Politician profits in turbulent times: Evidence from MP returns during Britain's return to the gold standard

Pamfili Antipa* W. Walker Hanlon†

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Abstract

Can politicians profit from insider information when trading in public markets? Perhaps surprisingly, recent studies suggest that the answer to this question is no (Eggers & Hainmueller, 2013; Belmont *et al.* , 2022). We revisit this issue in a historical setting, Britain in the 19th century, where MP trading was not subject to modern constraints. Using detailed newly-digitized data on MP trades, we show that MPs did not achieve higher returns in general. However, financially sophisticated MPs did generate higher returns during Parliamentary debates over returning to the gold standard. Thus, useful insider information and financial experience constrained MP's ability to profit from their position.

Keywords: Insider trading, corruption, gold standard

*Antipa: London School of Economics. Email: p.antipa@lse.ac.uk

†Hanlon: Northwestern University, NBER, & CEPR. Email: whanlon@northwestern.edu.

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1 Introduction

Are legislators able to take advantage of their position to achieve higher returns when investing in public markets? In principle, elected representatives have access to valuable knowledge and connections that may allow them to boost their investment returns. They may also be able to influence crucial government decisions affecting financial markets. That politicians might use these advantages to generate higher investment returns is plausible given that at least some politicians seem to use their office to increase their personal wealth (Querubin & Snyder Jr., 2013; Eggers & Hainmueller, 2009a). Numerous anecdotal reports of politicians profiting off of insider information have been circulated, and widespread public concern led the U.S. Congress to pass legislation aimed at increasing the transparency of politician's trading activity (the 2012 Stop Trading on Congressional Knowledge Act).

Despite these concerns, recent papers by Eggers & Hainmueller (2013) and Belmont *et al.* (2022) find no evidence that politicians in the U.S. generate higher stock market returns than average investors.[1] These findings raise questions about why politicians are unable to profit off of their insider knowledge. One possibility is that, in modern settings, politician's profits are constrained by transparency requirements and electoral, legal, or social risks. Alternatively, it may be that politicians either do not possess valuable insider knowledge or are not skilled enough to profit from the knowledge and influence that they do have (as suggested by Eggers & Hainmueller (2014)).

To differentiate between these alternative mechanisms, we study the investment returns of politicians in a setting, the U.K. in the early 19th century, that differs from existing work in two important ways. First, politicians in our setting faced effectively no legal restrictions on their investment activities and, in the case of Members of the House of Lords, no electoral concerns. Second, we study a period in which the British Parliament had to make a critical financial decision—whether and how to return to the gold standard following the French Wars (1793-1815)—that would affect financial markets substantially. These features mean that our setting offered ripe opportunities for politicians to profit from their position through trading activity.

Our setting also allows us unique visibility into the trading activity of individual MPs. At this time, all individual holdings and transfers of the main publicly traded asset, government debt (consols), were recorded in account registers held at the Bank of England. We have manually digitized thousands of these account registers. They cover all of the holdings and transactions of individual MPs in the most important public debt asset, 3% consols, for a period from July 1818 to July 1827. This period spans the key debates leading up to the UK's return to the gold standard.

Using these data, we borrow methods from the insider trading literature (Cosemans &

[1] These results revise earlier findings by Ziobrowski *et al.* (2004) and Ziobrowski *et al.* (2011).

Frehen, 2025) to study how MPs' returns on their trades over various windows—weekly, monthly, quarterly, annually—compared to their counterparties. If MPs were able to use their position to generate higher returns, then we should observe that they systematically achieved higher returns relative to their counterparties, either by selling before prices fell or by buying before they rose. We are particularly interested in their returns over shorter windows, when their insider information was likely to confer the greatest relative advantage.

We begin by examining MP returns across all of the trades (buys or sells) that they executed during the full study period. Our results show that MPs did not achieve systematically higher returns across their trades over any return window. In fact, over most return windows we actually find evidence that MP returns were lower, though the differences is typically small and not statistically differentiable from zero. Thus, we do not find evidence that MPs were able to use their position to achieve higher trading returns in general, and if anything they appear to generally have obtained slightly lower returns.

We then look at whether MPs achieved higher returns during periods in which Parliament was making decisions that had substantial implications for the price of government debt. Between February and May of 1819, Parliament debated whether to return to the gold standard at the pre-war rate, which it had left during the Napoleonic Wars. This was the Resumption of Cash Payments Act of 1819, also called Peel's Bill. When the bill was eventually passed, it triggered substantial deflation. If there was any period when MPs were likely to have insider information about decisions with substantial consequences for the price of government debt, this "resumption debate period" was it.

Once we separate MP trades in the resumption debate period from their trades at other times, we begin to observe evidence of MPs obtaining higher short-run returns, over one-week and one-month return windows. This is true whether we compare MPs to their counterparties within the resumption debate period, or if we compare MP's returns on trades during that period to the same MP's returns on trades in other periods. Thus, we do find evidence that MPs were achieving higher returns during periods in which political decisions with substantial consequences for financial markets were being made.

To better understand these results, we break them down based on the characteristics of individual MPs. First, we look at whether MPs who worked in banking were driving the results. We find that MPs' higher returns during the resumption debate period were driven largely by MPs who were also directors of the Bank of England, and to a lesser extent MPs who were bankers or had banking connections. Alternatively, we look at heterogeneity based on how active MPs were as traders, based on either their average trade frequency or average trade size. We find that excess returns during the resumption debate period were driven entirely by MPs who were more active traders. Overall, these results show that excess returns during the resumption debate period were obtained only by MPs who were sophisticated traders. In contrast, we do not find evidence of heterogeneous returns by

party, nor do we find that MPs in positions of political power (Cabinet Ministers) achieved higher returns.

These results improve our understanding of the value of politician's insider information for their profits when trading on public markets. Like Eggers & Hainmueller (2013) and Belmont *et al.* (2022), we find no evidence that politicians achieve higher returns on average when trading on public markets. However, we do find that they can achieve higher returns when the legislature is debating bills of critical importance for financial markets. This tells us that, at least in our setting, politicians were not averse to using their position to increase their own wealth, but that opportunities for doing so were rare.

Moreover, we find that only the most sophisticated and well-connected politicians were able to use their insider information effectively. This findings connects our results to work by Cosemans & Frehen (2025), which shows that corporate insiders, including Bank of England Directors, used *business* insider information in order to increase their personal trading returns. Our results show that politicians, particularly those with banking connections, possessed *political* insider information, which could also improve trading returns. However, this political insider information was valuable only for sophisticated traders. These results complement work such as Jagolinzer *et al.* (2020) looking at the value of political connections for corporate insiders in modern settings, as well as studies using historical contexts to look at the impact of private information on trading profits and market prices, such as Temin & Voth (2004) or Koudijs (2015). Our findings also align with existing evidence from Querubin *et al.* (2013), who find that politicians have a greater ability to profit from political office during times of crises. Finally, our paper fits into a broader literature examining other avenues through which politicians use their office for private gains (Eggers & Hainmueller, 2009b).

The remainder of this article is organized as follows. The next section describes the historical background. Section 3 presents the different data sets we have collected. Our analysis is in Section 4, followed by some concluding remarks.

2 Historical background

The historical episode we consider here is remarkable in several ways. Britain's return to the gold standard after the French Wars (1793-1815) affected financial markets profoundly, creating for MPs the opportunity to influence how their financial investments would perform. Throughout the period, MPs were not constrained in their trading activity and faced limited electoral accountability. In the following, we start by outlining the parameters of the policy trade off. We then describe the critical moments in the decision making process, emphasizing the above leitmotifs.

Napoleon's final defeat at Waterloo in June 1815 marked the end of the French Wars

(1793-1815). The length and intensity of the conflict entailed a heavy strain on Britain's public finances. The debt-to-GDP ratio reached 190 percent by 1815, up from 127 percent in 1792. It stabilized at 252 percent in 1822. In British history, only World War One would prove more expensive than the French Wars.

Three years into the French Wars, on 27 February 1797, the Bank of England was given permission to cease payment of its notes in gold. Once the constraints imposed by the gold standard were abandoned, it became possible to accommodate the external drain of specie caused by the UK's military expenditures on the Continent, while absorbing increasing public debt issues (Bordo & White 1991, Antipa & Chamley 2023). Subsequently, prices increased by more than 40 percent between suspension in 1797 and their peak in 1814. When the war ended in 1815, prices were still 36 percent above their pre-suspension level. In these circumstances, a return to the pre-war parity of the pound would substantially increase the real debt burden.

The Bank Restriction Act had initially determined that specie payments would be resumed six months after the end of the war. However, the resumption was postponed in 1816 and 1818. Economic circumstances indicated a bad timing for resuming the gold standard. The 1816-1817 after-war depression was accompanied and magnified by the large postwar demobilization (Acworth, 1925). The unemployment rate rose to 17 percent, from an average of five percent over the period from 1770 to the end of the Napoleonic Wars (Feinstein, 1998). Thus, the extensions passed Parliament without causing important debates in 1816 and 1818.

While the economic situation had not changed substantially, the balance of political power had shifted at the beginning of 1819. Traditionally in favor of resuming the gold standard, the Whig opposition had gained several seats in the general election in 1818. Rather than being obliged to resume after another short and possibly final extension, the Bank now also favored an inquiry into the question of resumption.[2] The government espoused the idea of inquiry and appointed two committees—one for each chamber of Parliament—that were to issue recommendations regarding the resumption of the gold standard. This inquiry was announced by the Chancellor of the Exchequer, Nicholas Vansittart, on 26 January 1819.[3]

As the investigation began, substantial public uncertainty over the ultimate likelihood of resumption remained. The day after the committee was announced, for example, *The Times* published the following comment in its lead article:

[2]Hansard HC Deb 25 January 1819 vol. 39 cc 104.
[3]Hansard HC Deb 25 January 1819 vol. 39 cc 104-105.

> *It has been asserted, that the Bank was able, was willing, and even wished to resume the payment of its notes in specie: but last night we had an official declaration in both houses, that the Bank itself had, in a meeting, prescribed to Ministers the course which was to be pursued, in order to prevent the resumption of cash-payments; that that course was to be the appointment of one or more secret committees to investigate its affairs; and that Ministers, though bound by their declarations to a proceeding wholly different, had adopted that of the Bank, as leading most surely to the proposed end.*[4]

A few days later, *the Observer* wrote that:

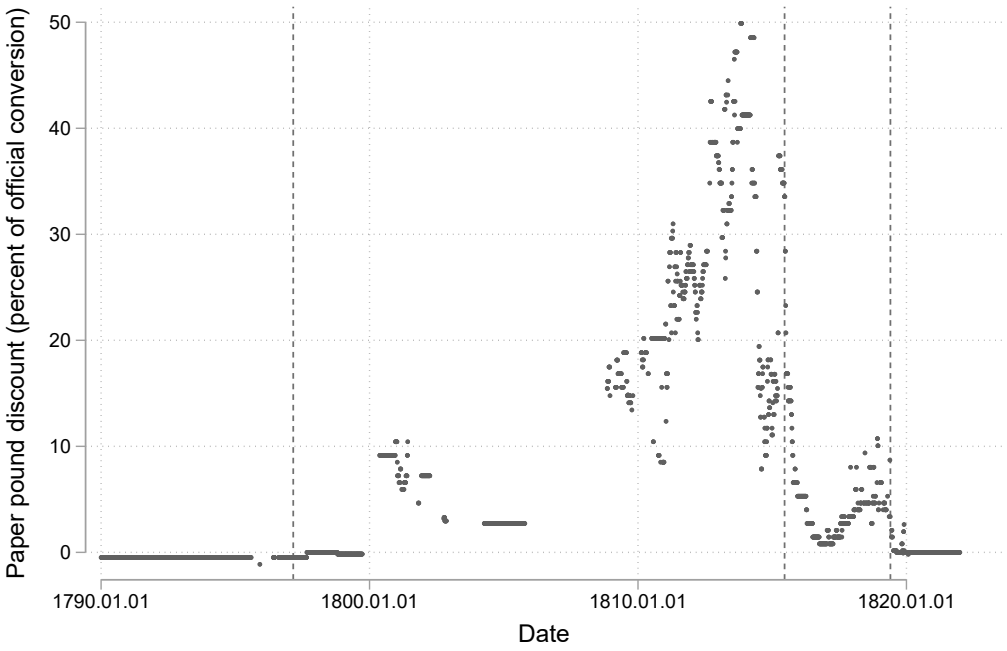
> *For these fourteen or fifteen years past, we have accordingly heard a promise made by the ministry that it would cease in the following year, and yet the following session has never commenced without bringing in a Bill for its further continuance of another year. Upon the war ceasing, however, every one expected that the promise of the ministry would be realized. But the country appears as far as ever from obtaining this object of their general wish. An opinion, instead, has gone abroad, that the ministry find the suspension as convenient as the Bank directors themselves, and that government, as one of the chief discounters, would lose many great facilities by the termination of the system.*[5]

This uncertainty was also reflected in the deviation of the value of the pound from official parity, shown in Figure 1. If market participants believed that the resumption was bound to happen, this deviation should have been zero, as it was before suspension. However, we can see that the paper pound was depreciated substantially during the most intense phase of the French Wars, between 1810 and 1815 (Antipa, 2016), and this depreciation continued after the end of the wars as resumption was being debated. Directly after Waterloo, the pound's discount approached zero, but it then gradually increased as resumption was repeatedly postponed. When the debates in 1819 commenced, the depreciation was about five percent, precisely the devaluation proposed by some politicians.[6] The pound rapidly returned to the official parity level after 28 May 1819, when the resumption passed Parliament.

Uncertainty over the ultimate direction of legislation may have offered MPs the opportunity to benefit from insider information obtained in the course of Parliamentary debates over resumption. Between February and May 1819, debates regarding the resumption took place in both Houses of Parliament. The main argument in favor of resumption was that an alteration in the monetary standard would be a fraud on the national creditor.[7] Opponents of resumption argued that over the preceding 22 years contracts had been concluded

[6]Hansard HL Deb 21 May 1819 vol. 40 cc 629-640; Hansard HC Deb 25 May 1819 vol. 40 cc 764-771.
[7]Hansard HL Deb 21 May 1819 vol. 40 c. 614; HC Deb 24 May 1819 vol. 40 c. 699.

Figure 1: Deviation of paper pound from official parity, in %



This figure plots the deviation of the market rate of paper pounds in gold from the official rate, as a percentage of the official rate. The three vertical lines indicate, from left to right, the initial date of the suspension of the gold standard, Napoleon's defeat at Waterloo, and the date that Parliament voted for resumption.

at a devalued pound. Outside of Parliament, opposition to resumption was well-organized and vocal (Kindleberger, 2000). Opponents included prominent bankers, merchants, and political economists such as Malthus (Hilton 2000, pp. 56-58). Several petitions protesting against resumption arrived from centers of commerce across the country.[8] Rather than returning to the gold standard at the pre-war parity, a five percent devaluation of the pound was proposed.[9] Bank of England directors were particularly staunch opponents of resumption because they expected, correctly, that it would reduce the value of Bank of England stock (it did: see Appendix Figure 9).

On April 5, Robert Peel II presented to Parliament the committee reports recommending resumption, phased in over two years. While the Bank of England had favored the inquiry, it opposed the reports' conclusions. William Manning, MP and long-standing member of the Bank's Court of Directors, was the only committee member to vote against the committee's recommendations. Few other MPs opposed the bill. Despite public opposition, and resistance from the Bank of England, resumption passed Parliament on May 25 with a broad consensus and was formally adopted on July 2.[10]

These events must be understood in the institutional context of the time. MPs' electoral accountability was limited. Seats in the House of Lords were hereditary and for life. Seats in the House of Commons were often controlled by Lords, could be purchased, and were not always contested.[11] The right to vote in Parliamentary elections or to become a member of Parliament was limited to the well-off by property requirements. As a result, registered voters over the period under consideration amounted to about 1.5 percent of the total population (Johnston, 2013). Given a very concentrated wealth distribution—the top five percent of adults held 74.3 percent of net worth in 1810 (Lindert, 1986)—there was an important overlap between MPs, registered voters, and public debt holders.

Finally, it is useful to note that affluent members of British society, including MPs, were expected to invest in public debt. Contemporaries saw these investments as a patriotic participation in the war effort. For the Loyalty Loan–the only open and public debt subscription during the French Wars–newspapers published the identities of MPs and the amounts they had invested.[12] Abstaining MPs were singled out.

Strictly speaking, the modern notions of conflict of interest or insider trading are thus anachronistic in this context. What we observe here may be better understood as part of a broader institutional set-up that contributed to the credibility of public finances, similar

[8] Hansard HC Deb 03 February 1819 vol. 39 cc 0-280 and HL Deb 21 May 1819 vol. 40 cc 597-600.

[9] Hansard HL Deb 21 May 1819 vol. 40 cc 629-640; Hansard HC Deb 25 May 1819 vol. 40 cc 764-771.

[10] The consensus in favor of the bill was sufficiently strong that no formal vote was taken when it passed. The strong consensus in favor of the measure is noteworthy, as the 1818 Parliament saw an intensification of party conflict (Thorne 1986, pp. 275-77).

[11] In the 1818 election, 32 percent of English constituencies went to a poll; percentages were lower in the rest of the country (Thorne 1986, pp. 259-62).

[12] *London Times*, 5 December 1976.

to what Stasavage (2016) has shown for early modern European city states.

3 Data

Our primary data come from handwritten account ledgers held in the Bank of England archives. We focus on ledgers for holdings of 3% consols, the most important government security at this time. As shown in Appendix Figure 7 total debt was fairly stable across the study period, hovering around £800 million or approximately 250% of GDP. With the end of the French Wars, debt emission ceased, inducing a gradual decline in outstanding debt. Consols accounted for between 64 and 66 percent of total government debt during this period (see Appendix Figure 8).

For the House of Commons, we identified the relevant set of MPs from the History of Parliament website.[13] This database contains 21,420 articles covering the careers of members of the House of Commons between 1386 and 1832. Following the Union with Ireland in 1800, the House of Commons had 658 seats. We limit our data collection effort to MPs that held their seat during the critical debate period, yielding a set of 656 persons. For the House of Lords, we identified the relevant set of MPs from Debrett (1822). This publication contains the lineage and occupations of Members of the House of Lords. As seats in the House of Lords were hereditary and for life, we include all living Lords, yielding a sample of 371 persons.

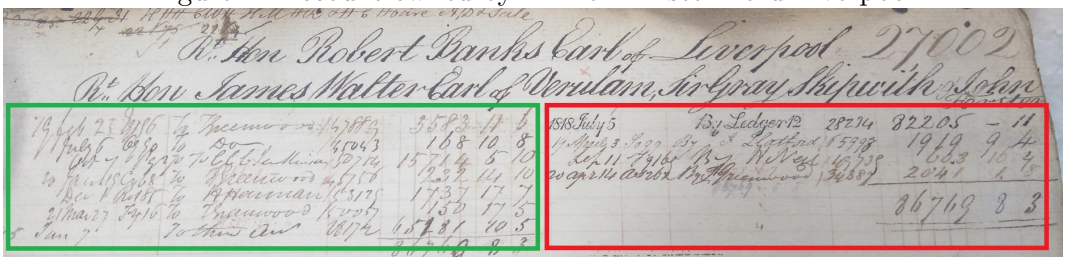
For these two sets of people, we collected the universe of accounts in the 3% consols from the Bank of England Archives' AC/27 series. We identified each ledger with an MP as an owner, photographed the ledger, and then manually digitized the information it contained.[14] For example, Figure 2 depicts one of the accounts owned by the then acting Prime Minister Lord Liverpool. The top panel contains the names of the account owners. As is the case here, many accounts had multiple owners listed. For each owner, we divide the overall account holdings by the number of holders. In relatively rare cases, we see multiple MPs listed as owners. In these cases, we associate the account with each of the owning MPs separately.

All of our ledgers come from the accounting period starting on July 5, 1818 and ending on July 5, 1827. At the beginning of this period, any current holdings are entered as a "purchase" in the first line in the right-hand box. Sales are recorded in the left-hand side box. All subsequent transactions are recorded up to July 5, 1827. If there are holdings remaining in the account they are entered as a "sale". The sum of purchases must equal the sum of sales across the period and the account balance cannot be negative. This facilitates quality checking of the data. Since every purchase or sale of a consol had to be recorded

[13] `https://www.historyofparliamentonline.org/research/members`.

[14] We exclude all accounts for which MPs acted as a trustee for other persons or institutions. We also do not consider accounts that were in the name of MPs' spouses.

Figure 2: Account owned by Prime Minister Lord Liverpool



at the Bank of England, this dataset provides a complete picture of all holdings, purchases, and sales of this asset by all MPs across the full period.

The majority of MPs during our study period held investments in 3% consols: 76% of members of the House of Commons (498/656) and 69% of members of the House of Lords (257/371). While our main analysis focuses on members of the House of Commons, we analyze data for the House of Lords in Section 4.6.

MPs held a substantial fraction of total outstanding government debt, a pattern that highlights the concentration of wealth in Britain during the period we study. The top panel of Figure 3 shows that Commons members held around 4 percent of total outstanding consol debt during the study period, with Lords MPs holding an additional 1.5-2 percent. It is worth noting that there is some double-counting in this graph, because accounts held by two MPs will show up twice. However, those are not frequent enough to substantially inflate the overall level. The share of both groups was rising steadily across the period. There are a few visible fluctuation in the Commons graph, reflecting the fact that our data include a few very large trades. We have checked these trades for accuracy and they appear to be genuine. In the bottom panel, we focus in specifically on the critical debate period. We can see that the overall share of debt held by MPs rose substantially during this period, suggesting that they may have been trading differently at that time.

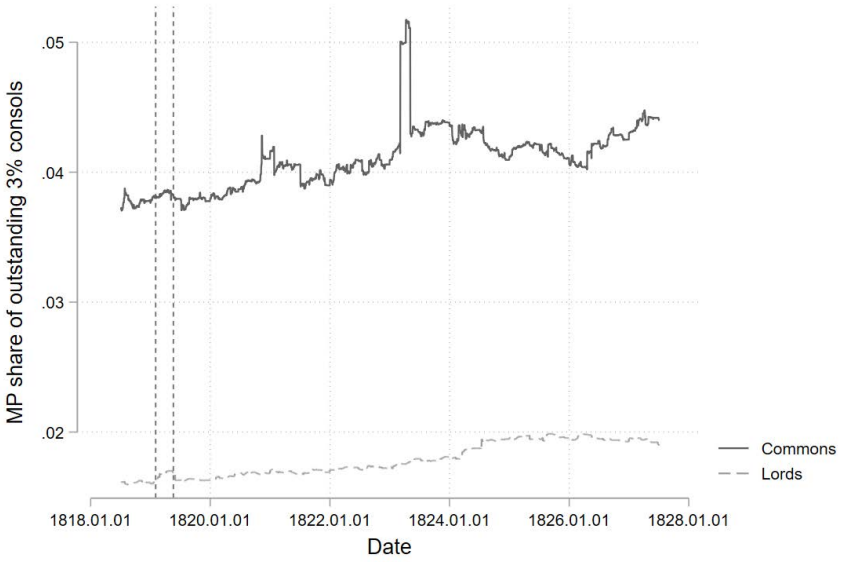
During this period, MPs would have most likely bought and sold consols through brokers.[15] Those brokers, who charged a commission on each transaction, may have searched for counterparty brokers in the market that took place at the transfer office at the Bank of England. Brokers may also have acted as "jobbers" (market makers), buying and selling on their own account, or they may have transacted with market makers, rather than brokers representing other buyers and sellers (Cope, 1978).

MPs would have had ample information about daily market prices, which were published in a number of different papers, including *Gentleman's Magazine*, from which we draw our price data. Of course, MPs likely would not have been able to track intra-day price

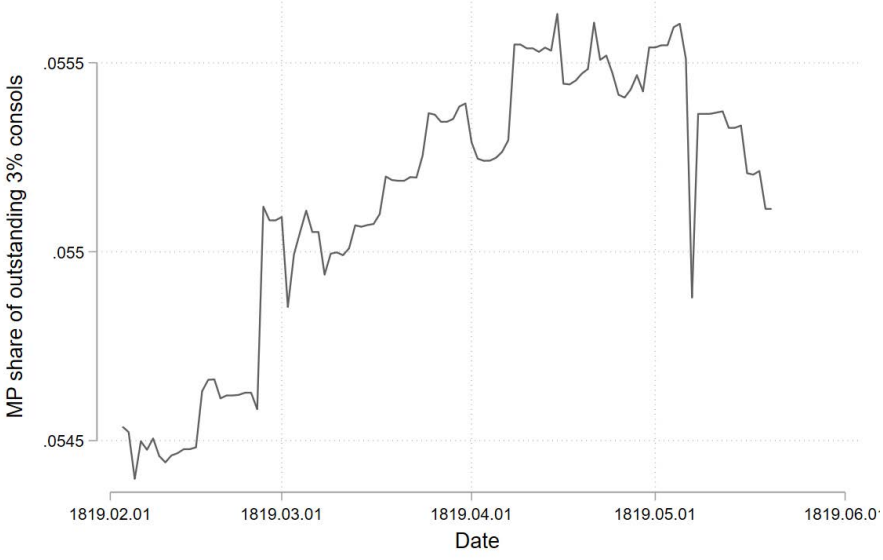
[15]Cope (1978) describes the operation of the market focusing on a period just before our study period, but market operations would likely have been similar to what he describes.

Figure 3: MP share of total consol debt

Full study period



Critical resumption debate period



Notes: Based on data collected by the authors from the Bank of England Archives. The vertical lines in the top graph indicate the critical resumption debate period, defined as January 2 to May 25, 1819.

fluctuations and would have relied on their broker to obtain the best available price for their transaction.

Separately, we have constructed a price series for 3% consols covering the study period. Daily data for consol prices was collected from *Gentleman's Magazine*. Missing data was completed from Lloyd's List. When more than one daily price was available, we calculated the average of the two.

There are two periods each year, in June and December, when the account registers are closed in preparation for the payment of dividends. However, forward prices, for transactions that would clear upon the reopening of the account books, are available during these periods. We have also collected these prices, which we use when calculating returns over time spans ending during one of the closure periods. Finally, we adjust the price to account for the payment of dividends so that the difference in price between two periods reflects returns excluding dividends paid.[16]

Figure 4 plots the consols price across our study period. As this figure shows, this was a period of substantial price volatility. For the period as a whole, the prices of 3% consols were increasing. However, prices also exhibited periods of substantial decline, including during the debate over resumption—indicated by the two vertical lines—when uncertainty about the likelihood and terms of resumption increased price volatility. The consols price fell substantially during the critical debate period, particularly right around the final vote. It rebounded strongly in the months just after resumption passed (though that rebound was not sustained in the medium-term). These price patterns indicate that someone with insider information regarding the probability of resumption may have had an opportunity to generate excess short-run returns.

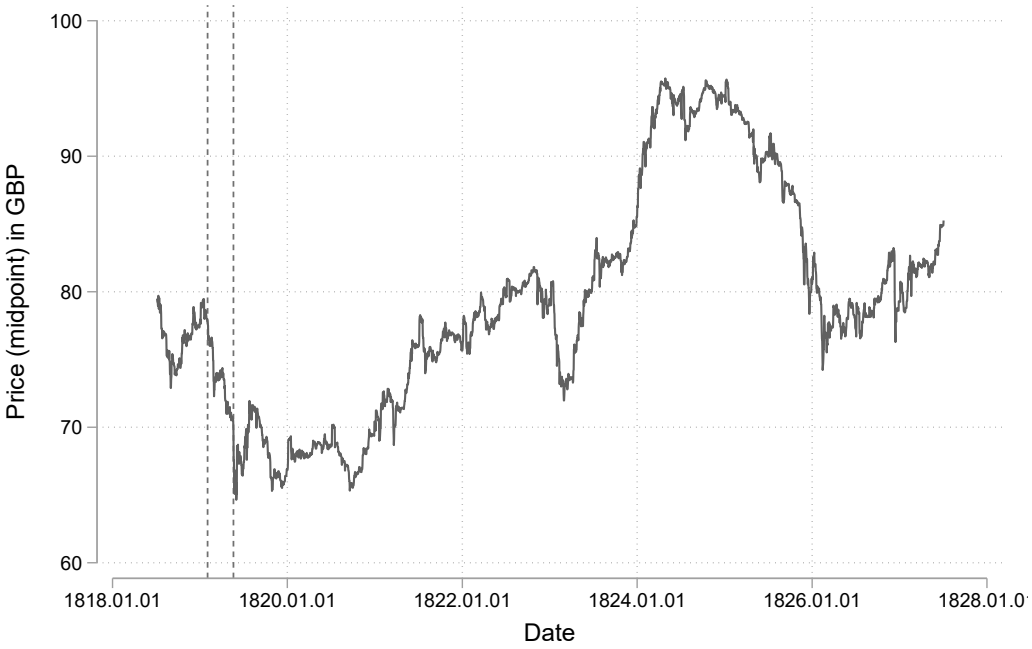
Table 1 presents summary statistics for our data. In the top two rows, we can see that during our study period MPs made on average around 1.3 purchases and 0.72 sales per year (0.00351 and 0.00198 times 365). The average purchase amount (par value) was just over 12,000 GBP (equal to 1.3 million £in 2024) and the average sale was around 20,655 GBP (equal to 2.2 million £in 2024), but the range of transaction sizes was very large.[17]

Annualized returns per transaction were typically around one percent, depending on the return window. The fact that both MP purchases and counterparty purchases (i.e., MP sales) show positive returns is a reflection of the fact that prices generally rose over the period we study. As expected, returns calculated over shorter windows show a wider

[16] According to market conventions, consols were quoted inclusive of the accrued dividend, but only during part of the half-yearly coupon period. About a month before the half-yearly dividend payment, the coming coupon payment would be deducted from the market price. Even if there were no changes in the underlying market conditions, the quoted price of the 3% consols would tend to rise smoothly from the beginning of each half-year, then fall momentarily on the day that Consols were quoted *ex dividend* (Klovland, 1994).

[17] The conversion to 2024 GBP is based on the change in the real price from `https://www.measuringworth.com/`. The latter shows that one GBP in income in 1820 is equal to £107 today.

Figure 4: Price of 3% consols across the study period



Midpoint price of 3% consols across the study period. Forward prices quoted on each day are used during periods when the market was closed. The two vertical lines indicate the critical debate period. Prices are adjusted to reflect returns including dividends paid.

Table 1: Summary statistics for House of Commons data

	Mean	SD	Max	Min	N
Purchases and sales					
Purchases and sales					
Purchase indicator	0.00351	0.0592	1	0	1,643,000
Sales indicator	0.00198	0.0444	1	0	1,643,000
Purchase amount (per purchase)	12,130	99,073	4,515,000	1	1,643,000
Sales amount (per sale)	20,655	128,790	4,485,000	3	1,643,000
Daily returns (annualized)					
One week, MPs	-0.00375	0.666	3.28	-4.02	5,181
One week, counterparty	0.000545	0.667	3.28	-4.02	2,671
One month, MPs	-0.0189	0.3	0.869	-1.12	5,181
One month, counterparties	0.000545	0.667	3.28	-4.02	2,671
One quarter, MPs	0.00749	0.18	0.502	-0.534	5,155
One quarter, counterparties	0.0205	0.175	0.491	-0.534	2,639
One year, MPs	0.0105	0.101	0.299	-0.201	4,814
One year, counterparties	0.0135	0.0964	0.293	-0.19	2,451
Profits per day (annualized daily return x transaction size at par value)					
One week, MPs	713	21,924	871,449	-363,626	5,181
One week, counterparty	-493	52,722	750,746	-2,392,426	2,671
One month, MPs	175	10,269	490,202	-206,255	5,181
One month, counterparties	-493	52,722	750,746	-2,392,426	2,671
One quarter, MPs	272	7,205	391,681	-66,523	5,155
One quarter, counterparties	645	15,494	737,117	-50,874	2,639
One year, MPs	216	4,319	236,749	-30,922	4,814
One year, counterparties	645	18,395	886,754	-24,106	2,451

distribution.

4 Empirical analysis

4.1 Methodology

The aim of our study is to analyze how trading returns differed between MPs and other investors, and whether these differences changed in periods in which Parliament was debating policies with substantial implications for asset prices. Our basic methodology builds on a recent paper by Cosemans & Frehen (2025) looking at whether firm insiders obtain higher returns using data from the U.K. in the 18th century, but with important differences.

One key differences is that Cosemans & Frehen (2025) observe trades involving insiders and trades where insiders were not involved, either as buyers or sellers. In contrast, we only observe transactions by MPs (the insiders in our context). As a result, our approach will focus on comparing the returns obtained by MPs to the returns of their counterparties. Under the assumption that the counterparties trading with MPs did not substantially differ from average investors in the market, this allows comparing MPs' returns to those of the average investor. This assumption seems reasonable given the structure of the market, where MPs would mainly have transacted through brokers just like almost all market participants, meaning they would not be in a position to pick particularly uninformed counterparties. If we observe that MPs systematically outperformed their counterparties that would suggest that they also outperformed other investors as a whole.

We begin by organizing our data as a set of transactions, where each transaction appears twice, as an MP purchase (sale) and as a counterparty sale (purchase). We then calculate the average daily return on each investment over the subsequent month or quarter, following the timeframes used by Cosemans & Frehen (2025). In robustness exercises we also consider alternative windows.

We analyze these data using the following baseline specification:

$$RETURN_{it}^{period} = \beta_0 + \beta_1 MP_i + YEAR_t + MONTH_t + \epsilon_{it} \tag{1}$$

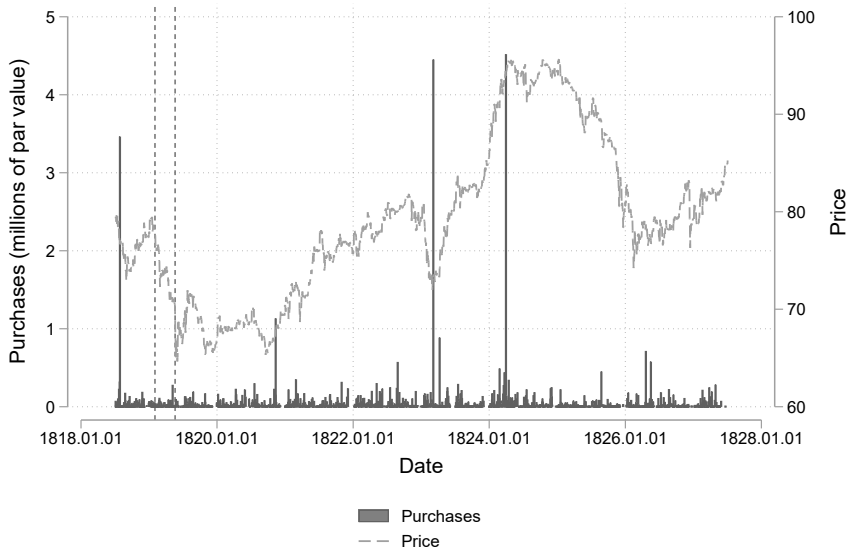
where $RETURN_{it}^{period}$ is the average daily return over a particular period starting from transaction date t for a transaction by individual i at that date and MP_i is an indicator for whether the purchase was made by an MP (compared to counterparty purchases). In some specifications we include fixed effects for year, $YEAR_t$, and the month of the year, $MONTH_t$. Including month effects eliminates seasonal factors, which were important for a group that often relied on agricultural income. Including year fixed effects means we are comparing returns among groups that are buying and selling in a similar time-frame, to see if within that one group some MPs were able to achieve higher returns. As an alternative outcome, we also consider $PROFIT_{it}^{period}$, which is the return multiplied by the size of the transaction.

4.2 Preliminary evidence – transaction volumes

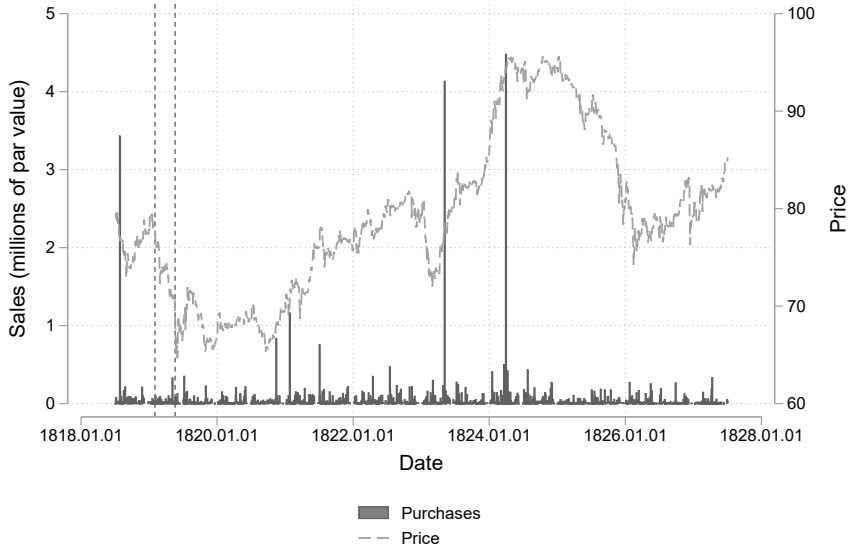
Before coming to our main analysis, it is useful to study the raw data on transaction volumes. Figure 5 describes the volume of purchases (top panel) and sales (bottom panel) by House of Commons MPs across the full study period alongside the 3% consols price. We can see that the volume is dominated by a few very large transactions. In some cases, transactions seem to appear as both purchases and sales, which indicates that the transaction occurred between two MPs. These transactions will net out in our analysis.

Figure 5: Purchase and sale volumes and consol price

A. Purchases



B. Sales



This figure plots the volume of purchases and sales, based on par value, by House of Commons MPs across the period for which data area available, alongside the price of 3% consols. The vertical lines mark the critical period of Parliamentary debate over resumption.

Figure 5 does not seem to indicate a particularly high volume of trades during the critical debate period, defined as January 2 to May 25, 1819. Thus, there does not appear to have been a widespread effort by MPs to take advantage of private information during that period. However, that does not rule out the possibility that a subset of MPs were able to make excess profits with smaller trades during that period. Figure 6 zooms in to the critical debate period. Again, we do not see clear evidence that MPs were trading more effectively as a group. However, a more rigorous analysis is needed in order to draw any clear conclusions.

4.3 Main analysis – House of Commons

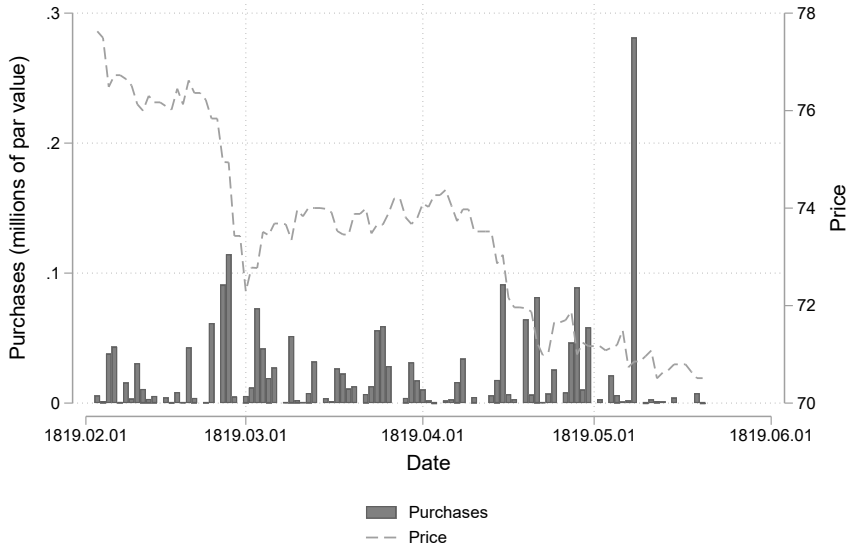
Our main analysis focuses on whether MPs in the House of Commons obtained unusually high returns from their trading activity. To assess this, we compare the returns of MP purchases over different time periods–a week, month, quarter, or year–to the return of their counterparties. We begin by looking across all purchases and sales. We then zoom in to the purchases and sales that occurred in windows before key Parliamentary debates over the return to the gold standard, when we think that MPs may have had access to particularly advantageous information.

We focus our main analysis on the House of Commons, since this was the house primarily responsible for financial legislation. Thus, we would expect Commons MPs to be more likely to have access to valuable insider information than members of the House of Lords. Commons members also faced electoral concerns, which the largely hereditary House of Lords did not. Later, in Section 4.6, we compare the results we obtain from Commons MPs to those we find for Lords.

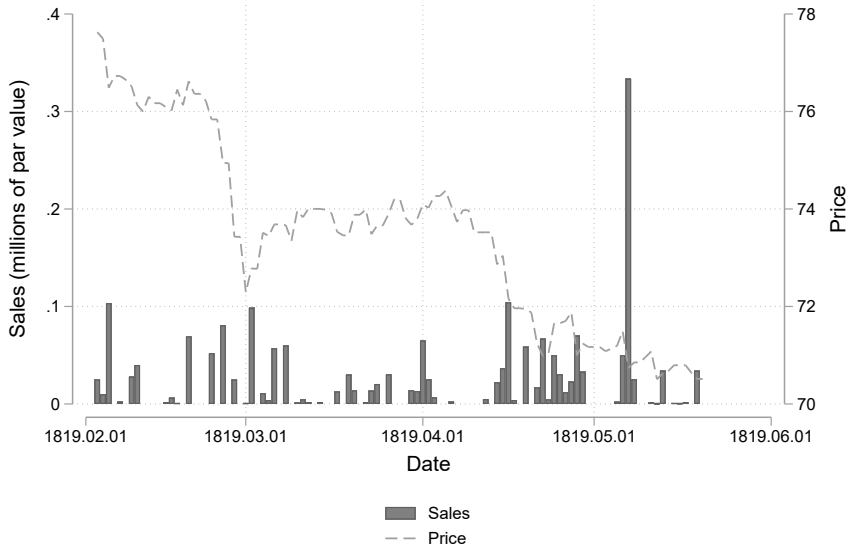
Table 2 presents regression results for periods of one week, one month, one quarter, and one year. For each return window we estimate results with and without the year and month of transaction fixed effects. Across all specifications, we see no evidence that trades by MPs had higher returns. In fact, in most of the estimates MP purchases appear to have lower returns and in some cases the difference is statistically significant. Overall, there is no evidence that MPs were systematically better traders than their counterparties, and in general it seems likely that they were worse.

Figure 6: Purchase and sale volumes and prices during the resumption debate period

A. Purchases



B. Sales



This figure plots the volume of purchases and sales, based on par value, by House of Commons MPs during the critical debate period, defined as January 2 to May 25, 1819, alongside the price of 3% consols. The vertical lines mark the critical period of Parliamentary debate over resumption.

Table 2: MP return and profit regressions across all transactions

Panel A: Average daily return (annualized)

	Week		Month		Quarter		Year	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MP purchase	-0.00429	0.0239	-0.00896	0.0117*	-0.0130***	-0.00433	-0.00300	-0.000154
	(0.0159)	(0.0156)	(0.00685)	(0.00622)	(0.00426)	(0.00344)	(0.00245)	(0.00108)
Year, Month FE		Yes		Yes		Yes		Yes
Observations	7,844	7,844	7,841	7,841	7,738	7,738	7,143	7,143
R-squared	0.000	0.048	0.000	0.181	0.001	0.366	0.000	0.811

Panel B: Average daily profit (return x transaction size)

	Week		Month		Quarter		Year	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MP purchase	1,206	1,515	-297.7	-65.28	-372.7	-271.3	-429.3	-388.8
	(1,066)	(1,061)	(435.0)	(430.6)	(319.6)	(314.6)	(380.0)	(373.3)
Year, Month FE		Yes		Yes		Yes		Yes
Observations	7,844	7,844	7,841	7,841	7,738	7,738	7,143	7,143
R-squared	0.000	0.003	0.000	0.012	0.000	0.017	0.000	0.013

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. The dataset covers all Commons MP purchases and all of their counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827.

While the results above suggest that MPs were not able, in general, to achieve higher trading returns than their counterparties, it may be that they were able to achieve higher returns in periods in which Parliament was poised to substantially influence financial markets. Our study period spans one of the most critical of these periods: the debate over Britain's return to the gold standard after the Napoleonic Wars. The most critical period of this debate took place between Feb. 2 and May 25, 1819. In the next set of results, we look at whether MPs were able to achieve higher returns in this period, plus an additional 30 day period stretching before the Feb. 2 debate (when MPs were likely discussing the issue amongst themselves to prepare).

Table 3 presents the results. In the first three columns, we compare MPs and counterparties during the critical debate period. We can see that there is some evidence that MPs had systematically higher relative short-run returns than their counterparties on trades made during this period. The constant term tells us that overall returns were sharply negative during this period. MPs' higher returns are clearer in Panel B, which suggests that they were driven by MPs who made larger trades. For comparison, Columns 4-6 present relative returns or profits in all other periods, when MPs do not do better, and often under-perform, relative to the pool of counterparties. Note that we do not include year and month fixed effects in these regressions because the debate period is relatively short.

The differences in R-squared values between Columns 1-3 and 4-6 are noteworthy. While the R-squared values are uniformly low, which tells us that the identity of investors had much less impact on returns than other factors affecting the market, we do observe substantially larger R-squared values during the critical debate period. Thus, during the debate period, the identity of investors appears to have had substantially more explanatory power.

In Appendix C we consider how our results change as we alter our definition of the critical debate period. If we use only a period stretching from February 2 to May 25, 1819, when the debates were ongoing, we find results similar to those shown in Table 3. However, if we extend the period further out before and after those dates, from November 2, 1818 to June 25, 1819, our results completely disappear. This indicates that the MP's ability to generate excess returns was really concentrated in the period of time when Parliament was actively debating resumption.

Another way to analyze these patterns is to compare each individual MP's trading performance during the critical debate period to their own performance in other periods. To do so, our next set of regressions, in Table 4, includes MP fixed effects. The negative coefficients on the debate period indicator in these regressions is showing that, across most of the debate period, selling would have generated higher returns than purchasing. The coefficient on MP purchase x debate period is showing whether returns were higher for MPs during the debate period. Consistent with our previous results, we find evidence that MPs achieved relatively higher returns over short time frames compared to their counterparties.

Table 3: MP returns on trades during critical Parliamentary debates

Panel A: Average daily return (annualized)						
Trade period:	During debate period			All other periods		
Return window:	Week	Month	Quarter	Week	Month	Quarter
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	0.132*	0.00769	-0.0484***	-0.00892	-0.00540	-0.00742*
	(0.0791)	(0.0278)	(0.0179)	(0.0159)	(0.00660)	(0.00405)
Observations	528	528	528	7,316	7,313	7,210
R-squared	0.006	0.000	0.016	0.000	0.000	0.000
Panel B: Average daily profit (return x transaction size)						
Trade period:	During debate period			All other periods		
Return window:	Week	Month	Quarter	Week	Month	Quarter
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	2,680**	2,768***	836.8*	1,141	-464.9	-428.7
	(1,118)	(970.4)	(465.0)	(1,133)	(458.2)	(338.9)
Observations	528	528	528	7,316	7,313	7,210
R-squared	0.015	0.027	0.008	0.000	0.000	0.000

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. The critical debate period is defined as January 2 to May 25, 1819. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. Columns 1-3 are based on all Commons MP and their counterparty purchases during the critical debate period. Columns 4-6 are based on all Commons MP and their counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827, outside of the critical debate period.

This is particularly true in panel B, which suggests that excess returns were driven by larger transactions. It disappears at the quarterly frequency, consistent with insider information offering only an advantage in predicting future short-run returns.

4.4 Heterogeneity by MP financial connections

In the next set of results, we look at whether MP's advantage during the critical debate period differed depending on whether the MP had banking connections or were more active investors. In particular, using MP biographies from the History of Parliament Online project we separate them into three groups: (i) Bank of England or Bank of Scotland directors, (ii) bankers or those with strong family banking connections, and (iii) all other MPs. We then look at how the returns of each group compare to their counterparties overall and during the gold standard debate period.

We begin, in Table 5, by comparing the returns of MPs with banking connections to all other MPs across the full study period. Panel A shows that MPs with banking connections do not appear to generate substantially higher returns on average than other MPs. Panel B shows that MPs with banking connections do achieve higher returns than other MPs on larger transactions. This suggests that bankers have an advantage as investors, even when investing in government bonds. Cosemans & Frehen (2025) show a similar advantage, but for stock in companies in which individuals were insiders.

Table 4: Regressions with MP fixed effects

Panel A: Average daily return (annualized)

	Week		Month		Quarter	
	(1)	(2)	(3)	(4)	(5)	(6)
Debate period	-0.498***	-0.672***	-0.410***	-0.424***	-0.247***	-0.167***
	(0.0679)	(0.0730)	(0.0242)	(0.0257)	(0.0154)	(0.0181)
MP purchase x	0.158**	0.158**	0.0106	0.0103	-0.0464**	-0.0482***
debate period	(0.0770)	(0.0761)	(0.0278)	(0.0273)	(0.0183)	(0.0182)
MP FEs	Yes	Yes	Yes	Yes	Yes	Yes
Year, Month FE		Yes		Yes		Yes
Observations	7,844	7,844	7,841	7,841	7,738	7,738
R-squared	0.021	0.040	0.115	0.190	0.154	0.367
Number of MPs	479	479	479	479	479	479

Panel B: Average daily profit (return x transaction size)

	Week		Month		Quarter	
	(1)	(2)	(3)	(4)	(5)	(6)
Debate period	-4,933***	-6,320***	-5,440***	-5,436***	-3,063***	-2,142***
	(1,251)	(1,991)	(1,106)	(1,071)	(618.6)	(505.9)
MP purchase x	3,030**	3,037**	2,509**	2,507**	678.2	665.5
debate period	(1,398)	(1,393)	(1,074)	(1,073)	(472.8)	(469.6)
MP FEs	Yes	Yes	Yes	Yes	Yes	Yes
Year, Month FE		Yes		Yes		Yes
Observations	7,844	7,844	7,841	7,841	7,738	7,738
R-squared	0.000	0.001	0.004	0.008	0.003	0.012
Number of MPs	479	479	479	479	479	479

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. All regressions include a full set of MP fixed effects. The critical debate period is defined as January 2 to May 25, 1819. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. The dataset covers all Commons MP purchases and all of their counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827.

Table 5: Comparing banker and MP profits across the full study period

Panel A: Average daily return (annualized)

	Week		Month		Quarter		Year	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MP purchase	-0.00163	0.0338**	-0.0128*	0.0126*	-0.0149***	-0.00233		
	(0.0173)	(0.0170)	(0.00748)	(0.00681)	(0.00459)	(0.00372)		
Banker	-0.00821	-0.0297	0.0119	-0.00281	0.00582	-0.00606		
	(0.0193)	(0.0191)	(0.00878)	(0.00810)	(0.00540)	(0.00430)		
Year, Month FE		Yes		Yes		Yes		Yes
Observations	7,844	7,844	7,841	7,841	7,738	7,738		
R-squared	0.000	0.049	0.000	0.181	0.001	0.366		

Panel B: Average daily profit (return x transaction size)

	Week		Month		Quarter		Year	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MP purchase	732.2	1,118	-487.7	-218.1	-560.6*	-428.3		
	(1,046)	(1,071)	(423.5)	(431.3)	(311.0)	(313.4)		
Banker	1,458*	1,201	584.8	461.6	579.3**	475.5*		
	(842.4)	(858.4)	(397.4)	(404.7)	(283.8)	(285.6)		
Year, Month FE		Yes		Yes		Yes		Yes
Observations	7,844	7,844	7,841	7,841	7,738	7,738		
R-squared	0.001	0.003	0.000	0.012	0.001	0.017		

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. Bankers are MPs who are bankers, including directors of the Bank of England or Bank of Scotland, or those who are part of families of bankers. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. The dataset covers all Commons MP purchases and all of their counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827.

Next, we look at how MPs with banking connections performed during the critical debate period. Table 6 presents results looking at returns for bankers during the critical debate period. Table 7 adds results for profits. We can see that Bank of England directors obtained higher returns and profits, relative to their counterparties. Interestingly, the Bank of England directors in our sample were all outspoken opponents of resuming the gold standard. As mentioned in the background section, Bank of England Director William Manning was the only committee member to have voted against the resumption of the gold standard, as proposed in the committee reports. Other Bank of England directors, such as Alexander Baring (also a witness), John Pearse, or Robert Wigram, publicly opposed the resumption. Despite this opposition, it appears that Directors were able to profit personally during the debate period.

The evidence of an advantage among bankers or those with banking connections is more mixed. They do not do better in terms of weekly returns, but at the monthly level they do have higher returns and profits. For those MPs without banking connections, we do not see much evidence of higher returns, except profits over the monthly return window.

In Table 8, we look at how returns achieved during the critical debate period differ for more active traders. We identify active traders based either on the number of transactions they were involved in, or the total volume of those transactions (purchases + sales). Both of these variables are highly skewed. When using trade frequency, we identify active traders as those who were involved in more than the mean number of trades during the study period. Given the skewed nature of this variable, this identifies 28 percent of MPs as active traders. When we use trade volume, we focus on those that transacted more than the average trade volume over the study period, a group that includes 12 percent of MPs. As Table 8 shows, only active traders achieved higher short-run returns during the critical debate period. This provides further evidence that the information available to MPs was useful only to those who also had sufficient market experience.

Table 6: Return heterogeneity by banking connections

DV: Average daily return (annualized)						
Return window:		**Week**			**Month**	
MP type:	BOE dir.	Banker	Other	BOE dir.	Banker	Other
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	-0.0773	-0.0141	0.0344*	-0.0308	-0.000778	0.0193**
	(0.0781)	(0.0280)	(0.0195)	(0.0321)	(0.0105)	(0.00775)
Debate period	-0.745	-0.631***	-0.771***	-0.384***	-0.512***	-0.470***
	(0.478)	(0.134)	(0.110)	(0.0846)	(0.0514)	(0.0326)
MP purchase x	0.770*	0.0318	0.134	0.108	0.0865*	-0.0261
debate period	(0.466)	(0.125)	(0.105)	(0.0816)	(0.0520)	(0.0334)
Observations	316	2,322	5,088	316	2,321	5,086
R-squared	0.123	0.072	0.084	0.325	0.233	0.268

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. Columns 1 and 4 focus on Bank of England or Bank of Scotland Directors. Columns 2 and 5 focus on all other bankers, including those from banking families. The critical debate period is defined as January 2 to May 25, 1819. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The dataset covers all Commons MP purchases and all of their counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827.

Table 7: Profit heterogeneity by banking connections

	DV: Average daily profit (return x transaction size)					
Return window:	**Week**			**Month**		
MP type:	BOE dir.	Banker	Other	BOE dir.	Banker	Other
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	527.1	2,093	742.9	-501.8	582.7	-566.1
	(1,496)	(1,363)	(1,706)	(1,315)	(629.6)	(663.3)
Debate period	-16,400***	-11,915***	-4,988**	-11,732**	-7,663***	-5,748***
	(6,158)	(4,149)	(2,511)	(4,863)	(1,779)	(1,577)
MP purchase x	12,362**	-503.5	2,191	8,531*	2,776*	3,323**
debate period	(5,799)	(2,872)	(2,391)	(5,014)	(1,595)	(1,536)
Observations	316	2,322	5,088	316	2,321	5,086
R-squared	0.119	0.014	0.003	0.078	0.025	0.012

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. Columns 1 and 4 focus on Bank of England or Bank of Scotland Directors. Columns 2 and 5 focus on all other bankers, including those from banking families. The critical debate period is defined as January 2 to May 25, 1819. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The dataset covers all Commons MP purchases and all of their counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827.

Table 8: Heterogeneity by trading frequency or volume

	DV: Average daily return (annualized)							
Return window:	**Week**				**Month**			
	Trade freq.		Trade volume		Trade freq.		Trade volume	
	Low	High	Low	High	Low	High	Low	High
MP purchase	0.0308	0.00860	0.0216	0.00451	0.0132	0.00841	0.0155*	0.00354
	(0.0307)	(0.0181)	(0.0219)	(0.0220)	(0.0113)	(0.00721)	(0.00854)	(0.00859)
Debate period	-0.788***	-0.689***	-0.800***	-0.626***	-0.425***	-0.490***	-0.492***	-0.453***
	(0.180)	(0.0955)	(0.117)	(0.121)	(0.0531)	(0.0308)	(0.0355)	(0.0391)
MP purchase x	-0.0123	0.190**	0.0678	0.217*	-0.0758	0.0489	-0.0334	0.0669*
debate period	(0.175)	(0.0897)	(0.112)	(0.113)	(0.0549)	(0.0310)	(0.0362)	(0.0394)
Observations	2,054	5,790	4,189	3,655	2,054	5,787	4,187	3,654
R-squared	0.099	0.069	0.088	0.068	0.277	0.248	0.263	0.253

*** p<0.01, ** p<0.05, * p<0.1. Robust standard errors in parentheses. High frequency traders are those with above the mean number of transactions. High volume traders are those with above the mean volume of total transactions. The critical debate period is defined as January 2 to May 25, 1819. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. The dataset covers all Commons MP purchases and all of their counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827.

4.5 Heterogeneity by party

Another potential dimension of heterogeneity is by the party that MPs were affiliated with. Though parties were less salient at this time than they are today (Lowell, 1902; Cox, 1987), being affiliated with the party in government may have given MPs additional insider information or greater influence over legislative outcomes. To analyze this dimension of heterogeneity, we have collected information on MP party from the History of Parliament project. Out of the 656 Commons MPs in our database, we are able to associate 194 with the Tory party and 138 with the Whigs (including Radicals).

In Appendix D, we estimate separate results for Tory and Whig MPs, relative to the remaining MPs without clear party affiliations. We do not find any evidence of heterogeneity in returns across these three groups, either over the full study period or during the period of critical resumption debates. Thus, party affiliation does not appear to be a good predictor of MP's ability to obtain higher returns trading in public markets.

4.6 Analysis of the House of Lords

We have also collected data allowing us to analyze investment returns among members of the House of Lords. In this section, we briefly describe patterns found in this analysis. The full set of analysis results can be found in Appendix F.

There are two important factors that may lead us to observe different patterns when looking at Lords rather than Commons. First, Lords faced no electoral incentives. For the period under consideration, a seat in the House of Lords was largely hereditary, though some had been elevated by the creation of peerages by the King and the House also included a number of Lords Spiritual, who obtained their position as bishops of the Church of England. Second, the House of Lords was much less involved in financial policy than the House of Commons. In addition, the Lords in our dataset did not have clear connections with the Bank of England or banking more generally (Debrett, 1822). As a result, it is reasonable to expect that they may have had less access to valuable insider information than Commons members, or fewer connections in the financial world to help them take advantage of such information. Finally, note that the House of Lords was substantially smaller than the Commons, which will reduce the power of our analysis.

Our analysis of the transactions of members of the House of Lords in Appendix F does not reveal any statistically significant evidence of higher returns or profits, either in general or during the critical debate period. However, this may be due in part to the fact that we have fewer observations to work with in this analysis. We do consistently observe positive and economically meaningful coefficients for Lords MPs during the critical debate period. Thus, we cannot rule out that members of the Lords were able to profit from trading on insider information.

4.7 Cabinet and Committee members

So far, we have considered heterogeneity based on MPs' outside connections or experience with financial markets. However, patterns might also differ based on MPs' positions and connections within Parliament. Better connected or more important MPs may, for example, have access to more valuable information. They may also have more influence over outcomes. Conversely, connected or powerful MPs may care more about their political career, and therefore be more cautious about using their position for private gains. They may also be under greater public scrutiny. Thus, whether more powerful or connected MPs benefit more or less than other MPs is an empirical question.

To examine this issue, we have complied two lists of MPs with either more influence or more information than other members. To identify power MPs, we use all of those who held cabinet positions anytime in our study period. To identify particularly informed MPs, we use a list of all of those who were members of Peel's secret committees assigned to examine the return to the gold standard in early 1819. Both of these groups span Commons and Lords. As the number of cabinet and committee members is rather small, we pool data from the Commons and the Lords to increase power when we investigate whether either group accomplished higher returns.

For cabinet members, who may have had advantages across the full study period, we begin by looking for evidence of higher returns across all transactions. In Appendix Table 12, we present results that do not show any evidence of higher returns or profits relative to either their counterparties or other MPs when looking across the full study period.

During the critical debate period we do not find significant evidence of higher returns for either the cabinet members or the members of Peel's committees, though the confidence bands on our estimates are wide. We have also generated results comparing the returns of cabinet or committee members during the critical debate period to their own returns during other periods. These estimates (available upon request) do not show any significant evidence of higher returns or profits during the critical debate period. However, as the above analysis relies on relatively few cabinet or committee members, we hesitate to draw strong conclusions.

5 Conclusions

This study contributes to an ongoing debate over concerns that elected politicians may be using their offices for private profit by trading on insider information in public markets. Somewhat surprisingly, recent studies have found little evidence that politicians are able to achieve higher profits than other investors on average (Eggers & Hainmueller, 2013; Belmont *et al.* , 2022). Our findings confirm that this is true even in a setting where politicians faced very few legal or electoral constraints on their trading activity.

However, we also find that a subset of politicians—those with banking connections and trading experience—were able to achieve excess profits during critical periods in which government policy had a substantial influence on financial markets. Thus, our results suggest that, while politicians may not be achieving higher returns on average, we should pay particular attention to whether they are doing so during periods when major financial policies are being debated. These results also suggest that neither innate honesty nor electoral concerns may be preventing politicians from achieving higher returns. Rather, the extent to which they hold valuable insider information, as well as the financial connections and experience to profit from it may be the critical constraints on their ability to profit from their position.

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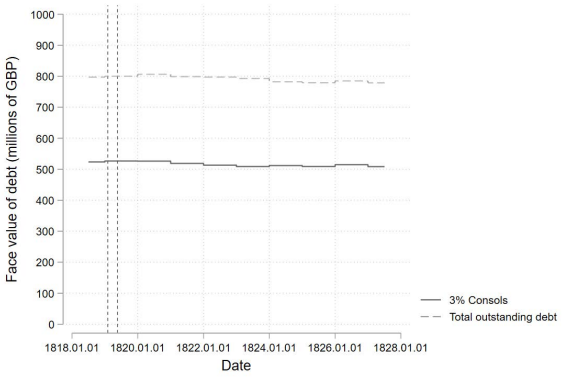
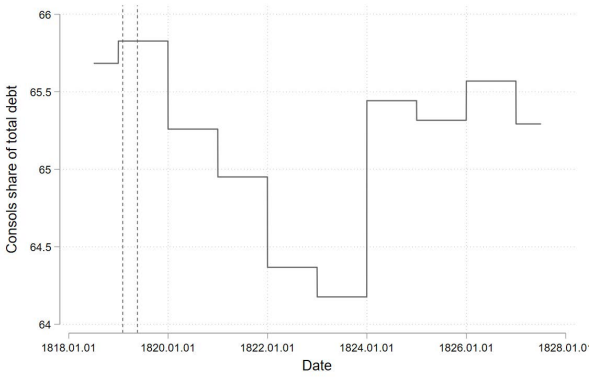
A National debt and consol's share

Figure 7: Total outstanding debt



Public debt data were collected from the Report by the Secretary and Comptroller General of the Proceedings of the Commissioners for the Reduction of the National Debt (1891), and the Sessional Papers of Parliament 1868-9, no. 35, Public Income and Expenditure (1869).

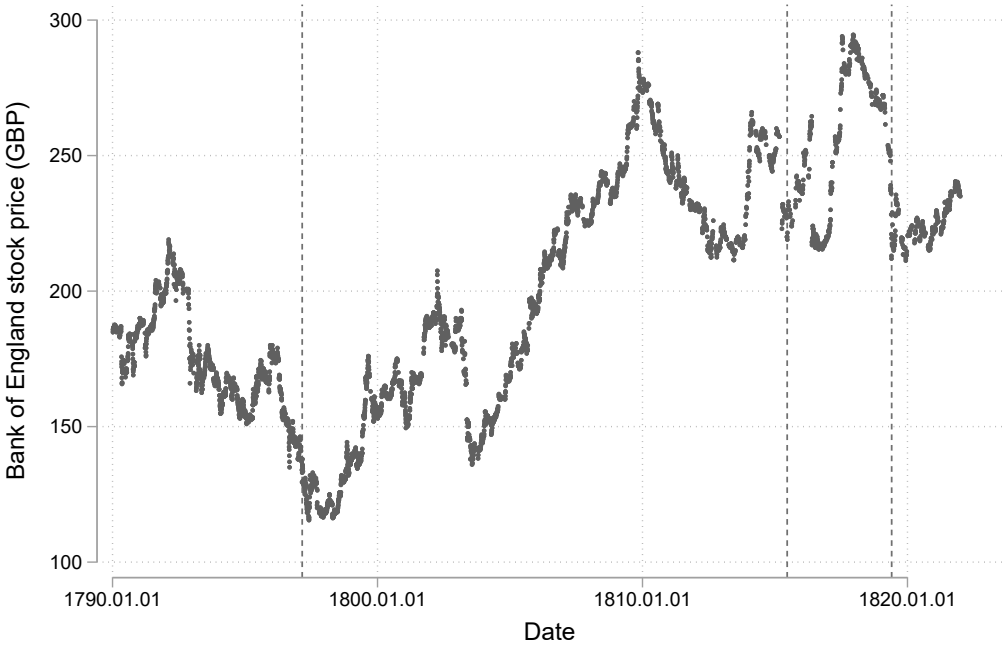
Figure 8: 3% consols share of total debt



Public debt data were collected from the Report by the Secretary and Comptroller General of the Proceedings of the Commissioners for the Reduction of the National Debt (1891), and the Sessional Papers of Parliament 1868-9, no. 35, Public Income and Expenditure (1869).

B Bank of England stock price

Figure 9: Bank of England stock price



This figure plots the Bank of England stock price over the period of interest. For reference, the three vertical lines indicate, from left to right, the initial date of the suspension of the gold standard, Napoleon's defeat at Waterloo, and the date that Parliament voted for resumption.

C Alternative definitions of critical debate period

Table 9 presents results using alternative definitions of the critical debate period. In Columns 1 and 4, we study a "short" critical debate period defined as February 2 to May 25, 1819. Here we see results that are similar to what we find when using our standard definition, which is shown in Columns 2 and 5. However, if we continue to extend the period outwards, using the "long" definition covering November 2, 1818 to June 25, 1819, in Columns 3 and 6, the results disappear. This show that the ability of MPs to generate excess returns was really specific to the period in which Parliamentary debate was most intense.

Table 9: Results using alternative definitions of the critical debate period

Panel A: Average daily return (annualized)						
Return window:	Weekly returns			Monthly returns		
Debate period:	Short	Standard	Long	Short	Standard	Long
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	0.128	0.132*	0.0545	-0.00476	0.00769	-0.00375
	(0.101)	(0.0791)	(0.0987)	(0.0353)	(0.0278)	(0.0333)
Observations	383	528	596	383	528	596
R-squared	0.005	0.006	0.001	0.000	0.000	0.000
Panel B: Average daily profit (return x transaction size)						
Return window:	Weekly returns			Monthly returns		
Debate period:	Short	Standard	Long	Short	Standard	Long
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	3,203**	2,680**	-301.0	3,111**	2,768***	1,446*
	(1,401)	(1,118)	(1,398)	(1,227)	(970.4)	(847.5)
Observations	383	528	596	383	528	596
R-squared	0.019	0.015	0.000	0.029	0.027	0.008

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. We consider three definitions of the critical debate period. The "short" definition in Columns 1 and 4 is from February 2 to May 25, 1819. The "standard" period in Columns 2 and 5 follows the definition used in the main analysis: January 2 to May 25, 1819. The "long" period in Columns 3 and 6 stretches from November 2, 1818 to June 25, 1819. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. The dataset includes all Commons MP purchases and all purchases by their counterparties.

D Heterogeneity by MP party

Table 10 looks at the returns and profits of MPs by party. Parties were not as established during the period we study as they are today. In our data, we have identified 194 Commons MPs that were affiliated with the Tory party and 138 affiliated with the Whigs, with the remaining 166 either unknown or affiliated with other groups (e.g., radicals). We focus only on Commons MPs for this analysis because party affiliation was even less relevant for Lords, who did not face electoral concerns (though of course some Lords had strong party ties). In Table 10 we estimate returns for MPs in each of the two main parties separately, with the remaining MPs as the reference group. We do not see any clear differences in average returns across MPs from different parties.

Table 11 looks at results by party in the critical debate period (Columns 1-3) vs. the rest of the study period (Columns 4-6). While we see that MPs overall made higher short-run returns and profits during the critical debate period, there is little evidence that this was heterogeneous by party. We have also estimated results comparing the performance of MPs during the critical debate period to their performance during the rest of the study period, by including MP fixed effects. Those results also show no evidence of heterogeneity by party.

Table 10: Returns and profits by party across all transactions

Panel A: Average daily return (annualized)

	Week		Month		Quarter	
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	9.94e-05	0.0278	-0.0109	0.00987	-0.0137**	-0.00492
	(0.0200)	(0.0195)	(0.00865)	(0.00788)	(0.00542)	(0.00435)
MP purchase	0.00287	0.00574	0.00887	0.00877	0.00131	0.00185
x Tory	(0.0213)	(0.0208)	(0.00944)	(0.00855)	(0.00576)	(0.00459)
MP purchase	-0.0233	-0.0256	-0.00646	-0.00658	0.00107	-0.000568
x Whig	(0.0242)	(0.0238)	(0.0112)	(0.0102)	(0.00667)	(0.00524)
Year, Month FE		Yes		Yes		Yes
Observations	7,844	7,844	7,841	7,841	7,738	7,738
R-squared	0.000	0.049	0.000	0.182	0.001	0.366

Panel B: Average daily profit (return x transaction size)

	Week		Month		Quarter	
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	907.0	1,186	-433.6	-218.4	-513.1	-423.1
	(1,097)	(1,092)	(439.9)	(435.9)	(323.5)	(319.4)
MP purchase	197.6	254.9	149.3	191.0	39.41	68.78
x Tory	(483.0)	(483.6)	(209.8)	(210.6)	(146.0)	(146.4)
MP purchase	931.0	958.8	324.6	328.2	527.6	524.0
x Whig	(1,103)	(1,080)	(522.5)	(504.5)	(372.3)	(354.8)
Year, Month FE		Yes		Yes		Yes
Observations	7,844	7,844	7,841	7,841	7,738	7,738
R-squared	0.000	0.003	0.000	0.012	0.001	0.017

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. The dataset covers all Commons MP purchases and all of their counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827.

Table 11: Results by party in the critical debate period

Panel A: Average daily return (annualized)						
Trade period:	During debate period			All other periods		
Return window:	Week	Month	Quarter	Week	Month	Quarter
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	0.200**	0.0144	-0.0567***	-0.00807	-0.00619	-0.00616
	(0.0862)	(0.0332)	(0.0206)	(0.0204)	(0.00836)	(0.00512)
MP purchase	-0.141*	0.0139	0.0136	0.00794	0.00263	-0.00416
x Tory	(0.0850)	(0.0348)	(0.0200)	(0.0218)	(0.00922)	(0.00544)
MP purchase	-0.0761	-0.0425	0.0136	-0.0171	-0.00113	0.00173
x Whig	(0.0898)	(0.0406)	(0.0205)	(0.0248)	(0.0107)	(0.00626)
Observations	528	528	528	7,316	7,313	7,210
R-squared	0.011	0.004	0.017	0.000	0.000	0.001
Panel B: Average daily profit (return x transaction size)						
Trade period:	During debate period			All other periods		
Return window:	Week	Month	Quarter	Week	Month	Quarter
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	3,770***	2,740***	641.1	741.4	-597.7	-554.5
	(1,188)	(1,026)	(529.3)	(1,166)	(462.9)	(342.6)
MP purchase	-1,418	604.1	683.2*	286.7	83.42	-36.09
x Tory	(878.6)	(574.4)	(402.4)	(515.6)	(220.5)	(153.2)
MP purchase	-2,261*	-655.1	-135.2	1,216	423.7	599.2
x Whig	(1,317)	(684.4)	(542.6)	(1,193)	(564.0)	(401.4)
Observations	528	528	528	7,316	7,313	7,210
R-squared	0.020	0.029	0.013	0.000	0.000	0.001

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. The critical debate period is defined as January 2 to May 25, 1819. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. Columns 1-3 are based on all Commons MP and their counterparty purchases during the critical debate period. Columns 4-6 are based on all Commons MP and their counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827, outside of the critical debate period.

E Analysis of Cabinet and Committee Members

This appendix presents our analysis of Cabinet and Committee members. Since these groups include members of both the Commons and the Lords, we pool data from both houses when conducting this analysis. That also helps increase power, which is useful because neither group is large; there are 30 MPs with accounts who were Cabinet members at some point during our study period, and 33 MPs with accounts who were part of one of Peel's committees.

Table 12 looks at the returns and profits of all MPs and MPs who were cabinet members at some point during our study period. In general, we see very little difference between MP outcomes in general and the returns or profits of cabinet members. Thus, it does not appear that, in general, more politically powerful MPs were able to achieve higher returns.

Next, we examine the performance of either cabinet members (at any time during the study period) or members of Peel's committees during the critical debate period. There are several alternative approaches that we can take to this analysis. The first, in Table 13 compares these groups only to their own counterparties using transactions across the full study period and including an interaction term for the critical debate period.

A second approach to examining Cabinet and Committee Members is to compare them to all other MPs and all counterparties, rather than just to their own counterparties. We do this in Table 14. In the top panel, we do not find any evidence of higher returns for Cabinet or Committee members either across the full study period or during the critical debate period. The bottom panel does show some evidence of larger profits during the critical debate period. However, the fact that this only shows up in profits suggests that it is driven by those members who made larger transactions. Thus, it seems likely that these effects are more likely due to Cabinet or Committee members who were more active traders, rather than a consequence of the benefits of their political position.

Table 12: Returns and profits of cabinet members across all transactions

Panel A: Average daily return (annualized)

	Week		Month		Quarter	
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	-0.00771	0.0289**	-0.0127**	0.0143***	-0.0134***	-0.00118
	(0.0140)	(0.0138)	(0.00602)	(0.00547)	(0.00371)	(0.00303)
Cabinet member	0.00633	0.0131	-0.00998	-0.000614	-0.00696	0.00354
	(0.0428)	(0.0408)	(0.0195)	(0.0172)	(0.0109)	(0.00889)
Year, Month FE		Yes		Yes		Yes
Observations	10,513	10,513	10,506	10,506	10,372	10,372
R-squared	0.000	0.052	0.000	0.187	0.001	0.361

Panel B: Average daily profit (return x transaction size)

	Week		Month		Quarter	
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	743.2	1,108	-242.5	34.12	-350.4	-220.1
	(850.7)	(841.0)	(340.7)	(335.7)	(250.8)	(244.0)
Cabinet member	-1,027	-962.4	442.4	603.4*	193.2	349.8*
	(1,261)	(1,254)	(360.2)	(354.9)	(189.5)	(189.8)
Year, Month FE		Yes		Yes		Yes
Observations	10,513	10,513	10,506	10,506	10,372	10,372
R-squared	0.000	0.003	0.000	0.011	0.000	0.015

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. The dataset covers all MP purchase and all counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827. This analysis includes all transactions from MPs in both the Commons and the Lords and their counterparties.

Table 13: Cabinet and Committee Members compared to their counterparties

Panel A: Average daily return (annualized)

	Week			Month		
	Other MPs	Peel's Committee Member	Cabinet Member (anytime)	Other MPs	Peel's Committee Member	Cabinet Member (anytime)
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	0.0180	0.0512	0.0758	0.0141**	0.0150	0.0287
	(0.0141)	(0.0578)	(0.0779)	(0.00549)	(0.0213)	(0.0285)
Debate period	-0.750***	-0.427	-1.305	-0.477***	-0.277*	-0.292
	(0.0779)	(0.463)	(0.916)	(0.0246)	(0.147)	(0.200)
MP purchase x debate period	0.110	0.204	0.965	0.00192	-0.0437	-0.226
	(0.0745)	(0.482)	(0.902)	(0.0248)	(0.146)	(0.208)
Observations	9,844	517	376	9,837	517	376
R-squared	0.080	0.108	0.116	0.260	0.301	0.274

Panel B: Average daily profit (return x transaction size)

	Week			Month		
	Other MPs	Peel's Committee Member	Cabinet Member (anytime)	Other MPs	Peel's Committee Member	Cabinet Member (anytime)
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	1,016	-451.4	-574.3	-187.5	859.2**	1,284***
	(957.6)	(1,232)	(1,804)	(379.3)	(403.6)	(480.9)
Debate period	-8,695***	-6,059**	-5,400	-6,359***	-1,587	-771.4
	(2,278)	(2,469)	(4,057)	(1,022)	(1,038)	(877.6)
MP purchase x debate period	2,534	1,434	1,973	3,077***	82.50	-1,974
	(1,807)	(1,859)	(2,715)	(966.7)	(1,036)	(1,227)
Observations	9,844	517	376	9,837	517	376
R-squared	0.005	0.019	0.020	0.014	0.078	0.107

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. The dataset covers all MP purchase and all counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827. This analysis includes all transactions from MPs in both the Commons and the Lords and their counterparties.

F Analysis of the House of Lords

This section presents regression results for our analysis of the House of Lords. We follow the same format as we applied to members of the House of Commons in the main text. Table 15 presents the first set of results looking at MP returns and profits, following the approach used in Table 2 in the main text.

Just as we found for members of the House of Commons, Table 15 provides no evidence that members of the House of Lords consistently obtained either higher returns or higher profits than their counterparties.

Next, Table 16 studies whether members of the House of Lords achieved higher returns during the critical debate period. We follow the same approach used for Commons MPs in Table 3 in the main text.[18] In contrast to the results obtained for the House of Commons, we do not find any evidence that Lords obtained higher returns or profits during the critical debate period. However, we would not rule out the possibility of higher profits given the estimates in Columns 1-2 of Panel B, which show large positive but imprecisely estimated coefficients.

[18]Note that the comparison group returns, revealed by the coefficient on the constant in these regressions, will differ relative to those in Table 3 because Lords transactions are compared against Lords counterparties, while the Commons transactions are compared against Commons counterparties.

Table 14: Cabinet and Committee Members compared to all MPs and counterparties

Panel A: Average daily return (annualized)

	Week		Month	
	(1)	(2)	(3)	(4)
Cabinet member	-0.00898		-0.0105	
	(0.0448)		(0.0183)	
Cabinet member x debate period	0.189		-0.0590	
	(0.115)		(0.0825)	
Committee member		-0.0290		-0.00260
		(0.0368)		(0.0152)
Committee member x debate period		0.125		-0.0313
		(0.214)		(0.0648)
Debate period	-0.417***	-0.416***	-0.407***	-0.407***
	(0.0308)	(0.0305)	(0.0117)	(0.0117)
Observations	10,513	10,513	10,506	10,506
R-squared	0.024	0.024	0.119	0.119

Panel B: Average daily profit (return x transaction size)

	Week		Month	
	(1)	(2)	(3)	(4)
Cabinet member	-980.2		284.3	
	(1,367)		(388.4)	
Cabinet member x debate period	3,011**		1,142	
	(1,532)		(809.2)	
Committee member		-702.1		151.3
		(1,070)		(321.2)
Committee member x debate period		1,918		1,642**
		(1,580)		(660.5)
Debate period	-3,279***	-3,260***	-3,113***	-3,126***
	(588.4)	(590.1)	(308.4)	(309.3)
Observations	10,513	10,513	10,506	10,506
R-squared	0.001	0.001	0.004	0.004

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. The dataset covers all MP purchase and all counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827. This analysis includes all transactions from MPs in both the Commons and the Lords and their counterparties.

Table 15: Lord's return and profit regressions across all transactions

Panel A: Average daily return (annualized)

	Week		Month		Quarter		Year	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MP purchase	-0.0130	0.0499*	-0.0248**	0.0236**	-0.0144*	0.00978	-0.0103**	-0.000173
	(0.0287)	(0.0286)	(0.0123)	(0.0112)	(0.00739)	(0.00639)	(0.00455)	(0.00205)
Year, Month FE		Yes		Yes		Yes		Yes
Observations	2,669	2,669	2,665	2,665	2,634	2,634	2,445	2,445
R-squared	0.000	0.069	0.001	0.213	0.001	0.354	0.002	0.814

Panel B: Average daily profit (return x transaction size)

	Week		Month		Quarter		Year	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MP purchase	-807.6	-262.1	85.66	418.2**	-175.2	-2.572	-59.42	7.075
	(871.4)	(856.8)	(197.8)	(212.5)	(149.6)	(139.9)	(76.88)	(73.74)
Year, Month FE		Yes		Yes		Yes		Yes
Observations	2,669	2,669	2,665	2,665	2,634	2,634	2,445	2,445
R-squared	0.001	0.032	0.000	0.046	0.001	0.056	0.000	0.137

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. The dataset covers all Lords MP purchase and all of their counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827.

Table 16: Lord's returns on trades during critical Parliamentary debates

Panel A: Average daily return (annualized)						
Trade period:	During debate period			All other periods		
Return window:	Week	Month	Quarter	Week	Month	Quarter
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	0.175	-0.0557	-0.0367	-0.00601	-0.00866	-0.00407
	(0.187)	(0.0605)	(0.0406)	(0.0284)	(0.0119)	(0.00707)
Observations	173	173	173	2,496	2,492	2,461
R-squared	0.007	0.005	0.005	0.000	0.000	0.000
Panel B: Average daily profit (return x transaction size)						
Trade period:	During debate period			All other periods		
Return window:	Week	Month	Quarter	Week	Month	Quarter
	(1)	(2)	(3)	(4)	(5)	(6)
MP purchase	7,822	961.9	-431.6	-1,103	105.9	-106.4
	(6,205)	(1,215)	(814.6)	(865.9)	(198.0)	(148.8)
Observations	173	173	173	2,496	2,492	2,461
R-squared	0.029	0.007	0.001	0.001	0.000	0.000

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. The critical debate period is defined as January 2 to May 25, 1819. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. Columns 1-3 are based on all Lords MP and their counterparty purchases during the critical debate period. Columns 4-6 are based on all Lords MP and their counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827, outside of the critical debate period.

Table 17 compares returns and profits of Lords MPs differ during the critical debate period relative to their other transactions. This is done by including MP fixed effects in the regression, as we did in Table 4 of the main text. We find no evidence that Lords MPs obtained higher returns or profits when trading during the critical debate period than in their trades during other periods.

Table 17: Lords regressions with MP fixed effects

Panel A: Average daily return (annualized)

	Week		Month		Quarter	
	(1)	(2)	(3)	(4)	(5)	(6)
Debate period	-0.609***	-0.871***	-0.335***	-0.376***	-0.235***	-0.165***
	(0.204)	(0.211)	(0.0741)	(0.0784)	(0.0490)	(0.0500)
MP purchase x	0.172	0.173	-0.101	-0.101	-0.0393	-0.0390
debate period	(0.216)	(0.214)	(0.0805)	(0.0797)	(0.0526)	(0.0534)
MP FEs	Yes	Yes	Yes	Yes	Yes	Yes
Year, Month FE		Yes		Yes		Yes
Observations	2,669	2,669	2,665	2,665	2,634	2,634
R-squared	0.026	0.058	0.114	0.211	0.140	0.345
Number of MPs	236	236	236	236	234	234

Panel B: Average daily profit (return x transaction size)

	Week		Month		Quarter	
	(1)	(2)	(3)	(4)	(5)	(6)
Debate period	-8,820*	-14,524**	-1,882	-2,448**	-714.2	-1,217
	(4,677)	(5,598)	(1,147)	(1,159)	(909.7)	(1,026)
MP purchase x	5,762	5,834	78.63	94.39	-888.2	-867.8
debate period	(4,560)	(4,594)	(1,202)	(1,199)	(1,031)	(1,042)
MP FEs	Yes	Yes	Yes	Yes	Yes	Yes
Year, Month FE		Yes		Yes		Yes
Observations	2,669	2,669	2,665	2,665	2,634	2,634
R-squared	0.005	0.017	0.015	0.028	0.017	0.044
Number of MPs	236	236	236	236	234	234

*** p<0.01, ** p<0.05, * p<0.1 Robust standard errors in parentheses. All regressions include a full set of MP fixed effects. The critical debate period is defined as January 2 to May 25, 1819. Return is the average daily return across a given period, i.e., the change in price over the period divided by the length of the period divided by the initial price. The profit is defined as the return times the size (par value) of the transaction. The dataset covers all Lords MP purchase and all counterparty purchases (MP sales) across the full period for which transaction data are available, between July 5, 1818 and July 5, 1827.