

The Electoral Origins of the Fiscal State*

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Abstract

This paper theorizes the rise of the modern fiscal state as a byproduct of time-inconsistent electoral calculations by incumbent elites with distinctive ideological constituencies. We claim that nineteenth-century parties made myopic political and fiscal decisions that resulted from their weak internal cohesion and organization. Being clubs more than modern party organizations, they did not internalize the long-run policy costs of decisions that maximized their immediate electoral fortunes. The analysis generates novel predictions about the partisan determinants of both the extensions of franchise and the development of fiscal policy, which are tested on a new dataset of parliamentary plurality by party families in 10 European democracies between 1820 and 1975.

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Introduction

The modern fiscal state, that is, an institutionalized organization capable of collecting and reallocating revenues according to democratically adopted legal provisions, plays an essential role as a *pillar of prosperity* (Besley and Persson, 2011). Regardless of the specific indicator of development at use (whether per capita GDP or the human development index), polities with large, effective, and democratic fiscal states fare better.¹

The birth of the modern fiscal state took place in Europe between the aftermath of the Liberal Revolutions and the post WWII period. By way of motivation, Figure 1 displays the evolution of the overall size of the fiscal budget relative to the economy (*tax revenue as % of GDP*) since earliest data in the nineteenth century to the mid-1970s, when the modern fiscal state consolidates.² In addition, Figure 1 also displays the size of social expenditures relative to the overall economy (*social spending as % of GDP*). The former indicator captures directly the size of the fiscal state, whereas the latter provides some information about its composition.

Clearly, the expansion of the fiscal state in Europe reflects two periods, separated by the discontinuity implied by the Great War. Before 1914 we see steady increases in taxation and social expenditures from very low levels; after WWI, a clear break takes place in both series. Importantly, this is true whether the country actually took part in the conflict (e.g. UK, France, Germany) or not (e.g. Sweden, Norway).

Figure 1

The relevance of WWI as a breaking point in taxation and spending has fostered a stream of research that sees the birth of the fiscal state as reflective of international pressures—most prominently the war itself—through its impact on domestic budgetary needs and functional

¹For evidence that higher levels of democracy lead to higher tax yields, Acemoglu et al. (2013), and better economic and welfare outcomes, Lake and Baum (2001).

²Refer to Appendix for fiscal data details and color blind figures.

modernization (Flora, 1974). This line of reasoning, going back to Tilly (1990), Hintze (1975), and more recently Dincecco (2011) sees war as an external constraint that forces states to re-organize their internal political architecture. More recently, Scheve and Stasavage (2010, 2012) advance the notion of a *conscription of wealth* to argue that the war is a major factor, if not the major factor, behind the rise of income tax progressivity and inheritance taxation. Without downplaying the importance of war and other cross-national common factors, we argue that war mobilization cannot explain it all. To begin with several countries in Figure 1 did not take place in the Great War and yet witnessed a significant expansion in revenue collection and social spending throughout the period (e.g. Netherlands, Sweden). More importantly, Figure 1 reflects significant differences among the countries that *did* participate in the conflict in both the size and the design of the fiscal state. For instance, while the UK experienced an increase in direct tax *yields* with WWI—a good proxy of *effective* tax progressivity—, France and Italy did not.

An alternative approach to the birth of the fiscal state sees it as the result of pressures and demands by lower income citizens (Acemoglu and Robinson, 2006; Aidt and Jensen, 2014; Boix, 2003). According to this argument, fiscal expansions and franchise extensions reflect a concession to appease the demand of lower income citizens who otherwise would be malleable to revolutionary plea. Recent research revisiting this interpretation has highlighted three important challenges. First, as Congleton (2010) puts it when studying the origin and development of parliamentary institutions, there is no evidence of a “quantum leap” transformation of the political order as a result of revolutionary threats. European political development is rather a story of *gradual* political change driven by bargains and competition between Liberals, Conservatives, and Labor. Second, many of the alleged concessions in the form of representation and franchise took place well before any revolutionary threat was present (Congleton, 2010, p.5). Third, there is no evidence that more democracy actually leads to more redistribution, casting doubt on the premise that partial franchise concessions were a means to prevent a redistributive threat of uncertain scope (Acemoglu et al., 2013;

Ansell and Samuels, 2014).

If the patterns displayed in Figure 1 cannot fully be explained as a consequence of the Great War nor as a strategic concession under the threat of revolution, what else helps explain the rise of the model fiscal state? To address this puzzle we analyze in depth the role of electoral competition in fiscal development. We focus on the part of the world and period of time, Europe 1820-1975, that dominated this process and for which we have minimally reliable information. The rise of the modern fiscal state, we argue, is a byproduct of time-inconsistent electoral calculations by incumbent elites with distinctive ideological constituencies.

The argument that we advance in this paper reads as follows: Before the Great War, (proto-)democratic politics is driven by the competition between Conservatives and Liberals, representing landed and industrial interests, respectively. None of these early democratic elites were in favor of full franchise or high taxation and spending. However, they were also office-oriented. In their quest for political dominance *vis-à-vis* agrarian elites, Liberals strategically (and reluctantly) extend franchise and expand the fiscal state minimally as a means to secure an electoral advantage in the new status quo. Importantly, the expansion of public goods, including education and social efforts to cope with the externalities of early industrialization, and social spending is regressive in nature. Having a strong preference for indirect, non-distortionary taxation (Fawcett, 2014; Mares and Queralt, 2015), Liberal parties push the burden of taxation onto the newly enfranchised classes on a clear taxation-for-representation basis.

In this new environment, Conservatives are not competitive. Incapable of appealing to professional, urban classes, starting in the turn of the nineteenth century, Conservatives strategically sponsor further franchise extensions while mobilizing second dimensions (i.e. religion and nationalism) that cater to the religious and nationalist working class. Through their resort to the same electorally motivated extension of franchise as the Liberals earlier did, the Conservatives (unintentionally) help pave the way for the political mobilization of

the working classes by left parties under conditions of full franchise and its impact on the levels of tax collection and social spending.

By tracing the process of electoral and fiscal competition empirically, we advance a novel, somewhat less romantic interpretation for the political origins of universal franchise and the modern fiscal state. We establish a direct link between decisions to expand the franchise, choices about spending, and decisions about the level and composition of revenues. Importantly, we argue that the modern fiscal state is a by-product of political ambition and competition for office among politicians that do not internalize the long-term implications of their short-run strategic moves. In other words, given the long run policy implications of their early choices, forward looking nineteenth-century Liberals and Conservatives should have resisted extensions of franchise consistently, and forged an alliance in support of a limited parliamentary democracy. Strategic myopia, we claim, is *institutionally* driven. Being clubs more than modern political machines, early political parties cannot discipline their leaders by making them compromise between securing office today and advancing the long-run general interest of the class they represent.

Our paper speaks to the trade-off between the short-term benefits of expanding the demos via franchise extensions and the long-term consequences for fiscal policy. Aidt, Dutta and Loukoianova (2006) and Aidt and Jensen (2013) study the effect of franchise extension on the size of government. Building on this work, we advance an electoral logic to franchise extension in the first place, thus linking fiscal outcomes to early party competition over the rules of the game. We add to recent efforts to unpack the relationship between enfranchisement and spending: Lizzeri and Persico (2004) see extensions of franchise as a device that changes the nature of party competition from special interest politics to competition among contending public goods offerings. They do, however, rule out by assumption the strategic use of franchise as part of electoral calculations. More closely related, Llavador and Oxoby (2005) posit a link between parties' growth strategies and franchise extensions. In their model, party preferences and strategies are defined structurally: industrialists support fran-

chise extensions among workers when the size of the group brings the probability of victory above a certain threshold; similarly, Conservatives will grant franchise to peasant when the latter constitute a large group and can be controlled via targeted benefits. Our approach is different in four ways: (1) We assume that Conservatives, under limited democracy, oppose franchise extensions.³ (2) We build on Congleton’s insights on electorally-motivated franchise extensions to analyze the political process underpinning the origins of the fiscal state in Europe. (3) We explore the role of second dimensions as facilitating conditions of Conservative-sponsored franchise extensions only after the Liberal have become a credible contender under partial democracy. And (4), our empirical focus explicitly explores the partisan origins of both franchise extension *as well as* tax-spending decisions.

Lastly, we advance Przeworski’s (2009) distinction between franchise extensions being conquered or granted. This author claims that, ultimately, conquered franchise makes the elite worse off than under the status quo, while granted franchise makes the elite better off. We argue that franchise extensions, granted for myopic reasons, transform short term benefits for *incumbent* Conservative elites into long term costs, rendering *future* Conservative elites worse off.

The rest of the paper is organized as follows. Section II advances our argument and draws its empirical implications. Section III reports the empirical models of franchise extension, tax revenue and social spending since 1820 as a function of partisan competition. Section IV concludes.

³Congleton’s (2010, p.176) historical analysis seems in line with this premise: “During the early and mid-nineteenth century, Liberal parties generally pressed for suffrage expansion for both ideological and pragmatic reasons, while Conservative parties defended the medieval order, with its 5 to 10 percent suffrage, noble chambers, aristocracy and state church.”

The Argument: Electoral Strategies, Spending Choices, and Revenue Expansions

Our central contention is that the development of the fiscal state responds in large part to short-term electoral strategies by Liberal and Conservatives, strategies that ultimately open political institutions to Labor parties and their progressive agenda. Along with Ansell and Samuels's 2014 elite competition model, we assume a split between elites (rural versus industrial, old versus new) at the onset of the process.⁴ Our analysis, however, begins where they end: namely, by assuming the existence of a minimally functional democracy where a fraction of the population, however small, votes to choose its representatives and/or the executive and the latter is periodically accountable to them. We assume that parties represent organized economic interests and consider the following party-class linkages: Conservative parties represent the preferences of the old land aristocracy and rural elites; Liberal parties represent the preferences of the emerging industrial owners and urban elites; and Labor parties represent the preferences of the working classes resulting from the waves of industrialization (1830s-1840s in the UK, and the 1870s in the rest of Europe). In addition, we also assume that parties set out to maximize their options to gain and retain power and, therefore, jointly behave as:

- *Office seekers*, as politicians seek the definition of the rules of the game (primarily franchise) that best fits their chances to win and retain office, and
- *Policy seekers*, as politicians design policy that enhances the loyalty of their core supporters, and that, accordingly, they deem as “right” for the nation.

During the period witnessing the emergence of the fiscal state these two motives manifest themselves most clearly in three issues: who is enfranchised, who pays taxes, and where to

⁴Various classical and recent contributions assume a similar split: Lizzeri and Persico (2004); Llavador and Oxoby (2005); Luebbert (1991); Moore (1966).

spend. Table 1 summarizes the preferences of the different parties with respect to these three elements. Conservative's preferences are straightforward. They constitute the incumbent elite at the beginning of the process and support reduced taxes and spending, except for very minimum functional needs, and the exclusion of virtually everyone else from existing representative institutions (Przeworski, 2010).

Table 1 here

Liberals feature a different set of priorities. In terms of office seeking strategies, they support neither the status quo nor universal suffrage, which they equate to uninformed populism.⁵ In terms of policy goals, they push for expansions of public spending, mostly infrastructural public goods and education. These expenses are functional for the promotion of industry-led growth and are to be funded via indirect taxes, as they do not distort investment decisions.

Labor parties represent the emerging working class, and aspire to *conquer* universal (male) suffrage by eliminating any wealth- or income based restriction to franchise (Przeworski and Sprague, 1986; Przeworski, 2009). This allows them to pursue, via *paper stones*, massive expansions of (implicitly) redistributive insurance spending, access to public goods, and more progressive forms of taxation. Once in place these policies are expected to solidify the support by the newly enfranchised.

Interestingly, Labor (or Socialist) parties become key actors in the political game only much later in the game, in the aftermath of the second industrial revolution, once franchise had achieved intermediate levels. That is, in many instances Labor parties gain political clout through choices about franchise taken by parties other than themselves (Lizzeri and Persico, 2004; Llavador and Oxoby, 2005). Once in power, Labor parties manage to push for the expansion of the fiscal state, but the question remains as to what prompts Liberal

⁵Refer to Fawcett (2014, ch.6) for various examples of American, English, Prussian and French Liberal politicians of the nineteenth century warning about the perils of allowing uninformed individuals to have political representation.

and Conservatives to either explicitly create or implicitly tolerate the institutional conditions that facilitate the expansion of the fiscal state well beyond their initial preferences.

We argue that the answer lies in the inability of Liberal and Conservative parties to coordinate their two goals (office- and policy-seeking) *in the long run*. At the cradle of representative government, parties are engaged in dynamic interactions in which the number and type of relevant actors, as well as the very rules of the game, evolve rapidly over time. In this context, the idea, dominant in the extant literature, that actors perfectly observe all possible paths of strategic interactions among the relevant actors and backward induce over a century and a half seems far-fetched. Instead, we conceive of mid 19th-century parties as weak political machines, operating in a context in which the rules of the game are far from established and political loyalties are in flux (Caramani, 2004; Cirone, 2015; Cox, 1987; Michels, 1911; Kirchheimer, 1966).⁶ Led by a small elite of notables, these “cadre parties” lack the bureaucratic structure of modern organizations, and their ability to preserve legacies and goals across subsequent electoral terms (Katz and Mair, 1995). There is little coherence either within party families or over time and, as a result, time horizons are bound to be short. In this context, party elites advance their short-term electoral gains even if this goes against the long-term best interest of the party and class they represent. Parties are institutionally weak and younger cohorts cannot discipline their older fellows as to reconcile short- and long-term goals.

This *organizationally-induced* myopia links directly the early patterns of electoral competition with the subsequent development of the fiscal state through the following causal chain:⁷

1. Early modern parties (both Liberals and Conservatives) can not internalize the long term consequences of today’s office seeking strategies.

⁶Even in Britain, where party loyalties were early forged, party discipline required over a century to achieve modern levels (Eggers and Spirling, 2016).

⁷Appendix I presents a simple formal characterization of the argument.

2. As a result, they do not perceive that today's foes may be tomorrow's potential allies against policies that are not in the set of feasible policy options early in the process. Accordingly, they compete rather than coordinate.
3. This triggers a process in which short-term electoral strategies paves the way to a new scenario in which new actors (and policy strategies further away from the original preference set) become a central engine behind larger levels of fiscal development.

The workings on the mechanisms behind this interpretation for the political origins of universal franchise and the modern fiscal state is best captured by analyzing the electoral competition between Liberals and Conservatives under restricted and partial democracy, respectively.

Liberal's decisions in a context of limited franchise

Early in the process, Conservatives are the main player in proto-democratic European Parliaments. Liberal parties run but their chances to achieve office are small. When they make it, Liberals may expand the franchise enough to incorporate their natural constituency, namely, the new industrialists and the upper echelons of urban liberal professionals such as lawyers and traders, as a means to secure office. Importantly, they extend franchise for "strategic" reasons and "reluctantly", not for conviction, and "they never abandon the search for limits on how the many might govern" (Fawcett, 2014, p.149). Liberals face some uncertainty. At the same time that they want to expand the electoral body to incorporate new economic elites they want to limit the entry into the political body of potential supporters of political organizations further to the left. Their optimal extension is a limited one but they do not know *ex ante* *how limited*. If they err on the side of caution, their coalition may be too small to sustain a successful and stable alternative against Conservatives. If they err on the side of safety and build a small buffer into the design of the extension of franchise, the pool of voters to lure may become wider and more diverse than optimal. The scope of this

ambiguity has direct implications for the second argument in parties' strategies, namely their policy offerings, should they succeed in securing an extension of franchise and, ultimately, gain control over the executive.

Liberals tend to spend more than Conservatives across fiscal policy categories to balance the concern of their core constituency of supporters, a core of relatively uncertain boundaries. Industrialists and urban elites support large scale investments in public goods and infrastructures, particularly communication networks, water sanitation, and partially, expansions in education to sustain a sizable and well qualified labor force (Pincus and Robinson, 2011). By contrast redistributive social spending is not a direct policy or electoral concern. Income and/or asset redistribution towards lower income citizens is something at odds with the interest of the Liberal coalition (Aidt, Daunton and Dutta, 2010). To the extent that they make an effort in this policy area, it is to cope with potential negative externalities affecting their core supporters: e.g. health hazards within cities (Lindert, 2004). In line with the interests of their natural constituents, Liberals rather fund these interventions via indirect taxes: namely, excises, turnover and trade taxes. This allows Liberals to design marginal expansions of the fiscal state while pushing the burden of taxation onto the newly enfranchised classes on a clear taxation-for-representation logic that minimizes redistributive incidence.⁸

Conservative's decisions in a context of intermediate franchise

To the extent that Liberals' strategy succeeds, Conservatives find themselves in a situation in which sticking to their original preferences about the size of the demos and attendant

⁸A good illustration of the liberal position is given by the free traders' reaction to Peel's reintroduction of the income tax in England in 1842. As Daunton 2001, p.82-3 shows, "the reintroduction of the income tax was not received with enthusiasm by many radicals and free traders, who felt that it was being adopted in place of a more desirable policy of retrenchment in government spending, particularly on war". In Parliament, their position was eloquently expressed: "*No tax could be devised which would operate more unequally, more unjustly, and more oppressively*".

fiscal policies is self-defeating. Thus, Conservatives face a trade-off between their ideological preferences and their own electoral survival. Conservatives' preferences are closer to those of the Liberals than to those of Labor, and a Liberal-Conservative coalition against further extensions of franchise constitutes their second best. Yet such a coalition would render Conservatives a permanent (and dwindling, in light of pervasive structural changes) minority. Aware of this risk, office-seeker Conservatives *switch* their attitude towards further extensions of franchise. By sacrificing part of their earlier ideological position on franchise, and broadening the pool of potential voters, the Conservatives aspire to build a larger base from which to regain levels of electoral support that bring them back to office. Congleton's (2010, p.176) analysis of the development of parliamentary politics in Europe provides evidence of the same logic being at work:

“As suffrage reforms were adopted and further reforms became more likely because of ideological and electoral competition, Conservative parties also became increasingly pro-suffrage. Indeed, Conservative governments of the late nineteenth century would often initiate suffrage expansion in order to control the details of the reform. In such cases, partisan interests clearly trumped ideological ones.”

There is no gainsaying this is a risky move on the part of Conservatives, one with high costs in terms of mobilization/resources and uncertain political returns. Under what conditions should one expect Conservatives to endorse further expansions of franchise from which they would try to benefit then? Conservatives cannot credibly promise a policy platform appealing to low income voters on a redistributive dimension (Acemoglu and Robinson, 2000). Moreover, such a move would create far too extreme internal divisions within their rank and it would go against the very core of their ideological preferences. Given this constraint, Conservatives can only appeal to new voters by activating a different political dimension. The range of feasible strategies to undertake this switch varies across countries. In some cases, Conservatives opt for national identity and nation building. In others, they endorse the preservation of traditional societal values and religious institutions versus the state cen-

tralization and secularization championed by Liberal reformists (Lipset and Rokkan, 1967).

The resort to national identity was the prime strategy by Conservatives such as Bismark, or in a different historical and institutional context, Cavour in Italy. Both were members of the land aristocracy and perceived the process of nation building against external enemies as an opportunity to forge a coalition with emerging industrial interests around the expansion of national markets, and to undermine the growing political support for workers' movements during the second industrialization (Steinmetz, 1993; Mommsen, 1986). As part of the strategy to forge a national identity and broaden the social basis of support for the constitutional monarchy, Germany was indeed a pioneer in granting universal male franchise yet for an institution with limited powers in the 1871 Wilhelmine Constitution (Berman, 2001). This combination, coupled with the early development of social insurance systems (Mares, 2003), proved a successful adaptation strategy against the rise of liberalism in several European nations.⁹

Conservatives' strategic switch, while driven by similar goals, works differently in societies with pre-existing and encompassing religious organizations, such as the Catholic Church. Their presence on the ground reduces the organizational investment necessary to compete for new voters and therefore increases the expected net gains of supporting further extensions of franchise. As a result, the necessary mobilization investment along non-income lines is lower to begin with. In addition, Conservatives operating in coordination with the Catholic Church can also offer lower income voters material incentives through charitable institutions of the sort advocated by the early Social Catholic movements.¹⁰ In the absence of such

⁹Shayo (2009) provides micro-foundations to explain why Conservative elites see nationalism as an opportunity to extend franchise while containing the risk of being overpowered by political parties representing lower income groups.

¹⁰A wealth of historical evidence on the emergence of Christian Democracy in Europe validates this theoretical prior. Initially, Conservative parties were wary of both franchise and the Church. The former implied too much political equality; the latter, too much institutional dependence from the Church (as illustrated by the fact that Italian unification occurred largely at the expense of the Church). Yet as their competition with Liberals intensified and mass politics became a

an organizational infrastructure, though, supporting additional extensions of franchise is a riskier political endeavor and makes little strategic sense.¹¹

To sum up, provided that the political space allows it, Conservative parties under Liberal incumbency have strong incentives to modify their earlier position on the extension of franchise and strategically support a more encompassing voting pool. Whether confessional (*religious driven*) or not (*identity driven*),¹² the strategic shift by the Conservatives is interesting for several reasons. First, rightwing-sponsored franchise extensions are *a priori* counter-intuitive. Second, it defrays negative consequences to the next generation: the potential risk of Labor parties reaching office as a result of full franchise extension will only be assumed by younger Conservative cohorts. Incumbents, in the meantime, secure office even if it results from adopting dynamically sup-optimal policy for the class they represent.

real possibility, they had to abandon their original preferences (Kalyvas, 1996; Van Kersbergen, 1995). As Kalyvas 1996 puts it “[55] The defense of the church presented two related advantages: first, a great appeal, both in broadness and intensity, especially to just enfranchised or soon to be enfranchised masses, and second, the direct access it provided to the organizational resources of the church [...] [57] To conclude, in the interaction between the Church and the Conservatives the participation strategy constitutes a stable equilibrium. It is an equilibrium based on the mutual contracting out of undesirable but necessary activities: political struggle against anticlerical reforms for the Church and mass organization for Conservative political elites. It is a stable equilibrium because no side has, at this point, the incentive to defect unilaterally.”

¹¹At later stages, challenged by both Liberals and Labor parties (empowered in part by the earlier implementation of universal male franchise), Conservatives followed a similar approach with respect to the enfranchisement of women. Przeworski (2009) shows how the extension of franchise to women was in many instances a concession by conservative forces based on electoral calculations: “Women’s enfranchisement is likely to occur in Catholic countries only if the right-wing parties are in office but fear they would lose it because the proportion of males voting against them is increasing, which clearly was the rationale of Social Christians in Belgium in 1919, when suffrage was extended to some women, and again in 1949 when it became universal.” (Przeworski, 2009, p.317).

¹²Historically, the particular strategic choice by Conservatives determines whether the right side of the spectrum is dominated by Christian Democracy or by Conservative parties that tend to absorb the remains of pre-existing Liberal parties. The latter, incapable to situate themselves in the new strategic scenario of full enfranchisement, find it harder and harder to retain a significant institutional presence.

The dynamic of electoral competition between Liberals and Conservatives suggests that under partial franchise, no combination of franchise regulation and public policy constitutes a stable equilibrium.¹³ For any party satisfied with the status quo in terms of the size and composition of the demos and the policy regime, there will always be at least one other party inside the political game with (1) different policy preferences and (2) incentives to push for additional extensions of franchise in the hope that the new inflow of voters increase their chances to influence policy. Critically, this holds true regardless of ideological position of the challenger relative to the incumbent party. At the limit, these dynamics leads to a much larger level of enfranchisement than either Liberals or Conservatives would consider their first preference at the beginning of the process. By strategically exploiting franchise extensions for the purposes of office-seeking, Liberals trigger a dynamics of political competition that ultimately undermines their very existence; in turn, by radically switching their preferences on the size of the demos for office seeking purposes, Conservatives help create the conditions for the entry of platforms supportive of much higher levels of social spending, revenue collection, and progressive taxation than either of them would ever deem optimal. These myopic decisions derive from the very nature of the early modern political parties. Being more “cadre cartels” than sophisticated political machines, parties do not and cannot internalize the long-term policy costs of the short-term office gains.¹⁴

¹³See Appendix for formal illustration

¹⁴An obvious question about this argument concerns the counterfactual: what would have Liberals and Conservatives done had they anticipated (and weighted more heavily) the long-run consequences of their electoral strategies? Our argument suggest that when Liberals and Conservatives are able to do so, by virtue of both running with more developed, institutionalized organizations that minimize credibility issues regarding long-term power sharing agreements with their direct rivals, we should see earlier coalitions between the two as a strategy to fight off Labor’s demands for universal male franchise and delay progressive taxation and the redistributive social spending.

Empirical Implications

To summarize, fiscal policy choices evolved over time as part of an office-seeking electoral strategy. As incumbents are defeated and become the *new* challengers, their preferences over the optimal size of the electorate switch, and they support additional extensions of franchise, which in turn demands new fiscal policies to forge new and stable political coalitions. Herein lies the mechanism linking electoral incentives and fiscal expansions. A number of testable implications about the determinants of the emergence of the fiscal state over time follow from the analysis:

1. In the early stages of their contest against Conservatives under very limited franchise, Liberals expand both franchise and social spending to lure the newly enfranchised into the Liberal coalition. Critically, this expansion is non-redistributive in nature and is funded by indirect tax instruments.
2. In their efforts to regain power, Conservatives switch their preferences over suffrage and endorse further extensions of franchise when the latter is already intermediate.
3. When franchise is (almost) universal, in their contest against established parties, Labor expand social spending and more progressive forms of taxation to lure the newly enfranchised into the Labor coalition.

Next we test the three implications.

Data

To assess the empirical validity of our argument we proceed in three steps. We first investigate franchise extensions as a function of what parties expect to gain given the existing size of the electorate. Second, we test whether policy responses by parties are consistent with the goals of the extension of franchise. We study this mechanism by focusing on what parties

offer to the newly enfranchised (i.e. spending) and how they finance it (i.e. revenue). Lastly, we evaluate whether the long-run consequences of electorally motivated franchise extensions are consistent with our argument.

Throughout the analysis, and consistent with the trends identified in Figure 1, we treat WWI as a breaking point between the era of elite competition and the era of mass politics. Obviously, instances of mass politics occurred before 1914 and elite competition remains a key engine of history after 1918, but the relative balance between the two changed as a result of the Great War.¹⁵ The war effort puts pressure on incumbent parties to broaden franchise and opens up a new playing field in which the demands by workers' representatives and women are harder to ignore (Przeworski, 2009).¹⁶ This has implications not only for the prospects of the demands by Labor parties, but also for the strategic portfolio of Conservative parties challenging Liberal elites, often reinforcing a trend initiated before the War.

Franchise Extensions in the Long Nineteenth Century and Beyond

Parties evaluate the gains and costs of extending franchise *given* the size of the electorate at any point in time. When franchise is restrictive, we expect Liberals to have a strong incentives to loosen franchise provisions. In a context in which Conservatives are the leading political player, Liberals can benefit electorally from bringing the middle classes into the electorate. At later stages, however, when the size of the electorate is big enough to include their immediate supporters (professionals and urban middle class), we expect Liberals to lobby against further franchise extensions. They have nothing to gain from a larger electorate that is potentially closer to the big government platform offered by Labor opponents.

Our argument suggests that Conservative preferences evolve in the opposite direction.

¹⁵Aidt and Jensen 2014; Ticchi and Vindigni 2008.

¹⁶The pressure for incorporation within war participant countries spills over to non-participants through several diffusion mechanisms. Of the four neutral countries in our sample, Denmark extended franchise in 1918, Norway in 1915, and Sweden in 1919. Finland had already done in 1907 for reason arguably independent than WWI.

When franchise is restrictive, agrarian elites hardly gain from relaxing franchise provisions. First, the newly enfranchised classes are likely to support the Liberals. Second, the larger the size of the electorate, the more necessary building strong, hierarchical organizations becomes, something Conservatives dislike (Kalyvas, 1996). Once Liberals extend franchise, the incentives of Conservatives towards franchise provisions change. As discussed above, Conservatives seek to come back to the game by mobilizing either religion or national identity. Both religion and nationalism appeal to a wider electorate irrespective of class, and makes of the Conservative brand a genuine, competitive alternative to both Liberals *and* Labor. Based on these expectations, we draw two hypotheses:

Hypothesis 1. In early stages of franchise extension, Liberals lead the extension of franchise, and Conservatives oppose it.

Hypothesis 2. In later stages of franchise extension, Conservatives lead the extension of franchise, and Liberals oppose it.

The relevant dependent variable for both hypotheses is the extension of franchise. The data are drawn from Aidt and Jensen (2013), and Przeworski (2013). Appendix Table A-1 lists the dates of franchise extensions per country: it includes extensions affecting male (i.e. elimination of wealth, tax, or educational requirements), as well as those affecting women’s suffrage, which concentrate after WWI. Appendix Table A-1 also lists the first extension of franchise, that is, the one bringing parliamentary representation. However, we do not model first extensions as our theory assumes a minimum level of parliamentary representation.

The dependent variable equals 1 the year in which a country extends franchise, and 0 otherwise. Accordingly, the structure of the dataset is Binary Time-Series-Cross-Sectional (TSCS). To model duration dependence in the extension of franchise, we resort to event history models for discrete dependent variables. In particular, we seek to estimate

$$h(t|\mathbf{x}_{i,t}) = \frac{1}{e^{-(\mathbf{x}_{i,t}\beta + H(t-t_0))}} \quad (1)$$

where the instantaneous discrete hazard rate (or simply, the probability of franchise extension at year t) is a function both of the independent variables, (the $\mathbf{x}_{i,t}\beta$ term), and the length of time that the country has been *at risk* of extending franchise, $H(t - t_0)$, or baseline hazard. In order to model the baseline hazard, we fit a smooth function of the number of years elapsed since the last franchise extension (the first or any subsequent).¹⁷

Once the baseline hazard is properly accounted for, logit models are equivalent to event history methods for BTSCS data (Beck, Katz and Tucker, 1998, p.1264). Still, for the sake of robustness, we also fit complementary log-log models (or *cloglog*) which are the “exact discrete duration analogue” of the Cox proportional hazard model (Beck, Katz and Tucker 1998, p.1268, and see also Box-Steffensmeier and Jones 2004, p.74). To account for time-invariant unobserved heterogeneity across units, we also fit country fixed effects. This is possible thanks to the repeated event structure of the data: countries extend franchise multiple times.

To assess Hypotheses 1 and 2, we have coded the parliamentary plurality for each parliamentary session in 10 European countries since 1820 (refer to Appendix for details). Before 1914, parliamentary plurality was either in the hands of Conservatives or Liberals. Franchise extensions at the turn of the century, and specially following WWI, paved the way to Labor representation. Eventually, the latter became a major group in Parliament, and alternated plurality with the two pre-existing blocks: Liberals and Conservatives.

Since we argue that parties’ incentives to extend franchise vary as the voting population grows, we control for franchise levels.¹⁸ We also adjust for *per capita GDP*, and participation in *War* at any given year. To account for the demand of franchise extension coming from below, we control for the *Seat Share of Labor Parties* for each legislative session.¹⁹

¹⁷There are two standard solutions for this: flexible polynomials (Carter and Signorino, 2010), and splines (Beck, Katz and Tucker, 1998). We fit both.

¹⁸Refer to Appendix for this and remaining sources except otherwise indicated.

¹⁹Aidt and Jensen (2014) show that social revolutions were effective in delivering franchise extensions. However, revolutions happened out of our sample, except for France. Results when we

We consider two alternative safeguard mechanisms that, for any given level of franchise, serve the elite to control how people vote and how votes are counted (Pittaluga, Cama and Seghezza, 2015): one is the *open ballot*, an instrument of strong social control (Mares, 2015). The other is *proportional representation*, which minimizes the policy costs of labor gaining office (Boix, 1999). Arguably, a control for higher chambers, which presumably minimize the impact of policy crafted by leftist parties in the lower chamber, is also in order; however, bicameral parliaments are a constant in our sample (99.6% of country-year units have one).

To emphasize the incentives Liberals face at varying levels of franchise, we perform this exercise step-wise. In Table 2 we investigate franchise extensions in the long nineteenth century, 1820-1913, a key period in the development of modern democracy in Western Europe. In Tables 3 and 4 we broaden the spotlight and analyze franchise extensions in the full period (1820 to 1975). Results are consistent across periods: Liberals promote franchise extensions when suffrage is restricted, and oppose further extensions at the turn of the century, once suffrage reaches intermediate levels. At that stage, the Conservatives, cross-pressured by Liberals and the rising labor movement, sponsor further franchise extensions to appeal to social-conservative, religious voters.

Table 2

Table 2 investigates franchise extensions in the long nineteenth century, which comes to an end on the eve of WWI. The mid-nineteenth century is a time in which old-regime Conservative parties are still major players, and parliamentary representation is restricted. We expect Liberals to sponsor franchise extensions the moment they gain power so as to maximize their chances to retain it. Consistent with this logic, Table 2 shows that, from 1820 to 1914, Liberal parliamentary pluralities predict the extension of franchise as compared to Conservative pluralities. Importantly, the results are robust to various empirical strategies and ways to account for duration dependence: columns 1-3 are fitted with a logit model,

include the 1830, 1848, and 1870-1 French revolutions hold.

first accompanied by a third-order flexible polynomial to account for time dependence, and then by a battery of three splines. Columns 4-6 replace the logit for the cloglog link, and alternates the two same methods of adjusting for the baseline hazard.

The analyses suggest that Liberal majorities are significantly associated with franchise extensions prior to 1914. A Liberal plurality in Parliament increased the instantaneous probability of a franchise extension by almost 10%. Importantly, results are also robust to controlling for the labor seat share, which captures either the left threat (*à la* Acemoglu and Robinson 2006, and Boix 2003), or the permissiveness of the political system; the presence of an open ballot (arguably a substitute for low franchise), per capita GDP, and participation at war. Additionally, in columns 3 and 6, we fit a battery of country fixed effects to account for unobserved heterogeneity across countries. Results remain unchanged: Liberals are associated with franchise extension in the long nineteenth century, when franchise is still limited to the wealthier strata of society.

Table 3

Table 3 expands the scope of the analysis, including franchise extension occurring before *and* after WWI, all the way to 1975, the heydays of the modern fiscal state. According to our argument, we expect Liberal-sponsored franchise extensions to be self-defeating: once franchise is sufficiently extended, Liberals cannot gain from further franchise extensions; yet, they unintentionally push Conservatives to further extend franchise as to appeal the nationalist/religious worker. This is, however, a double-edged strategy for the Conservatives too: by enfranchising the working poor, labor parties get an opportunity to reach power and implement a progressive agenda, which is suboptimal both for Liberals and Conservatives, who would prefer a smaller government. We test these implications step-wise.

First, as franchise increases, we expect Liberals to switch strategy: that is, by the turn of the century, when suffrage is already intermediate, Liberals refrain from sponsoring further franchise extensions. We test this by interacting Liberal parliamentary pluralities (an indicator variable) with the franchise level (a continuous variable). Consistent with the the-

oretical expectation, column 1 in Table 3 shows that for low levels of franchise, Liberals favor franchise extensions (which is consistent with Table 2's results), whereas for high levels of franchise, Liberals oppose further extensions.

Column 2 reexamines our expectation replacing franchise level for a *Before-After 1914* indicator. This variable roughly identifies the end of the long nineteenth century. By the end of this period, on average, suffrage in Europe has already achieved intermediate levels (refer to Figure A-4 in the Appendix for evidence of this). Accordingly, we expect Liberals to stop sponsoring franchise extensions after 1914. The analysis does show that Liberals did sponsor franchise extensions before WWI, but not afterwards. As franchise reached intermediate levels, the Liberal strategy toward suffrage extensions shifted.

To illustrate column 2's results, Figure 2 plots the effect of a Liberal plurality in Parliament on the probability of extending franchise, before and after 1914. The change in attitude toward franchise extensions by Liberals is apparent. Before WWI, Liberals in power increase the probability of franchise extension by almost 10 points (as compared to Conservatives and Labor, the excluded categories); after WWI, Liberals are no longer associated with franchise extensions. Lastly, column 3 in Table 3 reruns the analysis with country fixed effects to control for unobserved heterogeneity. Results hold.

Figure 2

The next hurdle involves testing the Conservative's strategic switch when franchise achieves intermediate levels. We argue that Conservatives aspire to counterbalance Liberal's influence over the new industrial elites by extending franchise and mobilizing a second policy dimension that is not associated with spending decisions (religion and/or nationalism). Based on this logic, we should expect franchise extensions in the twentieth century to be promoted by Conservative parties. Those competing in countries with a pre-existing religious cleavage would run under the Christian-Democratic label. Otherwise, Conservatives mobilize the nationalist card to speak directly to the traditionalist working class. We test these predictions

stepwise in Table 4, in which we interact three types of parliamentary pluralities (confessional, non-confessional right, and labor parties) with the level of franchise. Both in columns 1 and 2, Liberal pluralities are the excluded category, as they are expected to oppose further extensions at intermediate levels of franchise.

Table 4

In column 1, the interaction term suggests that for higher levels of franchise, both types of Conservative parties sponsor franchise extensions relative to the Liberals. Labor pluralities are also associated with franchise extensions, but the point estimate is lower than those associated with Conservative-sponsored extension. One logical reason for this is simply that Labor only gained parliamentary pluralities once suffrage was almost nearly universal. In column 2, we fit country fixed effects to address time-invariant unobserved heterogeneity across countries. Results are similar, with one caveat. The non-confessional right is still associated with franchise extensions at high values of franchise, but the confessional right and labor are not. To fully analyze the interaction, we plot the relevant predicted probabilities.

Figure 3

Figure 3 simulates the predicted probability of further extensions by franchise level and parliamentary plurality, as drawn from column 1 in Table 4. This figure suggests that Conservatives and Labor, in this order, increase the probability of extending franchise once suffrage has reached 40% of the national population (i.e. intermediate values). Within the Conservative spectrum, non-confessional parties lead franchise extensions, although the confessional right does not lag far behind. In substantive terms, parties that used to block franchise extension in the nineteenth century switched their strategy at intermediate levels of franchise because, we argue, when they were cross-pressured from above (the Liberals) and below (Labor). By contrast, Liberals only sponsor franchise extension when franchise is very low. As it increases, Liberals refrain from extending the right to vote to further strata of the population.

In sum, this section shows that Liberals and Conservatives switch roles as franchise extend. When suffrage is limited to a bunch of old regime elites, Liberals sponsor franchise extension as a means to move away from that status quo, in which Conservatives are the leading political force. At more advanced stages of suffrage, Liberals stop sponsoring further extensions, as these are detrimental for the Liberal voter: they imply greater taxes and spending plus power sharing with uneducated individuals. Conservative parties, on the other hand, saw further franchise extensions as an opportunity to regain power. Specifically, Conservatives sponsor further franchise extension as a means to appeal to the social-conservative, religious/nationalist worker. In the next section, we turn to the fiscal consequences of these electoral strategies.

Electorally-driven Social Spending and Revenue Collection before 1914

The electoral strategies are meant to shape the size and composition of the *demos* to each party's advantage. To sustain stable coalitions of support parties rely on different policy portfolios. Conservatives' preferences for a small, selective electorate, is consistent with their quest for sheltering from taxes (on land assets) and competition (Mares and Queralt, 2015). As the complexity of their constituents increases, Liberals and Labor must rely on different combinations of spending and revenue policies. This section investigates Liberals' strategy to mobilize enough resources to gain and retain the support of the newly enfranchised. To this end, Liberals had to finance basic social goods (see, for instance, the case of primary education in Ansell and Lindvall 2013) that the State had never delivered ever before, leading to a marginal increase in the size of the fiscal state and a change in the composition of both revenues and expenditures. The political logic goes as follows.

In small quantities, education, housing and social services spending would lean the newly enfranchised in favor of the Liberals, which would be seen as the party of the urban professional, middle class, as opposed to the Conservatives, the party of the country and the

privilege. The volume of social spending before 1914 was still a fraction of what it would become later on, but was by no means insignificant. On average the total budget during this period amounted to 6 percent of GDP, with social spending accounting for about one third of the budget. We claim that these small quantities were of profound electoral significance, enough to incline the electoral game in favor of the Liberals.

For the strategic decision of providing basic social services to gain the hearts and minds of the newly enfranchised to be rational, the expected net benefits for Liberal constituents must remain positive. This concerns both revenue and spending choices. Liberals in power, we argue, did not only tune spending but also revenue. In order to maximize their utility, Liberals place the incidence of taxation on the newly enfranchised themselves. They create the illusion that political rights come with new social services, but in reality, the latter are financed via indirect taxation. That is, Liberal elites do not assume the financial cost of the new social services, but the newly and would-be enfranchised do. In essence, the proto-welfare state is a small-scale, partial replica of what it eventually becomes in the twentieth century: a social insurance system, in which middle classes fund via indirect taxation the same services they consume (Beramendi and Rueda, 2007; Timmons, 2005). Based on these expectations, we hypothesize:

Hypothesis 3. Before 1914, Liberal incumbency leads to bigger government, funded via regressive, indirect taxation.

Hypothesis 4. Before 1914, an expansion of the franchise by Liberals implies an increase in social spending.

Tax Yields before 1914: size and composition

To test Hypothesis 3, we proceed in two steps. First, we analyze the relationship between Liberal incumbency and the total amount of tax revenue relative to the size of the economy.²⁰

²⁰Historical tax ratios are drawn from Dincecco and Prado 2014.

Second, we analyze the relationship between Liberal incumbency and the composition of tax revenues.²¹ We approximate the latter by focusing on the share of excises over total tax revenue (in a world with no VAT, the excise nicely captures the regressive nature of the early fiscal state), and the share of direct taxes over total tax revenues (a proxy of progressivity).

We model size and the composition of revenues with a standard lagged dependent variable that corrects for serial correlation:²²

$$\text{Fiscal Outcome}_{i,t} = \beta \text{Fiscal Outcome}_{i,t-1} + \psi \text{Liberals}_{i,t} + \mathbf{X}_{i,t} \boldsymbol{\kappa} + \gamma_i + \eta_t + u_{i,t} \quad (2)$$

where $\text{Fiscal Outcome}_{i,t}$ denotes either the total tax revenue as a share of the economy (results reported in Table 5 below) or the share of tax revenue that comes from excises (columns 1-5 in Table 6) and direct taxes (columns 6-7 in Table 6). *Liberal plurality* in Parliament is self-explanatory, \mathbf{X} is a vector of additional time-varying controls, γ_i and η_t are full vectors of country- and year-fixed effects, respectively, and $u_{i,t}$ is the disturbance term.

Table 5

Table 6

The results in Tables 5 and 6 are consistent with Hypotheses 3 and 4 above.²³ Liberal incumbency is associated with positive and significant increases in the size of revenues as a share of the economy, holding the pre-existing levels of franchise, per capita GDP, and

²¹Tax revenue by tax type is drawn from Flora, Kraus and Pfenning 1983.

²²For alternative specifications, including first-lags of all covariates as well as Auto-Regressive Distributed Lag (ADL) models, refer to Appendix Tables A-3 and A-8.

²³The sample size varies between Tables 5 and 6 because the data sources differ: the tax revenue data in Dincecco and Prado 2014 begin in 1870 whereas the tax composition (excises vs. direct) in Flora, Kraus and Pfenning 1983 goes as far back as 1822. Importantly, results hold for excises when we restrict the sample to the post-1870 period, as shown in Appendix Table A-4.

military conflict constant (column 1).²⁴ This result is robust to additional controls: key among them, is military involvement, the main engine of fiscal capacity building in Europe (Tilly, 1990). We account for it in two additional ways with respect to column 1: in column 2 we add five lags of military conflict participation, as taxes may increase after the termination of conflict so as to repay war debt. In column 3, we compute the gap of per thousand capita military personnel for each country with respect to all European counterparts. In times of regional war escalation, a big military gap might stimulate fiscal capacity building. In columns 4 and 5, we include political and economic controls that might confound the relationship between Liberal plurality and taxation, while in column 6 we pool all the controls together. Regardless of the specification, Liberal Pluralities prior to 1914 are consistently associated with higher levels of tax revenue to GDP.

Table 6 examines the composition of the new tax. Results suggest that the Liberal-led tax hikes rested primarily on indirect fiscal instruments, such as excises, which is consistent with our theoretical expectation. This result is robust to the same set of military, economic and political controls that we include in Table 5. On the contrary, direct taxes, which include progressive taxes such as the income tax, do not increase with Liberal rule.^{25,26} These robust findings reflect quite neatly the tax preferences of industrial sectors that Liberal parties represented: non-distortionary, indirect taxes (Ansell and Samuels, 2014; Mares and Queralt, 2015).

²⁴As reported in the Appendix Table A-7, the impact of Liberal incumbency on the total tax revenues is also robust to the inclusion of *Landholding Inequality* as a control variable. We do not report these models in the main paper because we believe, along Ansell and Samuels (2014) and Ziblatt (2008), that the main impact of landholding inequality on the politics in the pre-WWI era was precisely through the composition of the legislature, that is, in a previous step of the causal chain.

²⁵Income taxes in Europe were progressively adopted by Conservative governments starting as early as 1842 (Aidt and Jensen, 2009; Mares and Queralt, 2015).

²⁶We omit most of the direct tax models because *Liberal Plurality* is never statistically different from zero.

Social Spending before 1914

The political logic outlined by our argument implies that Liberals increase taxes only to cater to the needs of the newly enfranchised population that their political coalition rests upon. Accordingly, as summarized in Hypothesis 4, we should observe that, following a franchise extension sponsored by the Liberals, part of the increase in resources collected primarily via excises should be devoted to social spending. To assess this expectation, we make use of a series of social spending that dates as far back as 1822.²⁷ The data includes any spending on education, housing or social services provided by the central government.

To pin down the causal sequence that we are advancing, we estimate whether social spending increases following a Liberal-sponsored extension of franchise. Accordingly, we fit

$$\begin{aligned} \Delta SocialSpending_{i,(t,t-1)} = & \phi Franchise Extension_{i,t-1} + \rho Liberal Plurality_{i,t-1} \\ & + \psi (Franchise Extension_{i,t-1} \times Liberal Plurality_{i,t-1}) \\ & + \mathbf{X}_{i,t-1} \kappa + \gamma_i + \eta_t + u_{i,t} \end{aligned} \quad (3)$$

where $\Delta SocialSpending$ denotes the first-difference in social spending (as % of GDP) between t and $t - 1$, $Franchise Extension$ is an indicator that equals 1 at extension year, \mathbf{X} is a vector of time-varying controls, and $u_{i,t}$ is the disturbance term. Moreover, we include a full battery of country fixed effects, γ_i , to control for unobserved heterogeneity across panels, and year fixed effects, η_t , to account for common underlying time trends. To address sequential causation, we lag all covariates one year. That is, we investigate whether Liberal-sponsored franchise extensions yesterday lead to larger increases in social spending today (i.e. we detrend the series). The analysis also controls for various confounders of the relationship between social spending and Liberal-sponsored franchise extensions. Results are reported in Table 7.²⁸

²⁷Refer to Appendix for details.

²⁸The sample size varies with respect to Table 5 because the data sources differ: the tax revenue data in Dincecco and Prado (2014) begin in 1870 whereas social spending data in Flora, Kraus and Pfenning (1983) goes as far back as 1822. Importantly, results hold when we restrict the sample to the post-1870 period, as shown in Appendix Table A-5.

Table 7

In column 1 we fit the instantaneous change of a Liberal-sponsored franchise extension on social spending as % of GDP. That is, we strictly fit Expression 3. We observe that the interactive coefficient is positive but not statistically significant. In column 2, we control for the level of social spending at $t - 1$, as changes in the dependent variable might be conditioned on the *stock* of social spending. Again, the interactive coefficient is positive but does not meet standard levels of statistical significance.

One obvious caveat with this test is that the returns of electorally motivated changes in social spending might take a few years to realize: new laws and budgets have to be drafted, then implemented, and ultimately, recorded. To account for these lags, in columns 3 to 8 we replace the immediate change in social spending from $t - 1$ to t for a longer spell: five years, that is, the different in social spending from $t - 1$ to $t + 4$ (or four years from adoption).²⁹ Specifically, we estimate

$$\begin{aligned} \Delta SocialSpending_{i,(t+4,t-1)} = & \phi Franchise Extension_{i,t-1} + \rho Liberal Plurality_{i,t-1} \\ & + \psi (Franchise Extension_{i,t-1} \times Liberal Plurality_{i,t-1}) \quad (4) \\ & + \mathbf{X}_{i,t-1} \kappa + \gamma_i + \eta_t + u_{i,t} \end{aligned}$$

Results, reported in columns 3 to 8, now suggest that Liberal-sponsored franchise extensions before 1914 did expand social spending within four-year time. Results are robust to different specifications: the stock of social spending when suffrage reform takes place (columns 4), the inclusion of military gap with other European powers (column 5), electoral institutions and the electoral support of the left (column 6), and economic conditions (column 7).³⁰

Figure 4

²⁹In the Appendix Table A-6, we consider alternative time windows. Importantly, these cannot be too short for the reasons just stated, nor too long, as new coalitions might replace those that motivated the franchise extension. Results show that the interactive term is always positive but statistically significant only after year 4 following adoption.

³⁰A potential concern on our results refers to the omitted variable bias associated with landhold-

Figure 4 plots the marginal effect of the interaction term. In the absence of a franchise extension, Liberal pluralities are associated with low social spending. However, when they sponsor a franchise extension, average social spending to GDP increases by 0.25% within four years, consistent with our theoretical expectation and levels of social spending prior to WWI. These are the type of minimal expansions of spending that we would expect from a political group defending small government, as Liberals did.

All in all, irrespective of the actual specification, franchise extensions promoted by Liberal parliamentary pluralities before 1914 systematically led to rises in social spending as a share of GDP within four years from suffrage reform. These findings lend support to the argument that social spending as a share to GDP does increase over the period as a result of an electoral calculus by the Liberals to unravel the Conservative political dominance of the nineteenth century.

Considered together, Tables 5-7 suggest that franchise extensions prior to 1914 promoted by the Liberals produced significant changes in fiscal policy. When broadening their electoral base through franchise extensions, Liberals increased social spending. However, this early spending, as well as the more general expansion of the state's revenues, was funded by the newly enfranchised themselves on a *quid pro quo* basis. The early social services were not a form of redistribution (Acemoglu and Robinson, 2006; Boix, 2003) to appease the working class but an investment to maximize political survival of the a new political elite, the Liberals.³¹

ing inequality (Acemoglu and Robinson, 2000; Boix, 2003). As argued above, the role of inequality in the causal change works indirectly through many other controls. Regardless, Appendix Table A-7 shows that our results are robust to the inclusion of this control.

³¹This result is partially inconsistent with previous findings, as we see no evidence of fiscal retrenchment as a result of enfranchisement (Aidt, Daunton and Dutta, 2010; Aidt and Jensen, 2013). A possible explanation for the difference with Aidt and Jensen (2013) is in the dependent variable. We do not use *total* spending, as they do, but *social* spending as a percentage of GDP, which we believe is more strongly connected to the electoral logic of franchise extension.

Corollary: The Long-Run Fiscal Consequences of Early Electoral Strategies

Our theory suggests that Liberals switched their electoral strategy twice. Early in the democratization process, when they targeted social spending, and later in the process, when they opposed further social spending, as they had reached their optimal steady-state: a limited electorate populated by professional and urban middle classes, plus limited social spending. At the turn of the century, Liberals were the new dominant political force.

We also claim the new status quo was never an equilibrium for the Conservatives. Cornered by the Liberals and afraid of a democratic take over by the radical left, Conservatives mobilized a second dimension, religion or nationalism, depending on the pre-existence of a religious cleavage, to regain competitiveness in the electoral arena. What was the fiscal effect of the electoral shift of Conservative parties? We claim it had no major effect in the short-run—appealing to religious and nationalist values did not require of new taxes or spending—, but that it turned huge in the medium-run. As we have shown above, Conservatives were the main advocates of franchise extension after 1914. At this stage, this meant achieving universal franchise, which strongly benefited the left. That is, the Conservatives’ search for regaining political centrality in Europe endowed labor parties with the strongest weapon to implement a fully-fledged socialist agenda: *paper stones* (Przeworski and Sprague, 1986). This is clearly seen in Table 8 where we test for the effect of Labor parliamentary pluralities on long-term social spending and tax revenue.

Table 8

Specifically, Table 8 reports a series of LDV models of taxation and social spending as percentage of GDP of the same form as Expression 2.³² For consistency, we run the same specification for both dependent variables: total tax revenue to GDP (columns 1 to 5),

³²For ADL models, refer too Appendix Table A-8.

and social spending to GDP (columns 6 to 10).³³ The results confirm our expectations. When franchise is high and Labor achieve plurality in Parliament (thus an opportunity to implement a progressive agenda), both social spending and tax revenue grow relative to Liberal and Conservative pluralities, the excluded categories. This result is robust to potential confounders: military, political, and economic.³⁴ In the long-run, Labor champions big government. To emphasize further this point, Figure 5 plots the predicted values of social spending and taxation in the presence and absence of a Labor plurality in Parliament. Only levels of franchise above 40% of the population are considered, as Labor was rarely represented in Parliamentary before that. Both subfigures speak for themselves. When suffrage is universal (i.e. covering around 70% of *total* population), Labor is significantly associated with high social spending and taxation (relative to Liberals and Conservatives, the excluded categories in Table 8). Overall, the findings presented in tables 2-8 lend considerable support to our argument.

Conclusion

Previous explanations of the rise of the fiscal state in Europe have emphasized the role of the international pressures (such as those derived from war) and/or structural factors (such as the relationship between industrialization and different forms of inequality). Our findings highlight a distinctively political logic —thus partisan and strategic—behind the variation in the increasing role of government in spending and revenue collection. At early stages, Liberals are the main supporters of franchise extension accompanied by modest social

³³The sample size varies between dependent variables because the data sources differ: the tax revenue data in Dincecco and Prado (2014) begin in 1870 whereas the social spending data in Flora, Kraus and Pfenning (1983) goes as far back as 1822. Importantly, results hold for social spending when we restrict the sample to the post-1870 period, as shown in Appendix Table A-9.

³⁴Land Inequality, which is mediated by the frequency of Conservative government, is excluded from this table too. However, results hold when we control for it, as shown in Appendix Table A-10.

spending, the minimum necessary to lure the newly enfranchised into the Liberal coalition. This strategy is successful. Conservatives are penalized by a system with partial franchise, in which elites and urban middle-classes only can vote. The new status quo is not a beneficial equilibrium for the Conservatives, and they seek new strategies to break with the Liberal dominance. Chief among them is the mobilization of the religious and national identity cleavage along with full enfranchisement, a strategy that brings them back to the electoral arena as a competitive player. While successful in the short run, these strategies are not devoid of risks. Indeed, the competitive interaction between Liberals and Conservatives (unintentionally) facilitates the subsequent incorporation of political forces representing the working class in the era of mass politics. Our analysis also unveils the link between parties' preferences about the optimal size and electorate and their revenue collection and budgetary choices. There is a clear, if indirect, connection between enfranchisement and fiscal policy choices with deep rooted origins across European countries.

We claim that early decisions by Liberals and Conservatives, while rational, were made under constrained time horizons. In early democratic settings, electoral pressures pushed Liberal elites to favor franchise extensions even if accompanied by surges in social spending. Cornered by the Liberals' electoral success, Conservatives roared for further electoral extensions that eventually paved the road to entry of labor parties, the leading social spending advocates. This sequence of events can be explained by an accumulation of myopic strategies designed to maximize the probability of reaching (or keeping) office *today* at any (future) cost. Specifically, blinded by the perks of public office, the leaders of the incipient political machines led the expansion of the fiscal (and democratic) state while shifting its costs to younger cohorts.

Our analysis brings out a number of significant implications for our understanding of the democratic class struggle. First, we add to an emerging chorus questioning the notion that democracy and state capacity emerged as a response to the revolutionary threat by the poor. In our analysis, the story of the development of the modern fiscal state is one about

intra-elite struggles where short-term strategic partisan considerations play a prominent role. The poor only enter the game at the end, and in part, thanks to myopic strategic decisions by incumbent elites.

Second, our findings highlight the role of parties in solving inter-temporal coordination dilemmas. Strong parties help address commitment problems across generations by aligning the interest of seating politicians with that of the party (and class) they represent. When party organizations are weak, as they were in the nineteenth century, their role as commitment enforcer is compromised. In such context, elites are bounded to focus more on the short-run consequences of their actions, possibly diverging from the best interest of their constituents. Taking into consideration this insight while keeping a rationalist framework opens up ways to unveil important political mechanisms behind the origins of fiscal capacity and design of fiscal states.

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Figure 1: **Trends in franchise, total tax, direct tax and social Spending as % of GDP in Western Europe since earliest data to 1975.** Refer to Appendix Figure A-5 for a colorblind version. Tax Revenue data is drawn from Dincecco and Prado (2014); Social Spending and Direct Taxation from Flora, Kraus and Pfenning (1983); and Franchise from Flora, Kraus and Pfenning (1983); Nohlen and Stöver (2010). Refer to Appendix for further data details.

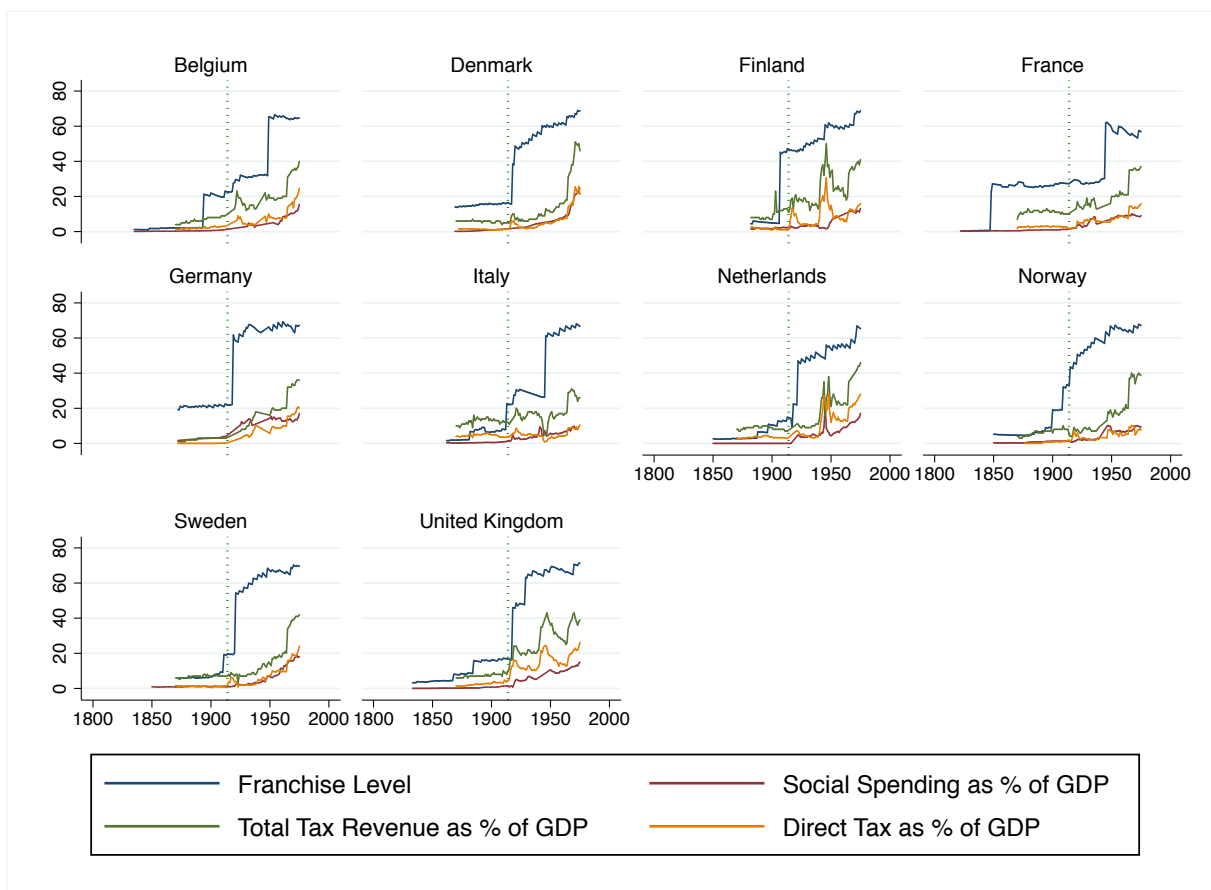


Figure 2: Marginal effect of Liberal parliamentary plurality on the likelihood of franchise extension before and after 1914. Estimates drawn from column 2 in Table 3.

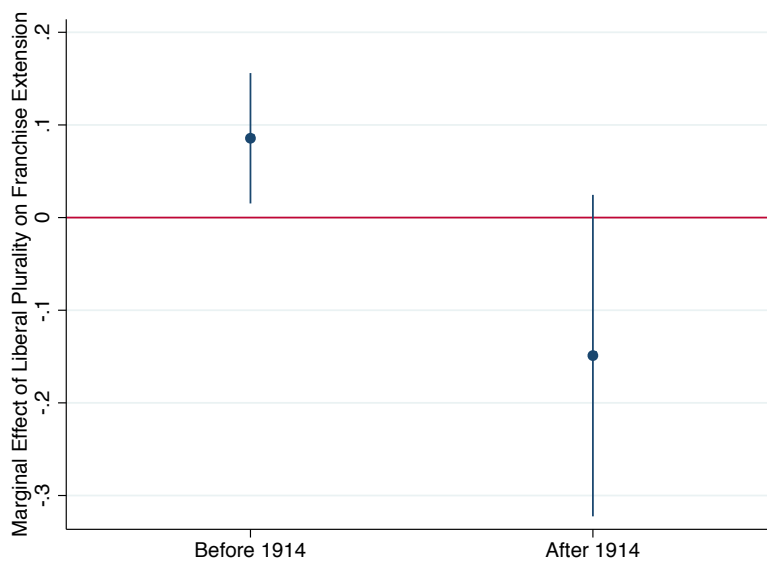


Figure 3: **Franchise extensions from earliest data to 1975 by parliamentary plurality.** Estimates drawn from column 1 in Table 4.

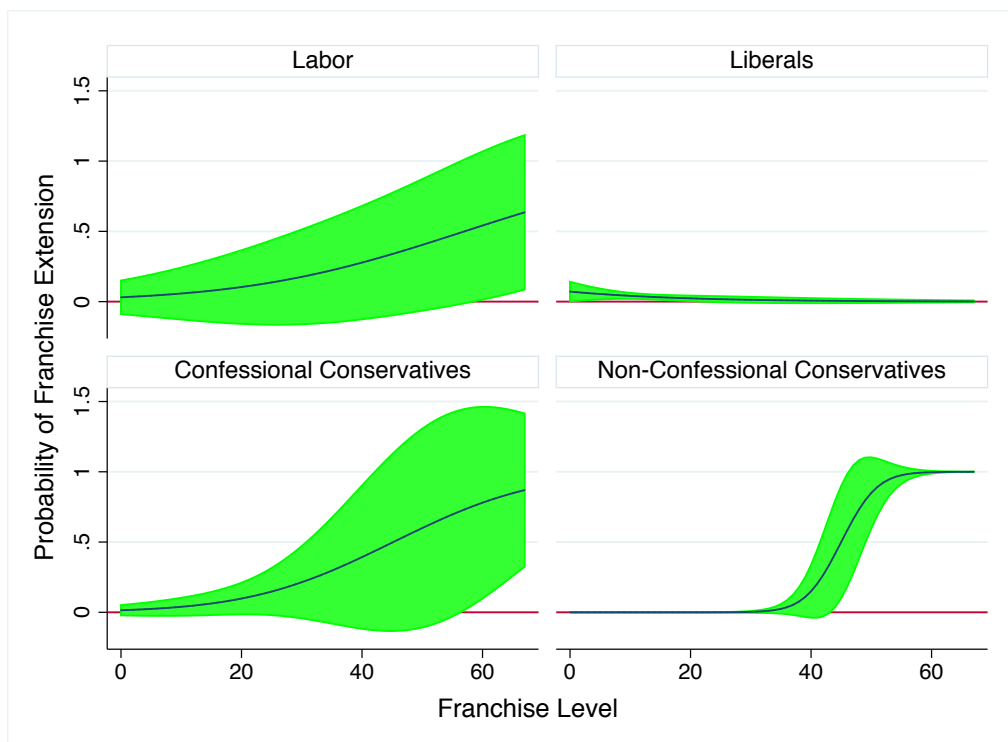


Figure 4: **Change in social spending as a function of a Liberal-sponsored franchise extension prior to 1914.** Estimates drawn from column 4 in Table 7.

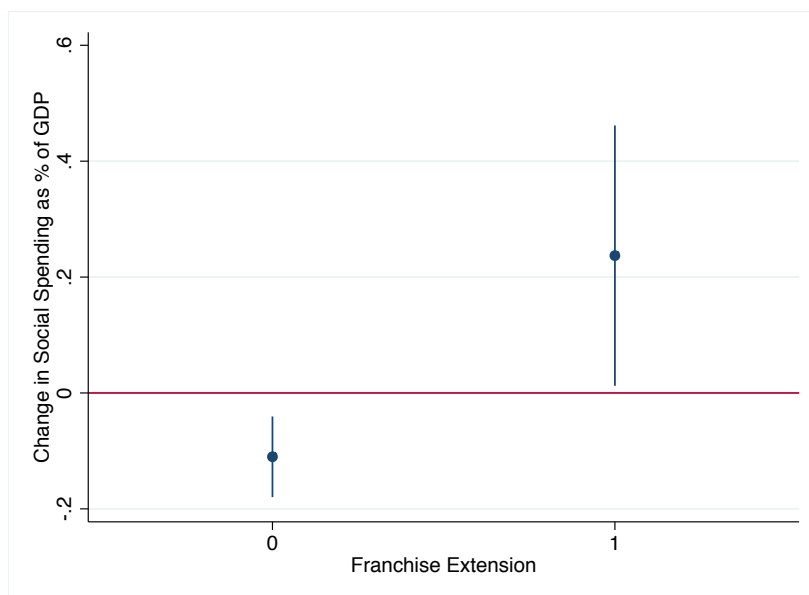
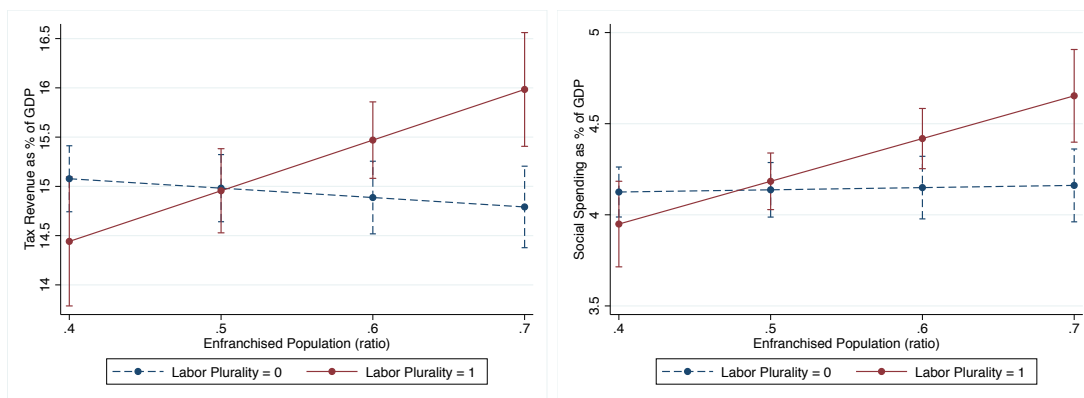


Figure 5: **Social spending and tax revenue in the long-run as a function of parliamentary plurality.** Since Labor is competitive when franchise is advanced, only mid- to full-franchise values are plotted on the horizontal axis. Estimates drawn from columns 5 and 10 in Table 8.



(a) Tax Revenue as % of GDP

(b) Social Spending as % of GDP

Table 1: **Policy Preferences**

	Conservatives	Liberals	Labor
<i>Franchise</i>	Low	Medium	High
<i>Social Spending</i>	Low	Low	High
<i>Taxation</i>	Low, direct	Low, indirect	High, direct

Table 2: Which party promotes franchise extensions (dependent variable) between 1820 and 1913? A duration model of franchise extension

	logit			clogog		
	(1)	(2)	(3)	(4)	(5)	(6)
Liberal Plurality	2.644** (1.209)	2.493** (1.127)	3.104* (1.661)	2.612** (1.199)	2.522** (1.083)	3.019* (1.546)
Franchise Level	-0.060 (0.055)	-0.039 (0.049)	0.083 (0.111)	-0.060 (0.055)	-0.048 (0.055)	0.004 (0.080)
ln(GDP/Cap)	0.435 (1.144)	-0.254 (1.342)	-3.562 (4.840)	0.437 (1.122)	0.371 (1.269)	-0.157 (3.898)
War	0.667 (1.408)	0.298 (1.354)	1.401 (1.315)	0.694 (1.406)	0.541 (1.501)	1.363 (1.259)
Labor Seat Share	0.015 (0.044)	0.031 (0.042)	0.108 (0.074)	0.015 (0.044)	0.011 (0.048)	0.074 (0.063)
Open Ballot	-0.927 (0.833)	-0.615 (0.908)	-0.877 (1.221)	-0.905 (0.824)	-0.878 (0.774)	-0.594 (1.297)
Constant	-7.587*** (1.759)	-6.769*** (1.381)	-4.904* (2.752)	-7.531*** (1.730)	-6.874*** (1.392)	-6.600*** (2.279)
Flexible Polynomial	Yes	No	No	Yes	No	No
Splines	No	Yes	Yes	No	Yes	Yes
Country FE	No	No	Yes	No	No	Yes
Observations	513	513	426	513	513	426

Prior to 1914 there are no Labor pluralities. This is why the contrast is limited to Liberals vs. Conservatives (the excluded category). Duration dependence is adjusted with a third-order flexible polynomial of the number of years elapsed since the last franchise extension, or, alternatively, three splines with knots at 1, 4 and 7, as suggested by Beck, Katz and Tucker (1998). Proportional Representation (PR) drops as a result of multicollinearity: prior to 1914, PR was exceptional. Franchise is re-scaled to 0-100. Robust standard error in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 3: Duration models of franchise extension from 1820 to 1975, with special attention to the Liberal Switch around WWI.

	(1)	(2)	(3)
Liberal Plurality \times Franchise Level	-0.184*** (0.067)		
Liberal Plurality \times After 1914		-3.709** (1.689)	-3.658* (1.869)
Franchise Level	0.125*** (0.048)		
After 1914		3.390*** (1.103)	3.140** (1.538)
Liberal Plurality	4.652*** (1.580)	2.262** (1.009)	2.703* (1.559)
ln(GDP/Cap)	-0.360 (0.874)	-0.756 (0.887)	-3.076** (1.330)
Open Ballot	-0.541 (0.812)	-0.442 (0.842)	-1.494 (1.095)
PR	-0.285 (0.804)	-0.940 (1.035)	-0.928 (1.219)
Labor Seat Share	0.103*** (0.028)	0.080*** (0.022)	0.156*** (0.045)
War	0.687 (0.829)	-0.061 (0.780)	0.854 (0.917)
WWI Participant	-2.488*** (0.884)	-1.752* (0.897)	-3.007* (1.685)
Constant	-9.235*** (1.849)	-7.127*** (1.289)	-5.843** (2.763)
Duration Dependence	Yes	Yes	Yes
Country FE	No	No	Yes
Observations	652	652	652

Logit link. Excluded category: Conservative and Labor pluralities. To model duration dependence, models include a third-order flexible polynomial of the number of years elapsed since the last franchise extension. Countries permanently drop the sample as soon as they adopt full franchise. Franchise is rescaled to the interval 0-100. Robust standard error in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 4: Duration models of franchise extension from 1820 to 1975, with special attention to the Conservative Switch

	(1)	(2)
Non-Confessional Conservative Plurality \times Franchise Level	0.504*** (0.121)	0.253** (0.114)
Confessional Conservative Plurality \times Franchise Level	0.174* (0.089)	-0.068 (0.127)
Labor Plurality \times Franchise Level	0.137*** (0.053)	-0.045 (0.140)
Non-Confessional Conservative Plurality	-16.594*** (3.409)	-11.886*** (4.610)
Confessional Conservative Plurality	-1.794 (1.795)	-1.717 (2.265)
Labor Plurality	-0.977 (2.734)	-1.674 (4.982)
Franchise Level	-0.065 (0.054)	0.223 (0.138)
ln(GDP/Cap)	-1.267 (1.334)	-8.329** (4.200)
Labor Seat Share	0.079** (0.040)	0.217*** (0.082)
Open Ballot	-0.134 (0.840)	-0.750 (1.350)
PR	-0.339 (1.166)	-0.035 (1.395)
War	1.149 (0.839)	1.703* (0.870)
WWI Participant	-2.850*** (1.045)	-7.028** (2.730)
Constant	-3.984*** (1.123)	-0.585 (2.600)
Duration Dependence	Yes	Yes
Country FE	No	Yes
Observations	652	652

Logit link. Excluded category: Liberal plurality. Both models include a third-order flexible polynomial of the number of years elapsed since the last franchise extension. Countries permanently drop the sample as soon as they adopt full franchise. Franchise is rescaled to the interval 0-100. Robust standard error in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 5: Tax Revenue to GDP as a function of Liberal plurality in Parliament from 1870 to 1913

	(1)	(2)	(3)	(4)	(5)	(6)
Liberal Plurality	0.254*	0.370**	0.200*	0.224**	0.224**	0.238**
	(0.137)	(0.151)	(0.109)	(0.108)	(0.110)	(0.109)
Franchise Level	5.065**	5.257**	3.991***	4.720**	4.546***	4.887***
	(2.269)	(2.350)	(1.495)	(1.893)	(1.544)	(1.828)
ln(GDP/Cap)	-0.615	-0.799	-0.914	-0.963	-1.075	-1.276
	(0.792)	(0.793)	(0.777)	(0.755)	(0.755)	(0.811)
War	0.373	0.504	0.522	0.481	0.498	0.398
	(0.309)	(0.326)	(0.333)	(0.344)	(0.336)	(0.343)
Military Gap			-0.042			-0.063
			(0.065)			(0.064)
PR				0.741***		0.981***
				(0.248)		(0.283)
Labor Seat Share				-0.039***		-0.047***
				(0.013)		(0.014)
Open Ballot				-0.251*		-0.454***
				(0.145)		(0.162)
ln(Urbanization)					0.472	1.098***
					(0.343)	(0.391)
ln(Trade)					-0.470	-0.508*
					(0.298)	(0.306)
Constant	3.788***	4.131***	3.818***	4.081***	4.627*	1.152
	(1.380)	(1.350)	(1.207)	(1.176)	(2.642)	(2.886)
First Lag of Dependent Variable	Yes	Yes	Yes	Yes	Yes	Yes
Five Lags of War	No	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	384	375	348	355	348	348
R-squared	0.903	0.904	0.957	0.961	0.957	0.960

LDV Models. The excluded category is Conservative plurality, as prior to 1914 there are no Labor pluralities. Robust standard error in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 6: Tax composition as a function of Liberal plurality in Parliament from 1822 to 1913

	Indirect Tax					Direct Tax	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Liberal Plurality	0.623** (0.295)	0.746** (0.328)	0.863*** (0.324)	0.593* (0.326)	0.840** (0.333)	-0.010 (0.397)	0.080 (0.505)
Franchise Level	0.942 (1.793)	5.289** (2.607)	-0.369 (2.562)	2.843 (2.780)	4.149 (2.819)	-0.410 (2.743)	-1.773 (4.181)
ln(GDP/Cap)	4.209** (1.849)	5.668** (2.322)	3.281 (2.314)	7.563*** (2.329)	5.062** (2.388)	0.310 (2.463)	-0.835 (3.737)
War	0.316 (0.468)	0.464 (0.501)	0.411 (0.488)	0.527 (0.523)	0.661 (0.545)	-0.005 (0.626)	-0.146 (0.754)
Military Gap		0.665*** (0.211)			0.601*** (0.220)		-0.062 (0.273)
PR			-0.184 (0.786)		-0.201 (0.808)		0.994 (1.336)
Labor Seat Share			0.048 (0.034)		0.044 (0.034)		-0.026 (0.054)
Open Ballot			-0.778* (0.471)		-0.724 (0.453)		-1.655* (0.911)
ln(Urbanization)				-2.614* (1.346)	-2.440* (1.322)		2.065 (2.287)
ln(Trade)				2.573*** (0.791)	1.844** (0.801)		-1.612* (0.921)
Constant	-1.730 (2.060)	-2.542 (2.608)	-0.813 (2.435)	-7.956 (9.281)	-0.116 (9.506)	2.764 (2.791)	3.524 (19.268)
First Lag of Dependent Variable	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	514	434	490	444	434	480	400
R-squared	0.966	0.966	0.966	0.966	0.967	0.949	0.940

LDV Models. Both dependent variables are expressed in percentage points of total tax revenue. The excluded category is Conservative plurality, as prior to 1914 there were no Labor pluralities. Robust standard error in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 7: Change in Social spending as a function of Liberal-sponsored franchise extensions from 1822 to 1913

	One-year change: $\Delta y_{t,t-1}$				Five-year change: $\Delta y_{t+4,t-1}$			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Liberal Plurality \times Franchise Extension	0.064 (0.042)	0.067 (0.043)	0.360** (0.157)	0.347** (0.145)	0.364** (0.180)	0.305** (0.141)	0.377** (0.174)	0.261* (0.147)
Liberal Plurality	-0.022 (0.014)	-0.022 (0.014)	-0.110** (0.044)	-0.110*** (0.042)	-0.082** (0.039)	-0.091*** (0.035)	-0.105** (0.045)	-0.102** (0.041)
Franchise Extension	-0.073*** (0.027)	-0.069** (0.030)	-0.291** (0.113)	-0.315*** (0.106)	-0.316** (0.145)	-0.247** (0.106)	-0.321** (0.137)	-0.211* (0.108)
Franchise Level	-0.145 (0.114)	-0.118 (0.123)	-0.915** (0.372)	-1.059*** (0.353)	-0.691 (0.501)	-1.426*** (0.459)	-0.959* (0.561)	-1.445*** (0.461)
ln(GDP/Cap)	-0.037 (0.089)	-0.099 (0.112)	-0.465 (0.328)	-0.140 (0.320)	-0.628 (0.465)	-0.514 (0.367)	-0.446 (0.414)	-0.623 (0.426)
War	-0.015 (0.020)	-0.011 (0.020)	0.016 (0.053)	-0.005 (0.050)	0.005 (0.058)	0.015 (0.052)	0.030 (0.067)	0.046 (0.066)
Social Spending (level) at $t-1$		0.057 (0.062)		-0.299* (0.163)	-0.251 (0.158)	-0.180 (0.131)	-0.243* (0.145)	-0.149 (0.133)
Military Gap					0.073** (0.035)			0.032 (0.032)
PR						0.719** (0.299)		0.678** (0.285)
Open Ballot						-0.051 (0.080)		0.044 (0.068)
Labor Seat Share						-0.009* (0.005)		-0.010* (0.006)
ln(Trade)							0.430** (0.185)	0.352** (0.171)
ln(Urbanization)							-0.527* (0.279)	-0.372 (0.238)
Constant	0.117 (0.117)	0.156 (0.123)	0.889** (0.405)	0.686* (0.371)	1.217** (0.572)	0.935** (0.421)	1.046 (1.390)	0.761 (1.377)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	532	532	532	532	442	507	453	442
R-squared	0.231	0.244	0.327	0.356	0.376	0.421	0.393	0.442

Social Spending is measured as a percentage of GDP. The excluded category is Conservative plurality, as prior to 1914 there are no Labor pluralities. All covariates are indexed at $t-1$. Robust standard error in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 8: The fiscal state in the long-run (or Labor's opportunity to implement a progressive agenda)

	Tax Revenue (% GDP)			Social Spending (% GDP)						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Labor Plurality × Franchise Level	6.210*** (1.844)	6.225*** (1.833)	6.432*** (1.815)	5.820*** (1.932)	6.096*** (1.951)	2.213*** (0.791)	2.197*** (0.778)	2.149*** (0.763)	2.193*** (0.825)	2.224*** (0.805)
Labor Plurality	-3.205*** (1.055)	-3.232*** (1.039)	-3.339*** (1.039)	-2.924*** (1.121)	-3.075*** (1.129)	-1.061** (0.421)	-1.047*** (0.404)	-1.030*** (0.409)	-1.041** (0.438)	-1.066** (0.424)
Franchise Level	-0.786 (0.504)	-0.970* (0.530)	-0.932* (0.481)	-0.857* (0.501)	-0.954* (0.537)	0.103 (0.239)	0.133 (0.247)	0.125 (0.237)	0.150 (0.262)	0.121 (0.252)
War	0.629 (0.418)	0.614 (0.422)	0.601 (0.420)	0.560 (0.413)	0.563 (0.408)	-0.024 (0.087)	-0.007 (0.100)	-0.025 (0.087)	-0.003 (0.098)	-0.007 (0.099)
ln(GDP/Cap)	-1.399** (0.552)	-1.478*** (0.564)	-1.596*** (0.569)	-1.067* (0.571)	-1.142** (0.565)	-0.308 (0.192)	-0.276 (0.256)	-0.265 (0.230)	-0.268 (0.246)	-0.261 (0.261)
WWI Participant		-0.079 (0.307)		0.048 (0.331)			0.073 (0.178)			0.079 (0.204)
Military Gap		0.064 (0.088)		0.067 (0.089)			0.062 (0.043)			0.058 (0.046)
PR			0.279 (0.209)		0.314 (0.212)			-0.040 (0.102)		-0.006 (0.107)
Open Ballot			-0.080 (0.201)		-0.176 (0.217)			-0.118 (0.074)		-0.096 (0.096)
ln(Trade)				-0.284 (0.258)	-0.358 (0.272)				0.011 (0.101)	-0.009 (0.107)
ln(Urbanization)				0.136 (0.309)	0.061 (0.319)				-0.042 (0.107)	-0.006 (0.154)
Constant	4.466*** (1.188)	4.606*** (1.218)	4.470*** (1.204)	5.244** (2.194)	6.085** (2.494)	0.911*** (0.331)	0.851** (0.378)	0.794** (0.321)	1.094 (0.870)	0.876 (1.328)
First Lag of Dependent Variable	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	851	820	827	820	820	1,023	937	999	946	936
R-squared	0.978	0.980	0.980	0.980	0.980	0.979	0.978	0.979	0.978	0.978

LDV Models. The excluded categories are Conservatives and Liberals. Robust standard error in parentheses. *** p<0.01, ** p<0.05, * p<0.1