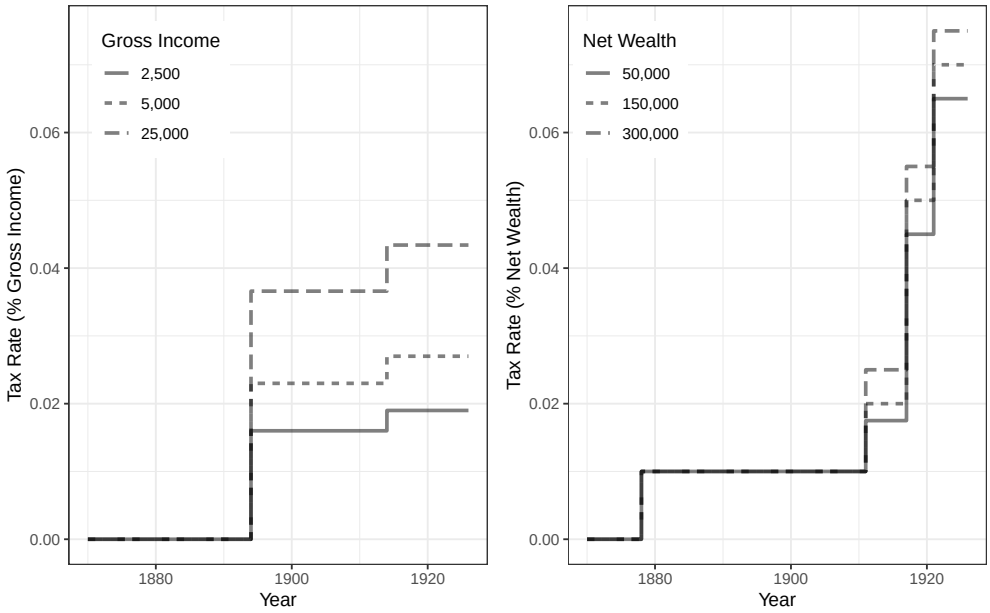

Figure 1: Increases in Tax Burden from Fiscal Legislation

Table 1: Dissent in Voting Behavior in Key Laws

				Party Line			Dissent		
Category	Law	Year	N	confessional	liberal	socialist	confessional	liberal	socialist
Suffrage Extension	Kieswet	1872	67	0	1	-	0.21	0.21	-
		1887	81	1	1	-	0.34	0.03	-
		1892	98	0	1	1	0.15	0.35	0.00
		1896	91	1	1	1	0.42	0.15	0.00
		1918	72	1	1	1	0.30	0.00	0.00
Gov't Intervention	Kinderwetje	1874	65	1	1	-	0.12	0.05	-
	Leerplichtwet	1901	99	0	1	1	0.07	0.05	0.36
	Ongevallenwet	1901	93	1	1	1	0.27	0.05	0.00
	Woningwet	1901	75	1	1	1	0.13	0.00	0.00
	Antistakingswet	1903	96	0	0	1	0.00	0.00	0.06
	Hoger Onderwijswet	1904	98	0	1	1	0.02	0.00	0.00
	Arbeidscontractwet	1907	86	0	1	1	0.02	0.00	0.00
	Wet Ouderdom Invaliditeit	1913	89	0	1	1	0.00	0.00	0.00
	Ziektewet	1913	80	1	0	0	0.04	0.00	0.50
	Amendement Presentiegeld	1916	77	0	0	0	0.47	0.30	0.38
	Staatspensioen	1916	86	0	1	1	0.03	0.00	0.00
	Arbeidswet	1919	71	1	1	1	0.00	0.00	0.14
Fiscal Legislation	Successiewet	1878	80	0	1	-	0.29	0.08	-
		1911	68	1	1	1	0.14	0.00	0.00
		1916	77	0	1	1	0.17	0.00	0.00
		1921	72	1	0	1	0.26	0.50	0.00
	Inkomstenbelasting	1893	89	0	1	0	0.31	0.12	0.50
		1914	79	1	1	1	0.32	0.00	0.00
	Staatsschuldwet	1914	84	0	0	1	0.00	0.11	0.09

Party Line is defined as the median vote per party: 1 corresponds to 'Yes', 0 to 'No'.

Dissent is defined as the percentage of politicians of each faction having voted against the party line.

Table 2: Descriptive Statistics

	Suffrage Extension (N=409)			Gov't Intervention (N=1015)			Fiscal Legislation (N=549)		
	Mean	Median	SD	Mean	Median	SD	Mean	Median	SD
Vote	0.65	1.00	0.48	0.60	1.00	0.49	0.65	1.00	0.48
Personal Wealth	150 571.02	46 888.74	306 543.73	128 635.07	26 972.07	304 165.53	123 539.46	33 808.06	252 402.60
% District in Agriculture	0.09	0.06	0.10	0.13	0.08	0.12	0.11	0.06	0.11
% District in Industry	0.33	0.31	0.08	0.36	0.33	0.10	0.35	0.32	0.09
% District in Services	0.58	0.63	0.15	0.51	0.58	0.18	0.54	0.60	0.17
Share District in Tot. Taxes	0.02	0.00	0.04	0.01	0.00	0.02	0.01	0.00	0.03
Share Tax Liable in District	0.05	0.05	0.01	0.05	0.05	0.01	0.05	0.05	0.01
Number of Strikes	1.71	0.00	6.48	8.07	1.00	20.25	9.71	0.00	28.43
Vote Share	0.37	0.29	0.29	0.40	0.49	0.26	0.40	0.40	0.25
Competed Against Socialist	0.00	0.00	0.00	0.44	0.00	0.50	0.54	1.00	0.50
% Socialist Vote in District	0.00	0.00	0.00	0.13	0.00	0.21	0.18	0.03	0.24
Turnout	0.65	0.69	0.20	0.75	0.78	0.15	0.75	0.80	0.17
Margin to Nearest Competitor	0.13	0.03	0.21	0.15	0.05	0.21	0.14	0.05	0.20
Tenure	8.80	6.30	7.90	9.79	7.47	8.25	10.02	8.45	8.79
Long Electoral Horizon	9.85	6.99	8.77	9.71	7.24	8.54	9.36	6.39	8.29
Age at Time of Vote	52.02	51.19	9.65	52.81	51.78	10.47	52.91	51.84	10.49
Age at Entry	43.22	41.57	8.89	43.02	41.62	8.94	42.89	40.96	8.81
% Catholic	0.34	0.25	0.30	0.36	0.27	0.30	0.34	0.27	0.28
% Dutch Reformed (Hervormd)	0.50	0.56	0.24	0.49	0.55	0.24	0.50	0.55	0.22
% Dutch Reformed (Geref.)	0.08	0.07	0.07	0.08	0.07	0.06	0.08	0.07	0.07

Table 3: OLS Estimates of Wealth on the Propensity to Vote for Suffrage Expansion

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Personal Wealth	−0.001	−0.010	−0.012	−0.009	−0.009	−0.007	−0.007	−0.013
	(0.017)	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)	(0.020)	(0.021)
Number of Strikes		0.006*	0.004	0.005	0.004	0.004	0.005	0.004
		(0.003)	(0.003)	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)
Vote Share			−0.144	−0.144	−0.151	−0.075	−0.078	−0.092
			(0.105)	(0.105)	(0.106)	(0.163)	(0.164)	(0.168)
Age at Time of Vote				−0.003	−0.003	−0.003	−0.003	−0.003
				(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Turnout					−0.020	−0.038	−0.039	−0.057
					(0.158)	(0.163)	(0.164)	(0.167)
Margin to Nearest Competitor						−0.147	−0.145	−0.132
						(0.190)	(0.190)	(0.197)
Tenure							−0.321	−0.138
							(1.516)	(1.563)
Share Catholic								−0.043
								(0.122)
Liberal	0.418***	0.419***	0.412***	0.406***	0.401***	0.402***	0.402***	0.382***
	(0.055)	(0.057)	(0.058)	(0.058)	(0.059)	(0.059)	(0.059)	(0.071)
Socialist	0.529***	0.660***	0.663***	0.615***	0.608***	0.588***	0.583***	0.580***
	(0.084)	(0.092)	(0.088)	(0.099)	(0.102)	(0.110)	(0.112)	(0.123)
Law Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	265	246	246	246	245	245	245	243
Adj. R2	0.29	0.28	0.28	0.28	0.28	0.28	0.28	0.27

Vote is defined as 1 if the politician is in favor of the reform, 0 otherwise.

The reference political allegiance is confessional. Personal Wealth is defined as log(1+Wealth at Time of Vote).

Heteroskedasticity-robust standard errors in parenthesis. Results for lower house voting outcomes.

* p < 0.1, ** p < 0.05, *** p < 0.01

Table 4: OLS Estimates of Wealth on the Propensity to Vote for Government Intervention

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Personal Wealth	−0.001	−0.001	0.000	0.000	−0.001	−0.001	−0.001	−0.001
	(0.008)	(0.008)	(0.008)	(0.008)	(0.009)	(0.009)	(0.009)	(0.009)
Number of Strikes		0.002*	0.002*	0.002**	0.002**	0.002**	0.002**	0.002**
		(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Vote Share			0.021	0.014	0.051	0.103	0.104	0.078
			(0.062)	(0.062)	(0.065)	(0.097)	(0.100)	(0.102)
Share Socialist Vote in District				−0.085	−0.108	−0.116	−0.116	−0.083
				(0.117)	(0.117)	(0.118)	(0.118)	(0.122)
Turnout					0.253*	0.252*	0.253*	0.284**
					(0.129)	(0.129)	(0.132)	(0.136)
Margin to Nearest Competitor						−0.088	−0.088	−0.086
						(0.124)	(0.124)	(0.125)
Tenure							0.041	0.135
							(0.821)	(0.848)
Share Catholic								0.071
								(0.076)
Liberal	0.428***	0.427***	0.427***	0.433***	0.431***	0.428***	0.428***	0.439***
	(0.036)	(0.037)	(0.037)	(0.038)	(0.038)	(0.038)	(0.039)	(0.043)
Socialist	0.499***	0.500***	0.502***	0.499***	0.500***	0.498***	0.498***	0.521***
	(0.050)	(0.053)	(0.054)	(0.057)	(0.057)	(0.057)	(0.058)	(0.062)
Law Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	573	556	556	545	543	543	543	530
Adj. R2	0.44	0.44	0.44	0.43	0.44	0.44	0.43	0.43

Vote is defined as 1 if the politician is in favor of the reform, 0 otherwise.

The reference political allegiance is confessional. Personal Wealth is defined as log(1+Wealth at Time of Vote).

Heteroskedasticity-robust standard errors in parenthesis. Results for lower house voting outcomes.

* p < 0.1, ** p < 0.05, *** p < 0.01

Table 5: OLS Estimates of Wealth on the Propensity to Vote for Fiscal Legislation

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Personal Wealth	−0.026**	−0.020*	−0.021*	−0.021*	−0.022*	−0.022*	−0.022*	−0.027**
	(0.012)	(0.012)	(0.012)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)
Number of Strikes		0.000	0.000	0.001	0.001	0.001	0.001	0.001
		(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Vote Share			−0.056	−0.059	−0.046	0.013	0.018	0.053
			(0.085)	(0.086)	(0.086)	(0.137)	(0.144)	(0.138)
Share Socialist Vote in District				−0.185	−0.202*	−0.211*	−0.210*	−0.187
				(0.123)	(0.122)	(0.122)	(0.122)	(0.123)
Turnout					0.155	0.137	0.140	0.040
					(0.142)	(0.150)	(0.150)	(0.144)
Margin to Nearest Competitor						−0.097	−0.100	−0.071
						(0.178)	(0.180)	(0.177)
Tenure							0.168	−0.068
							(0.884)	(0.901)
Share Catholic								−0.311***
								(0.112)
Liberal	0.506***	0.527***	0.522***	0.548***	0.552***	0.550***	0.550***	0.456***
	(0.045)	(0.045)	(0.046)	(0.053)	(0.053)	(0.054)	(0.054)	(0.066)
Socialist	0.633***	0.662***	0.650***	0.698***	0.705***	0.704***	0.706***	0.586***
	(0.060)	(0.064)	(0.066)	(0.080)	(0.079)	(0.079)	(0.080)	(0.092)
Law Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	313	295	295	289	289	289	289	283
Adj. R2	0.45	0.47	0.47	0.47	0.47	0.47	0.47	0.48

Vote is defined as 1 if the politician is in favor of the reform, 0 otherwise.

The reference political allegiance is confessional. Personal Wealth is defined as log(1+Wealth at Time of Vote).

Heteroskedasticity-robust standard errors in parenthesis. Results for lower house voting outcomes.

* p < 0.1, ** p < 0.05, *** p < 0.01

Table 6: OLS Estimates of Wealth on the Propensity to Vote for Fiscal Reforms

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Personal Wealth	−0.024**	−0.018*	−0.022	−0.031**	−0.016	−0.026**	0.003
	(0.011)	(0.010)	(0.013)	(0.014)	(0.010)	(0.012)	(0.014)
Liberal		0.386***	0.485***	0.231***	0.408***	0.506***	0.358***
		(0.042)	(0.053)	(0.066)	(0.041)	(0.045)	(0.062)
Socialist		0.469***	0.569***	0.293***	0.475***	0.633***	0.342***
		(0.049)	(0.059)	(0.077)	(0.051)	(0.061)	(0.111)
House	Both	Both	Tweede Kamer	Eerste Kamer	Both	Tweede Kamer	Eerste Kamer
Law Fixed Effects	No	No	No	No	Yes	Yes	Yes
N	482	480	313	167	480	313	167
Adj. R2	0.01	0.19	0.28	0.09	0.30	0.45	0.38

Vote is defined as 1 if the politician is in favor of the reform, 0 otherwise.

Personal Wealth is defined as log(1+Wealth at Time of Vote).

Heteroskedasticity-robust standard errors in parentheses. The reference political allegiance is confessional.

* p < 0.1, ** p < 0.05, *** p < 0.01

Table 7: OLS Estimates of Wealth on the Propensity to Vote for Fiscal Reforms - Endogeneity Test

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Personal Wealth	−0.041**	−0.038**	−0.037**	−0.036**	−0.036**	−0.036**	−0.037**	−0.039**
	(0.016)	(0.017)	(0.017)	(0.017)	(0.018)	(0.018)	(0.018)	(0.018)
Died W 2 Yrs	−0.397	−0.425*	−0.410	−0.377	−0.366	−0.354	−0.360	−0.286
	(0.241)	(0.250)	(0.256)	(0.265)	(0.266)	(0.269)	(0.271)	(0.272)
Personal Wealth x Died W 2 Yrs	0.034	0.036	0.035	0.031	0.030	0.029	0.030	0.025
	(0.022)	(0.023)	(0.024)	(0.024)	(0.024)	(0.025)	(0.025)	(0.025)
Number of Strikes		0.000	0.000	0.000	0.001	0.001	0.001	0.001
		(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Vote Share			−0.036	−0.041	−0.029	0.009	0.018	0.056
			(0.087)	(0.088)	(0.089)	(0.143)	(0.151)	(0.147)
Share Socialist Vote in District				−0.194	−0.211*	−0.216*	−0.215*	−0.188
				(0.126)	(0.125)	(0.126)	(0.127)	(0.128)
Turnout					0.150	0.139	0.144	0.042
					(0.145)	(0.156)	(0.158)	(0.154)
Margin to Nearest Competitor						−0.063	−0.067	−0.052
						(0.187)	(0.191)	(0.191)
Tenure							0.001	0.000
							(0.003)	(0.003)
Share Catholic								−0.301**
								(0.116)
Liberal	0.500***	0.523***	0.520***	0.547***	0.551***	0.550***	0.550***	0.460***
	(0.047)	(0.047)	(0.048)	(0.055)	(0.054)	(0.055)	(0.055)	(0.068)
Socialist	0.629***	0.664***	0.656***	0.706***	0.713***	0.712***	0.715***	0.596***
	(0.061)	(0.066)	(0.069)	(0.083)	(0.082)	(0.082)	(0.084)	(0.097)
Law Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	313	295	295	289	289	289	289	283
Adj. R2	0.45	0.48	0.48	0.47	0.47	0.47	0.47	0.48

Vote is defined as 1 if the politician is in favor of the reform, 0 otherwise.

The reference political allegiance is confessional. Personal Wealth is defined as log(1+Wealth at Time of Vote).

Heteroskedasticity-robust standard errors in parenthesis. Results for lower house voting outcomes.

* p < 0.1, ** p < 0.05, *** p < 0.01

Table 8: IV Estimates of Wealth on the Propensity to Vote for Fiscal Reforms

	Personal Wealth	Vote	Personal Wealth	Vote	Personal Wealth	Vote	Personal Wealth	Vote
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Father Politician	1.308***		1.287***		1.253***		1.679***	
	(0.179)		(0.183)		(0.186)		(0.221)	
Personal Wealth		−0.055		−0.068*		−0.070*		−0.078**
		(0.037)		(0.039)		(0.040)		(0.036)
Number of Strikes			0.001	0.000	0.003	0.001	0.030	−0.005
			(0.005)	(0.001)	(0.005)	(0.001)	(0.018)	(0.004)
Share Catholic			−0.670	−0.348***	−0.419	−0.334***	−0.447	−0.405***
			(0.415)	(0.107)	(0.434)	(0.111)	(0.496)	(0.133)
Vote Share					0.295	0.048	−0.022	0.043
					(0.664)	(0.139)	(0.666)	(0.161)
Share Socialist Vote in District					−0.787	−0.237**	−2.045***	−0.210
					(0.628)	(0.119)	(0.649)	(0.161)
Turnout					0.298	0.060	0.637	−0.045
					(0.804)	(0.151)	(0.798)	(0.170)
Margin to Nearest Competitor					−0.299	−0.089	−0.168	−0.011
					(0.761)	(0.182)	(0.743)	(0.201)
Tenure					0.035***	0.001	0.035***	0.000
					(0.010)	(0.003)	(0.013)	(0.003)
Share District in Industry							0.873	−0.015
							(1.220)	(0.331)
Liberal	0.523***	0.528***	0.325	0.439***	0.539**	0.476***	0.612**	0.485***
	(0.185)	(0.047)	(0.224)	(0.057)	(0.253)	(0.066)	(0.287)	(0.079)
Socialist	−0.625*	0.601***	−0.629	0.478***	−0.144	0.560***	1.633***	0.569***
	(0.349)	(0.070)	(0.421)	(0.085)	(0.522)	(0.091)	(0.486)	(0.117)
Law Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
F-Stat. First stage		36.81		32.05		29.77		44.27
N	312	312	287	287	285	285	209	209
Adj. R2	0.21	0.45	0.16	0.47	0.18	0.46	0.25	0.43

The reference political allegiance is confessional. Vote is defined as 1 if the politician is in favor of the reform, 0 otherwise.

Personal Wealth is defined as log(1+Wealth at Death), and instrumented by Fathers profession.

Heteroskedasticity-robust standard errors in parenthesis. Results for lower house voting outcomes.

* p < 0.1, ** p < 0.05, *** p < 0.01

Table 9: IV Estimates of Wealth on the Propensity to Vote for Fiscal Reforms

	Personal Wealth	Vote	Personal Wealth	Vote	Personal Wealth	Vote	Personal Wealth	Vote
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Father Politician	1.308***		1.252***		1.292***		1.564***	
	(0.179)		(0.183)		(0.188)		(0.226)	
Personal Wealth		−0.055		−0.077*		−0.081**		−0.092**
		(0.037)		(0.041)		(0.040)		(0.038)
Number of Strikes			0.003	0.001	0.002	0.001	0.036*	−0.007*
			(0.006)	(0.001)	(0.005)	(0.001)	(0.018)	(0.004)
Share Protestant (Hervormd)			1.043**	0.418***	0.951*	0.424***	0.936	0.549***
			(0.524)	(0.138)	(0.553)	(0.141)	(0.620)	(0.160)
Vote Share					−0.028	0.028	−0.581	0.009
					(0.628)	(0.131)	(0.617)	(0.140)
Competed Against Socialist					−0.373	0.069	−0.794**	−0.006
					(0.266)	(0.087)	(0.381)	(0.129)
Age at Time of Vote					0.037***	−0.003	0.020**	−0.005**
					(0.009)	(0.002)	(0.010)	(0.002)
Turnout					0.283	−0.059	0.472	−0.153
					(0.830)	(0.157)	(0.808)	(0.171)
Margin to Nearest Competitor					0.152	−0.096	0.587	0.015
					(0.723)	(0.174)	(0.703)	(0.186)
Share District in Agriculture							−0.739	−0.560**
							(0.970)	(0.269)
Liberal	0.523***	0.528***	0.268	0.444***	0.281	0.435***	0.182	0.429***
	(0.185)	(0.047)	(0.235)	(0.058)	(0.239)	(0.060)	(0.285)	(0.073)
Socialist	−0.625*	0.601***	−0.677	0.485***	−0.239	0.431***	0.913**	0.486***
	(0.349)	(0.070)	(0.425)	(0.086)	(0.429)	(0.085)	(0.437)	(0.103)
Law Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
F-Stat. First stage		36.81		30.1		31.9		35.92
N	312	312	287	287	285	285	209	209
Adj. R2	0.21	0.45	0.16	0.46	0.19	0.44	0.21	0.43

The reference political allegiance is confessional. Vote is defined as 1 if the politician is in favor of the reform, 0 otherwise.

Personal Wealth is defined as log(1+Wealth at Death), and instrumented by Fathers profession.

Heteroskedasticity-robust standard errors in parenthesis. Results for lower house voting outcomes.

* p < 0.1, ** p < 0.05, *** p < 0.01

Table 10: IV Estimates of Wealth on the Propensity to Vote for Fiscal Reforms

	Personal Wealth	Vote	Personal Wealth	Vote	Personal Wealth	Vote	Personal Wealth	Vote
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Expected Inheritance	0.222***		0.218***		0.204***		0.165***	
	(0.054)		(0.054)		(0.056)		(0.059)	
Personal Wealth		−0.053***		−0.051**		−0.064***		−0.059*
		(0.019)		(0.020)		(0.020)		(0.032)
Number of Strikes			0.000	0.000	0.001	0.001	0.029	−0.011
			(0.005)	(0.001)	(0.005)	(0.001)	(0.051)	(0.013)
Share Catholic			−0.775	−0.145	−0.411	−0.159	−0.708	−0.302
			(0.494)	(0.148)	(0.498)	(0.165)	(0.622)	(0.210)
Vote Share					1.349*	0.180	0.883	0.270
					(0.685)	(0.195)	(0.754)	(0.225)
Share Socialist Vote in District					−0.578	−0.294**	−1.339*	−0.263
					(0.690)	(0.138)	(0.792)	(0.213)
Turnout					−1.787*	0.021	−1.013	−0.055
					(1.033)	(0.217)	(1.109)	(0.246)
Margin to Nearest Competitor					−2.066***	−0.204	−1.798***	−0.201
					(0.651)	(0.256)	(0.669)	(0.291)
Tenure					0.046***	0.003	0.040***	0.000
					(0.012)	(0.004)	(0.014)	(0.004)
Share District in Industry							−0.033	0.481
							(1.843)	(0.431)
Liberal	0.395	0.472***	0.096	0.425***	0.378	0.470***	0.268	0.458***
	(0.243)	(0.060)	(0.307)	(0.085)	(0.338)	(0.097)	(0.431)	(0.125)
Socialist	−1.186***	0.576***	−1.346**	0.504***	−0.905	0.588***	0.200	0.596***
	(0.445)	(0.078)	(0.521)	(0.107)	(0.630)	(0.120)	(0.621)	(0.164)
Law Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
F-Stat. First stage		23.27		21		18.65		11.46
N	182	182	167	167	165	165	117	117
Adj. R2	0.20	0.49	0.15	0.49	0.20	0.48	0.12	0.46

The reference political allegiance is confessional. Vote is defined as 1 if the politician is in favor of the reform, 0 otherwise.

Personal Wealth is defined as log(1+Wealth at Death), and instrumented by Expected inheritance.

Heteroskedasticity-robust standard errors in parentheses. Results for lower house voting outcomes.

* p < 0.1, ** p < 0.05, *** p < 0.01

A Politicians & Reform

A.1 Electoral and Institutional Reforms

Before 1848, Dutch government institutions were centralized around the figure of the King, who held most of the power, surrounded by technocrats and loyalists. The revolutions and turmoil elsewhere in Europe in 1848 frightened the King, after which he requested the leading liberal politician to write a blueprint for a new constitution, signifying the end of the absolute monarchy and the beginning of a liberal, more democratic era. From 1848 onward, government formation and legislative power were subjected to parliamentary control. Parliament, in turn, consisted of the lower and upper houses: the lower house being a representative body, its delegate charged with representing their district, whereas formally, the upper house would occupy itself with legal coherence and would serve as a buffer against demagoguery and rash policy-making (De Jong, 1999). Van den Berg and Vis (2013) characterize the period between 1848 and the first constitutional reforms in 1887 as a highly unpredictable period, where every roll call vote was crowded in uncertainty. Not only the case in laws attempting to extend the franchise, ministers could choose to either present the parliament with possibilities to introduce amendments, but they could also "try their luck", and mandate that the law would be subject to a vote right away. Both of these trajectories were frequently chosen. The relationship between parliament and executive government was yet to be fulled established and norms were being developed. For example, only in the 1870's it became the norm that governments resigned following general elections (Van den Berg and Vis, 2013).

The political battle was far from over, however, in 1848. The 1848 Constitution marked a turning point after which it was anticipated that the country would embark on a trajectory towards suffrage expansion, and likely universal suffrage (van der Kolk et al., 2018). There were various law projects and attempts at constitutional revision that aimed at extending the franchise: the first attempt took place in 1872, and wanted to implement suffrage extension by lowering the census requirements. Mainly because the lower house could not agree on an adequate number, the proposal was rejected by the lower house. Plans were further complicated by the fact that suffrage extension and fiscal reform were intertwined, which I explain in section A.2.

The second attempt came to be only in 1887, after it became increasingly clear that the coupling of suffrage to the census excluded a too high proportion of the electorate. The attempt was hampered by the fact that confessional politicians required the position of Christian education to be taken into account into a new Constitutional revision, whereas the liberals wanted to only extend the franchise and decouple suffrage from taxation (Van den Berg and Vis, 2013). Furthermore, politicians wished to end the continued electoral calculus around a variable number of districts and politicians per district as a result of continued population growth. Finally, a motive for revision was to provide an answer with respect to eligibility and suffrage of women. When the reforms were finally adopted, it became clear that female enfranchisement was prevented. The 1887 reforms also fixed the number of seats in parliament: before, it was considered that each approx. 45,000 inhabitants should have their own delegate, whereas afterwards, the number of lower house members was fixed at 100, and the number of upper house members at 50 (De Jong, 1999), the criteria for suffrage were augmented by a host of other criteria, including the notoriously vague stipulations of "fitness" and "societal standing" (van der Kolk et al., 2018). The educational

question, however, was not yet resolved, although it was established that the new constitutional reforms did not contradict the ideas of confessional politicians.

Thirdly, plans by minister Tak van Poortvliet in 1892, aiming to address the vagueness of criterions by changing not the Constitution, but the electoral law (*Kieswet*), were subjected to fierce criticisms. His plans made the aforementioned criterion of "fitness" more concrete, by holding that in principle, all men who could read or write, and inhabited a living space ought to be enfranchised. In this conception, about 800,000 male inhabitants were estimated to be enfranchised under the purported changes, compared with 300,000 *ex ante* (van der Kolk et al., 2018). After a misunderstanding in parliament, an amendment unacceptable to the minister was accepted, and his plans were rejected. After new elections, similar plans, however, in 1896 have turned out to be more fertile. The proposals of the new minister of internal affairs Van Houten introduced two categories for suffrage: paying direct taxation, and a miscellaneous category called 'declaration', which included paying rent, passing certain exams, or having savings or a pension.

As the incomes of the Dutch population steadily rose, while the franchise requirements remained static, this also made that more and more inhabitants were enfranchised (van der Kolk et al., 2018). In the elections of 1897, about 575,000 men were enfranchised. This number rose to close to 1 million men in 1913, close to 50%. As a result, it became easier for opponents of universal suffrage to make concessions, and in 1917, confessional and liberal politicians were able to achieve a compromise by trading off universal male suffrage (wanted by liberals) and a constitutional foundation of the public funding of religiously-based schools (wanted by confessional politicians). A year later, without any significant controversy, women were also enfranchised.

A.2 Fiscal Reforms

After the 1848 Constitution, the fiscal system of the Netherlands bore many inheritance of its 17th and 18th century past. In particular, the country had various protectionist institutions, and many (unharmonized) excises and other regulations that were hampering virtually all product markets. In contrast to many of its neighbours, the (mass) usage of the steam engine or other techniques of mass production made little sense, because markets were still very small and disposable income relatively low.

From the 1850's onward, the government oversaw liberalization and harmonization in all sorts of domains, economic, but also institutional (Knippenberg et al., 2000): a telegraph communication system was developed, coinage was standardized, railways and other infrastructural projects launched, and trade was liberalized, with less reliance on excise duties and toll payments, and more reliance on taxes on wealth and income. Nevertheless, government size was still very limited, and while defense spending slightly decreased following more modest geopolitical ambitions (Van den Berg and Vis, 2013), government expenditures per capita did not see a structural increase (van Riel, 2018). Starting from the 1870's, rising poverty and inequality brought about more and more social unrest, the ideological paradigm of *laissez-faire* started to crumble, and more and more politicians (particularly liberals), opinion leaders and public intellectuals convinced themselves of the necessity of government intervention. In the Netherlands, the 1854 Poor Laws and the 1874 law regulating child labor were earlier signs of this trend.

Two pieces of legislation have been subjected to major fiscal reform and revision in the period of interest: first, the establishment and later the reform of the income tax (*Inkomstenbelasting*), and the establish-

ment and reform of the inheritance tax (*Successiewet*). The income tax came into existence as a result of rising pressure on the government to reform the tax system, which, by then, consisted predominantly of taxes on real estate consumer goods, and entrepreneurial activity (a so-called *patent tax*), whereas shares and other financial assets were left virtually untouched (Vrankrijker 1967; Smit 2002). It turned out to be extremely difficult to change the fiscal system, partially because the question was intertwined with the question of suffrage - suffrage was principally granted only on the basis of paid taxation, so a change in the fiscal system would naturally have to address the way this change related to the suffrage question. The question proved to be particularly arduous in the 1870's and 1880's, after various attempts stranded.

In 1863, finance minister Betz attempted to reform the existing patent tax by making it a universal income tax, all while abolishing again many excises. The lower house ended up rejecting his plan, partially because it did not yet see the urgency, but also because compliance was dubious (Smit, 2002). In 1872, finance minister Blussé launched a similar attempt, which was rejected on the grounds that it could not unite various factions of parliament - some thought it too radical: it would tax real estate too heavily, according to some. Others thought it was too modest: there was too little progressivity in the proposal. In 1884, after a barrage of criticism, finance minister Grobbée had to withdraw a proposal that encompassed increasing excise duties, and he also failed to introduce a 'class tax', meaning progressive tax rates on income (Van den Berg and Vis, 2013).

Meanwhile, the abolition of the *Cultuurstelsel* stalled revenue coming from the colonies, and, whereas economic growth and consumption made it possible to partially compensate for this loss by the existing tax system, this was not considered enough (van Riel, 2018; Smits et al., 2000). The 1893 income tax changed that situation. Importantly, it was accomplished after 1887, the year in which constitutional reforms decoupled the question of fiscal reform from the question of suffrage expansion by adding more criteria on the basis of which suffrage was obtained - and effectively reducing the importance of the tax-based criterion. The 1893 income tax reform was introduced in two parts by its designer, the first of which encompassed taxation on (fictitious) income from wealth, and the second taxation on income from trade and profession (Fritschy, 1997). Nevertheless, the income tax remained very modest in its ambitions: the maximum tariff (for the highest incomes) implied liability of only 3,2% of yearly earned income, and the proceeds from the new taxation reached about 10% of government income in the first years after introduction.

The income tax was subsequently left intact for almost two decades, but during the First World War, in the Netherlands, a neutral country, government finances came under increasing pressure. In this context, the acting finance minister Treub managed to pass a proposal that increased the progressivity by (i) increasing the rates for higher taxable incomes, and (ii) combining the two previously separate categories, so that total taxable income would be taxed at a higher rate (Slijkerman, 2016).

The other major pillar in the Dutch fiscal system, the *Successiewet*, taxed inheritances, and was modified three times after a 1877 amendment made bequeathing to lineal descendants liable for taxation (which made it applicable to virtually everyone). Beforehand, inheritances were only taxable in case of bequeathing to more distant family members, which happened relatively rarely. According to the 1877 amendment, inheritances of a net value lower than 1,000 guilders were exempt from taxation, about four times the annual wage of a worker. The rates for direct descendants were set at 1% of net wealth, whereas for ascendants, the tariff was set at 3%. Tariffs for non-direct family members or unrelated individuals were

slightly higher. One characteristic of the amendment was that financial assets (debt and equity) were not subjected to the same rates, but under lower rates: 0.25% and 1% respectively.[5]

The *Successiewet* was changed three times over the course of the period of interest. In all cases, the primary reason behind this change was government finances: more taxes had to be raised with some urgency, and inheritance taxation was an easy way to accomplish this. In all occasions, tariffs were incrementally raised, but in some cases, some other tariffs were decreased, as a compensation. The first tariff hike occurred in 1911, which encompassed a sharp increase in rates for lineal descendants, to which the majority of wealth was bequeathed (Jacobs, 2003). The tariffs were again contingent on being a descendant or ascendant: descendants paid 1.5% of net wealth, and a higher tariff if inherited net wealth was higher than 50,000 guilders: the law thus implemented progressivity. This law change also changed the status of financial assets, so that they would be taxed under regular rates.

In 1916, the amendments integrated gifts into the inheritance tax. This amendment was implemented because the law-makers wanted to assure that individuals could not transfer assets as gifts to their heirs and thereby circumvent taxation. Additionally, the 1916 amendment also further increased the rates: the tariffs for direct descendants now ranged from 2% for the inheritance with the lowest net wealth (but above the 1,000 guilders threshold) to 6% for inheritances of over 500,000 guilders.

Finally, in 1921, because government finances were in a dire state, a substantial hike in rates was again imposed: the hike meant that the minimal tariff was now set at 3,5%, even for inheritances worth less than 1,000 guilders, and, for direct descendants, could increase until 8% for inheritances worth more than 500,000 guilders. For non-direct descendants, rates were even higher. For example, if one bequeathed to brothers or sisters, the minimum rate (for inheritances worth less than 1,000 guilders) was 18%.

A.3 Government Intervention

The period under consideration was marked by a paradigm shift from a paradigm that considered the state as a *nightwatchman*, to one that actively considered the state as an economic actor that has the right to intervene to advance the common good. Despite the fact that this paradigm shift was broadly shared by politicians from all factions, it did not mean that the state embarked on a journey to establish the welfare state. The piece of legislation that first marked this ideological shift concerned a ban on child labor, enacted in 1874. However, because of still fierce opposition, especially related to the financing, the established law could not arrange adequate inspection, so that child labor was still frequently employed some ten years later according to a parliamentary inquiry (Schenkeveld, 2003). Nevertheless, the law marked a turning point in government intervention, as evidenced by many laws and law projects that came afterwards.

Many of these subsequent laws share this characteristic: government intervention, without putting a strain on government financing. This is also the reason why these laws are characterized as not likely having a direct impact on politicians' personal finances: there is no likely impact on (future) taxation or government debt. For example, the 1901 compulsory education law implemented compulsory education for every child until age twelve (Veld, 1987). The roll call vote was preceded by many lengthy debates: most confessional politicians wanted to legislate the right of existence of Christian schools, and socialists

[5] This link contains a description (in Dutch) of different tariffs throughout time.

deplored the absence of support for poor children in the law projects. Finally, the law was accepted with a vote count of 50-49, owing to the absence of one opponent of the law.

In 1903, following successful strikes in the railway sector, the government feared that strikes would evolve into a mass opposition movement undermining the stability of the country. Trade unions were, as of 1903, entirely led under the socialist banner. The Kuyper-government responded by making striking a criminal offense for certain civil servants, among which were railroad workers. The laws were accepted and implemented in real time, and workers engaging in strikes could risk up to 6 years in prison (Koch, 2020). In the future, Christian trade unions were established, so as not to channel all dissatisfaction to socialist organizations.

Abraham Kuyper, the most prominent Orthodox Protestant politician, and one of the most important architects in Dutch politics around the fin-de-siècle, was also a prominent advocate of sovereignty in one's own circle, meaning that different religious communities should make arrangements within their own community. In the economic domain, this meant that there was a limited role for the government, and that religiously-based organizations ought to provide necessary services for their communities (van Gerwen and van Leeuwen, 2000). This idea found its way to many of the pieces of legislation I investigate. One additional example concerns the 1913 *Ouderdom- en Invaliditeitswet*, in which the issue of government financing was heavily debated. Liberals opted for state-provided pensions, and made efforts to introduce this aspect in the law project, but confessional politicians thought out better to instigate a compulsory insurance-scheme for wage-earners, and a facultative insurance-scheme for self-employed workers. Since they were in the majority, the confessional politicians won, and managed to avert government-financed welfare provisions until after the second World War.

B Variables and Sources

B.1 Table with Sources

In table 11, I show all variables in the analysis and their respective primary sources, on the basis of which I calculated the variables used in the analysis.

Description	Source
Panel A: Dependent variable:	
Whether a politician voted in favor (1) or against (0) a law	Staten Generaal Digitaal
Panel B: Wealth variables:	
Wealth at the time of voting	Archival records + RoROE
Portfolio Share Real Estate (% of Total Assets	Archival Records
Bond Share (% Total Assets)	Archival Records
Stock Share (% Total Assets)	Archival Records
Share of Domestic Assets (% Total Assets)	Archival Records
Share of Foreign Assets (% Total Assets)	Archival Records
Panel C: Economic interest controls	
Share of Tax-liable Individuals in Municipality	HDNG
Share of Labor Force in Industry (Nearest Year)	HDNG
Share of Labor Force in Agriculture (Nearest Year)	HDNG
Share of Labor Force in Services (Nearest Year)	HDNG
Share of District in Total Tax Rev.	HDNG
Total Labor Force in District	HDNG
Amount of strikes in district in year $t-1$	IISG
Panel D: Electoral controls	
Vote Share $= \frac{\text{Number of Votes in Election Preceding Vote}}{\text{Total Votes}}$	Repositorium Elections
Days Elapsed since Last Election	Repositorium Elections
Dummy whether Socialist was Balloteering in the District	Repositorium Elections
Percentage of Vote Garnered by Socialist Candidates	Repositorium Elections
Turnout $= \frac{\text{Turned out voters}}{\text{Eligible voters}}$	Repositorium Elections
Nearest Comp. Margin $= \frac{\text{Number of votes runner-up - number of votes politician}}{\text{Turnout}}$	Repositorium Elections
Panel E: Demographic controls	
Political affiliation	PDC
Tenure (Time Active in Politics)	PDC
Days to Next Election (From Day of Vote)	PDC & Repositorium Elections
Years until Retirement from Politics	PDC
Age of Politician at the Time of Vote	PDC and Repositorium Elections
Age of Politician at First Entrance	PDC
Percentage Reformed (Hervormd) Protestants in district	HDNG
Percentage Reformed (Gereformeerd) Protestant in district	HDNG
Percentage Roman Catholic in district	HDNG
Panel F: Instruments	
Career information	Genealogy sites, Dutch Biographical Dictionary
Parental Wealth	Archival Records
# Siblings	Genealogy websites

Table 11: Variables used in the Analysis

B.1.1 Wealth Data

I use hand-collected probate inventories, *Memories van Successie* from various Dutch provincial archival sources. Probate inventories were administered by the Dutch tax administration for the purpose of levying inheritance taxes (which was a universal tax burden from 1877 onward, although a small number of individuals qualified for an exemption). As a rule, the probate inventories had to be filed with the tax administration at the place of death. For each politicians who has voted on one of the laws in tables **??** and **??**, I look for their probate inventories in the corresponding provincial archives. In total, these are 349 unique lower house politicians in these periods, making for 552 total votes. Out of these 349 unique politicians, I find 256 probate inventories, which makes the finding rate about 73%.[6] The proportions and finding rates for the other two categories are similar. In appendix D, I show that there is no selection bias and that the politicians whom I was unable to find are a random subset of the politicians who voted on these laws.

The probate inventories contain an appraisal of an individual's (taxable) net wealth, as well as their assets and liabilities. Assets are appraised in various ways: first, stocks and bonds that are traded on public exchanges are appraised according to their market value. Secondly, real estate and private bonds are usually appraised in a more opaque manner. In general, however, real estate appreciations are close to their market value, and bonds are close to their nominal value. This is consistent with evidence by Gelderblom et al. (2021), who find that default rates on these bonds are relatively low. With respect to the sensitivity of the appraisals to inflation, I anecdotally observe that the falling market prices following the default on Russian bonds, or following the onset of the First World War, are rapidly incorporated into the appraisals. Similarly, the value of real estate also seems to be sensitive to changing market prices.

Moes (2012) provides an assessment of the trustworthiness of the probate inventories. The heirs of the recently deceased were legally obligated to file the inventory of the deceased to the local tax authority, usually within 6 to 12 months since the date of decease. There was also a control mechanism: every month, the fiscal authorities received notice of the deceased in their jurisdiction, and it was actively checked whether a deceased in a particular jurisdiction had filed the registration of the inheritance in another district. Finally, the assembled probate inventory had to be declared in front of a judge, and was legally binding. It could, however, still be possible that some assets were not declared, in order to avoid paying succession rights, or that some items were bequeathed as gift to heirs shortly before death. The law-makers attempted to tackle this problem by taxing gifts, which are also registered.

B.2 Biographical Data

Furthermore, I obtain data regarding politicians' careers and social origin from the *Politiek Documentatie Centrum*, a private think-tank focused on Dutch national politics. This dataset contains information about all ministers, lower house, upper house members, as well as provincial executives and deputies. These data encompass information about politicians' party affiliation, location and times of birth and death, and all functions they occupied during their lifetimes (as far as they are known). These data allow me to determine when politicians were first, and last elected, and allow us to construct variables such as

[6] This finding rate is a lower bound, as several politicians abstained from voting in one or more of the laws.

electoral horizon, and social class (by determining whether they have an aristocratic background), and allow me to condition on how soon a politician has died after leaving offices (an important source of variation, as will become clear below).

B.3 Election Data

I obtain data about district-level elections from a repository of historical Dutch Lower House elections. I retrieve data on all elections from 1860-1940. This allows me to identify (i) total voter turnout, (ii) vote share of the politician, and (iii) the margin with which an elected politician has won. In the period of investigation, the political landscape underwent a transformation from an individual to a party-based political system. Before political parties existed, politicians were often organized (although more loosely) in *Kiesvereenigingen* (electoral associations) on the basis of political ideology, and newspaper recommendations serve as a good indication of partisanship in this era (De Jong, 1999). I use the data in this repository to extract a variety of measures, including the strength of socialists in particular districts, electoral competition, a politician's momentum, etc. The repository also contains data about the religious composition of the population in various years, of which I use the nearest year to a particular election to match an election to the religious composition of a particular district.

B.4 Strikes Data

Secondly, it is often considered that pressure from socialist constituencies might also serve as an incentive to incumbent politicians to pass progressive legislation. In the context of the Netherlands, this is relatively less likely than in other Western European countries. Socialism was relatively late to take a foothold in the Netherlands, and after the introduction of universal suffrage, socialist parties ended up with fewer seats than before. Nevertheless, I take data from the IISH, who provide data on strikes in the Netherlands throughout the nineteenth and twentieth centuries, and aggregate them to a municipality-year level, and subsequently electoral district-year level.

B.5 Municipality-level Data

Next, apart from their relevance in elections, districts were not administrative units in the Netherlands. They consisted of municipalities, the lowest administrative unit. I use the HDNG-database (Boonstra et al., 2003)[7], a database containing information about demographics, religion, political preferences, mobility, economic activity and development, assembled from various government sources from about 1850 to about 1950, on the municipality level. Districts usually consisted of multiple municipalities, but every major municipality was awarded its own district. I retrieve the key that allows me to match districts and municipalities from the aforementioned repository to compute average indicators per district (averaged on the basis of population size).

[7] To make the data useable, I created an R package available here

C Portfolio Composition and Asset Returns

As mentioned, I use the "Rate of Return on Everyting" (Jordà et al., 2019) dataset to compute average returns on asset classes. The dataset features 16 countries in total: Australia, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the UK and the United States. In general, the overlap with the actual origin of assets is large. Because my portfolio decomposition only makes a distinction between Dutch and non-Dutch assets, I employ weights, according to which I estimate foreign portfolio's shares return. In the default setting, and in line with anecdotal and more systematic evidence (Gelderblom et al., 2021), I accord weights of 20% to German returns, 20% to French returns, 10% to Belgian returns, 10% to US returns, 10% to British returns, 10% to Italian returns and 20% equal-weighted to all other countries, which amounts to 2% per country. In general, the results are not sensitive to deviations in the weights employed.

I employ the following correspondence between the present portfolio decomposition and the portfolio decomposition of the RoROE dataset: Government bonds → bond_rate, Real estate → housing_rent_rtn, Private bonds → ltrate, Shares → eq_tr, Cash & Misc → No rate. In other words, I assume that cash and miscellaneous assets, e.g. jewelry (in general, small parts of the portfolio) yield no returns. I interpolate missing values by the average return on safe assets in that year for each country. The dataset also features a variable that measures the average return on capital. In further robustness analyses, I employ this measure, instead of the more heterogeneous measure outlined above, but it has very little effects on coefficient magnitudes in the main analysis.

Then, I use these returns to compute the size of each asset class in the preceding year. I use continuously compounded returns. In the previous year, I use the corresponding returns to compute the size of each asset class in the year preceding that year. I start this procedure in the year of death, and end in the year of the vote.

D Selection bias

In order to find out whether the final sample of probate inventories is a representative sample of all politicians, I estimate the following linear probability model:

$$\text{Found}_i = \alpha + \gamma \cdot \text{Law} + \delta \cdot \text{Party} + X_i\beta + e_i \tag{4}$$

Ideally, we want that that all politicians are randomly selected around a certain base finding rate - that is to say, we want the characteristics of politicians to be unrelated to them being found or not, both unconditionally and conditionally on other factors. We firstly show results indicating the baseline differences in collection rates according to demographic variables, and then according to law and party. Firstly, we notes that most of the point estimates of the linear probability model in the left panel are very close to zero. The confidence intervals for many intervals are also very narrow, indicating an absence of selection bias with respect to these variables. Hence, even though some of these estimates are statistically significant, the point estimate is close to zero that the economic significance is near-zero. There are three exceptions to this rule: the nearest competitor margin, electoral turnout and share of workers active in industry have a greater variance. This makes sense, as these are not variables that are characteristic to the politician, but rather to the district in which they are elected. Nevertheless, none of these estimates is significantly different from zero, indicating the absence of a selection bias also with respect to these covariates.

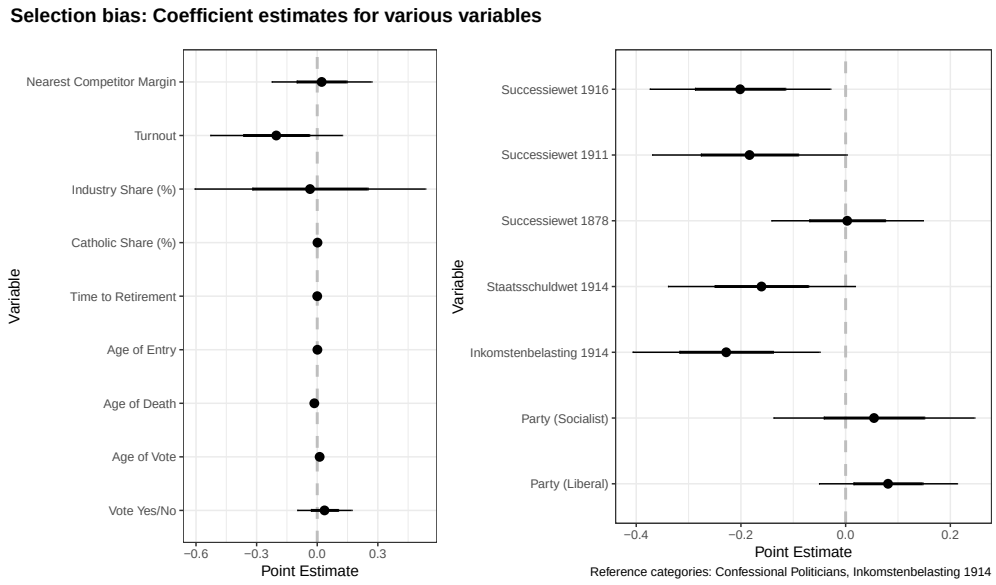

Figure 2: Coefficient Estimates on Pr(Found)

In the right panel, we show the coefficient estimates for party and law dummies. First, we note that even though liberals and socialists are more likely to have been found relative to confessional politicians, these estimates are statistically insignificant, and the null hypothesis of no difference in finding rates according to political parties is not rejected. Secondly, there are statistically and economically significant differences in finding rates between the laws. This is likely a consequence of the availability of archival sources: as politicians who voted in later laws die later (on average), a larger fraction of later politicians dies after 1927, rendering their probate inventories unavailable. Hence, later laws have slightly less overall finding rates, but all other characteristics, including most significantly voting outcomes, but also demographics and district characteristics remain balanced within laws.

E Threats to Identification

In the instrumental variable estimates, the instrument might in itself suffer from endogeneity bias. For example, politicians whose fathers were politically active could share a latent encompassing ideology, say, statism, a penchant for increasing the size of the government, and could therefore be inclined to vote in favor of laws that expand government. If a similar explanation is true, there is a direct effect of the instrument on politcians' voting behavior, and the exclusion restriction is violated. The accounts of Rooy (2014); Van Kersbergen (2009) strongly suggest that this is not the case, with party preferences and religion being the primary determinants: confessional parties took a more free-market stance, whereas liberal parties took a more interventionist stance from the 1870s onward. Nevertheless, there can be other latent commonalities between politicians whose fathers were also politicians, such as a network (van den Berg, 1983), an interest in politics or a family culture of debate (Besley, 2005), or systematically higher human capital and a political vocation (Dal Bó et al., 2009).[8]

It is still unlikely that the aforementioned factors have a direct influence on the voting behavior of politicians, especially conditional on political party, but I attempt to tackle this problem by comparing results of roll call votes on suffrage extensions and government intervention, using the "reduced-form" equations, with a political-family indicator as an explanatory variable. Due to data constraints, this is not exactly the same variable as the parental indicator, but rather measures whether the frequency of last names in the database of all politicians is higher than one. An explanation such as the one above, ascribing a direct effect to political families, would imply a significant effect of belonging to a political family, even if the coefficient on wealth would be equal to zero. Hence, an insignificant result would provide evidence against the supposition of a direct effect of political family-appartenance on voting behavior. The results are shown in the table below:

[Insert table with these analyses]

Secondly, it might be that richer politicians are also those politicians who inherently dislike expansion of the government, regardless of their own wealth. In other words, the relationship between wealth and voting behavior might reflect politicians' beliefs, which are coincidentally correlated with wealth. This explanation is indirectly tested by comparing the analyses on laws that have a direct impact on politicians' finances with analyses on laws that do not. According to this explanation, the beliefs would persist, and if wealth would be a proxy for beliefs, the coefficient on wealth would be significant. The analyses of suffrage extensions and government intervention in section 4.1 show that this is not the case.

[8] It is known that the role of networks declined over time, with the entry of newer generations of politicians in the lower house (Machielsen, 2021). Secondly, human capital can come from many sources, for example, many parents of politicians were members of the clergy or educated as theologians, and not politicians. Hence, it is unlikely that human capital systematically differs between politicians whose fathers were politicians and those whose fathers weren't, but even if it did, it is unclear how that would translate into systematic voting behavior.

F Data Linking

F.1 Introduction

In this section, I describe how I proceed from the data on voting outcomes to a dataset with control variables as described in section **??**. This serves two purposes. First, reproducibility: this guide serves as a walkthrough through the code on the Github Repository of this paper. The reader has only to fork the Github repository for this paper, and execute the R code to reproduce all analyses that are found in this paper. Additionally, all functions have been programmed such as to incorporate a large set of parameters, with the default set of parameters that give the results as reported in this paper. Secondly, I attempt to be as transparent as possible by showing what data I combined, and how.

Since the datasets used in the empirical analysis come from various sources and are available on various levels, at various frequencies, and at various points in time, this appendix serves as an overview of the steps taken from every separate analysis of a roll call vote. The rest of this appendix is structured as a guide, indicating which functions present in the code should be executed at what moment to arrive at a data set suitable for a specific model roll call.

F.2 Primary Data

For an analysis of each and every law, I find the document which contains the voting outcome on the law in question, and I code this information into three variables: `vote`, an indicator variable defined as 1 if a politician voted for the law, 0 otherwise, `name`, the politician's last name as mentioned in the primary data available on Staten Generaal Digitaal, and finally, `date`, the date of the roll call vote. The date is important so as to calculate an estimate of politicians' personal wealth at the time (in the year) of the vote, and the name is important so as to match the politician to an identifier that allows the voting data to be merged with the data on personal wealth.

F.3 Find Politician ID

The first step is to match the politician's name as written in the voting records to an identifier that contains the information necessary to find the politicians' wealth, district they represent, their demographic characteristics and all other controls. To do this, I need to employ name matching. Some names, particularly those of aristocrat politicians are not written out in full and therefore do not exactly match the names as used in the database provided by the *Politiek Documentatiecentrum*. Hence, I have to employ a fuzzy name matching strategy. The issue is further complicated by the presence of brothers, fathers/sons in the same house, so that it is impossible to match using surnames only. To minimize potential errors, we use fuzzy name matching on a filter "list of candidate matches" for each name in the voting records. This procedure is implemented in the function `find_politician_id`, which consists of (i) filtering the list of all available politicians to the politicians which could have been active on the day of the roll call vote (based on political career starting and ending points), and (ii) of using the `stringdist` package to match these politicians names to their ids. In this step, it might occur that politicians have identical surnames. In the primary data, those politicians are usually distinguished by district they are representing.

The only way to solve this is either by finding out which politician belongs to which district, and coding the data more refined, by e.g. adding initials, or by manually replacing the matched id's of politicians with identical surnames. The first idea is implemented in the function, and the results are checked afterwards.

F.4 Find District

After having obtained politicians' id numbers, I match politicians to their district at the point in time of the roll call vote by feeding both the politician id and the date of the vote to the function `find_district`. This is done by merging the politician's id with a dataframe containing information about politicians' districts over time obtained from the *Politiek Documentatiecentrum*. Their information, in turn, is compiled from primary sources, such as the *Handelingen* which also contain the voting outcomes. For example, a query to `find_district` of two politicians at a given date might result in the following (fictional) return:

```
polid | district
00001 | 1870-1880 Rotterdam, 1890-1892 Amsterdam
00002 | Utrecht
```

Parsing this information requires evaluating the string, particularly, whether there is more than one district, and secondly, relating the parsed years to the variable indicating when the vote took place, so as to determine which was the district the politician was representing at the time of the vote. I also analyze several laws which took place under proportional representation (1918 onwards). For these observations, there are no districts, hence, there are no district-level control variables and this function does not apply.

F.5 Number of Strikes

Next, on the basis of politicians' id numbers, the date of vote, and the district they represented at that time, I can extract several other control variables. Firstly, I proceed by extracting various control variables based on the district-time data that we have. The function `find_strikes` looks up the number of strikes in a district in a given year. To do so, it makes use of the IISG strikes database (van der Velden, 2016), which provides information about strikes, number of lockouts and other conflicts on a municipality-year level from 1573-2014. I use information on the Huygens-ING Lower House repository (elaborated on in section **??**) to match the municipalities to districts (these change over time), and then aggregate municipality-level strikes to district-level strikes. The actual function `find_strikes` uses this information and the key from municipalities to districts to merge a variable containing the total number of strikes, lockouts and other conflicts in a given year in a given district to the main dataset using the district the politician is representing during a particular vote.

F.6 Religious Composition of District

Afterwards, I use the function `find_religion`, which takes district-year information to look up the religious composition in the *nearest* year in which census data about religious composition per district

is available. The raw data is again taken from the Hugyens-ING Lower House repository, and is not balanced: information from various districts is missing at some points in time, but available at others. The function has a parameter that specifies how far from the specified date on should look for a census relative to a given year: by default, the function looks for census as far back (or in the future) as possible until it finds an entry. The reason for no cut-off point, after which the observation will become an NA is the relatively small variance over time. The census data contains absolute as well as relative measures of the religious composition, consisting of Catholics, Protestants, and others (i.e. unaffiliated and Jewish individuals), but the function uses only relative shares.

F.7 Politician Demographics

In addition, I use the function `find_demographics` to look up several variables related to the demographics of politicians. This function makes use of the politician ID and the date of vote to extract several variables, some of which use information of the day of vote. It returns an array of demographic variables: gender, starting date of political career, end date of political career, date of death, tenure, age of death, age of entrance in politics, age at the time of the vote, time until end of political career, time until the next election, and political affiliation.

All these variables come straight from the *Politiek Documentatiecentrum*, with the exception being political affiliation (political party) and time until the next election. More precisely, for the time until the next selection, the function is taking the district and the date, and uses the elections database (mentioned hereafter) to find out when the next election in that district will take place, on the basis of which the time until the next election is computed. The political affiliation is taken from the *PDC*, and I use the PDC data and a key for political affiliation to construct a political affiliation variable, relating about 50 different (combinations of) political parties to three main ideological currents, i.e. confessional parties, liberal parties and socialist parties.

F.8 Electoral Data

I use the database Repositorium Tweede Kamerverkiezingen, which contains data on all election candidates and all election results from 1848-1917 to retrieve various characteristics of the latest election in which the politician took part, based on the districts and the date of the roll call vote. In particular, I start out by finding the latest election before the roll call vote, and for this election, I look up the amount of people eligible to vote, the number of days since the last election in the same district, and the voter turnout. Afterwards, I look up all the candidates that took part in this election to retrieve the names of all contenders, and retrieve the margin of the winning candidate to the runner-up, the percentage of votes received by the winning politician, an indicator whether a socialist was running (using the electoral recommendations by the largest socialist organ, the SDAP), and the amount and percentage of socialist votes in a particular district, as measured by the amount and percentage of votes for the candidates that were the object of those recommendations).

Voter turnout has been shown in recent research (Lijphart, 1997; Fumagalli and Narciso, 2012) to drive government expenditures, welfare spending and government revenues in a contemporary context.

Grossman and Helpman (1996) and Lizzeri and Persico (2005) show theoretically that electoral competition might influence politicians' decision-making in various ways, and Griffin (2006) provides a review and critique of many empirical studies that address this question. The various variables proxying for a socialist contender are motived by the so-called 'threat of revolution' hypothesis Aidt and Jensen (2014); Aidt and Franck (2019), which holds that a threat of civil unrest or revolution motivates incumbent politicians to enact reforms.

F.9 District Economic Controls

Next, I retrieve information from the Historical Database of Dutch Municipalities with the purpose of finding district aggregates of various demographic statistics. This idea is implemented in the function `find_econcontrols`, which merges the data with several variables that proxy for the economic characteristics of the district politician i is representing. The database is based on many primary sources, in particular, censuses (*Volkstellingen*), and the *Uitkomst der Beroepstellingen* (Profession Counts). I retrieve two subsets of variables: first, the decomposition of employment into various sectors, and second, a measure of relative wealth of the municipality. The first measure, a decomposition, is calculated by using the aforementioned available *Beroepstellingen* from surveys the Dutch government took at three relevant moments in time. The surveys have featured slight modifications over time, so they are not intertemporally comparable (Peeters, 2021), but they are cross-sectionally comparable. Because there is no intertemporal comparability, I have to use the data for the municipalities coming from the same year. I choose the year that is closest in absolute value to the year of voting. This also makes the data more scarce, since missing data cannot be replaced by data from another point in time.

The survey features count variables of around 50 professions on a municipality level. I aggregate these professions into three categories: agriculture, industry, and services, and then compute the share of the active labor force in these sectors. Afterwards, I aggregate the outcomes to the district level. Second, I use a measure of municipal wealth. I extract from the dataset a variable on the municipality level containing the share of taxes from residents of a municipality in total taxes in a given year. Similarly, the survey closest to the date of voting is used. The idea behind these variables is to proxy for the economic interest of different sectors, and originates with Peltzman (1984), who controls for district economic characteristics in a contemporary setting.

F.10 Politician Wealth

Finally, I implement the idea described in equation 2 in the function `find_wealth`, which first finds and extracts the years between the politician's death and the vote, and then, from year $t + 1$ to year t computes the continuously compounded return on the politician's portfolio weighted by asset class in the portfolio. This function recursively applies that calculation, so that portfolio shares grow in proportion to the returns provided in the Jordà et al. (2019) database. At the year of vote, the value of all asset classes is summed together, yielding an approximation of wealth at the time of voting if the politician were an average investor. In section C, I explain in detail how this is done.