

Political connections and stock returns: evidence from the Boulangist campaign, 1888–1889

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The decade of the 1880s was a turbulent period for the French Third Republic. Corruption scandals that discredited republican parties and a lacklustre economic performance after the Paris Bourse crash of 1882 gave rise to widespread public disenchantment with the republican political elites. The rise of the Boulangist movement was the most representative example of this disillusionment. In 1887, Georges Boulanger, an army general and former minister of war, began orchestrating a populist mass campaign against the ruling republicans and the parliamentary regime. His political agitation, supported by a heterogeneous coalition of socialists, radicals and royalists, reached a climax in January 1889, when, after winning a Paris by-election, he had an opportunity to stage a *coup d'état*, which did not materialise. To understand whether French investors perceived the Boulangist campaign as a real threat to their interests, I use an original dataset of daily stock prices to analyse the effect of the January 1889 by-election on the value of politically connected firms listed on the Paris Bourse. The results show that firms with links to the republican parties experienced positive cumulative abnormal returns after Boulanger's refusal to stage the coup, while there was no effect on firms connected to the royalist parties or with no political ties. These findings suggest that French investors reacted positively to the prospective subsiding of the Boulangist movement.

Keywords: political connections, abnormal returns, event studies, Boulangism, French Third Republic

JEL classification: G30, G38, N23

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I

The Boulangist movement represented a dramatic novelty in the political life of the young French Third Republic and a serious challenge to its survival (Irvine 1988; Garrigues 1992, 1999). Inspired by the Jacobin values of the revolutionary tradition, it emerged in 1887, when General Georges Boulanger undertook a successful mass campaign against the republican government. The movement, galvanised by a winning streak of electoral successes in 1888, reached its peak on 27 January 1889, when Boulanger's victory in a by-election in Paris created propitious conditions for a *coup d'état*, which he eventually decided not to stage.

The mass popularity of Boulangism, 'born of the radical left yet issuing in a radical right' (Hutton 1976, p. 86), was the result of a concurrence between socialists, radicals and monarchists, unified by the common desire to oust republican parties from government. Given the heterogeneity of his supporters, what kind of political regime would follow to Boulanger's seizure of power was highly uncertain. However, his call for radical political reforms (condensed in his famous platform of '*dissolution, division, constituante*') and his violent attacks on industrialists and bankers for corrupting the parliamentary regime spelt hard times for the business elites that had established strong connections with the republican forces since the creation of the Republic.

In order to assess whether the Boulangist crisis was perceived by French investors as a real threat that challenged the stability of the republican regime, this article analyses the effects of the political events of January 1889 on the performance of stocks of politically connected firms quoted on the Paris Bourse. I find that in windows of two and 10 days after the by-election, firms with connections to republican parties experienced positive cumulative abnormal returns, while no abnormal returns are found for those connected to conservative parties or with no political connections. These findings suggest that French investors perceived Boulanger as an actual threat to the stability of the Third Republic and reacted positively to his renunciation of a violent overthrow of the republican regime.

The article is structured as follows. Section II surveys the diverse stream of literature, which this article contributes to. Section III provides a narrative of the events of 1888–9 against the background of political developments in the 1880s. Section IV presents the dataset. Section V empirically assesses the impact of political connections on stock trading in the months preceding the events of January 1889. Sections VI and VII describe the empirical strategy used to estimate cumulative abnormal returns and present the main findings. Section VIII concludes.

II

This article contributes to an extensive empirical literature that uses abnormal stock returns to explore the impact of political connections on firms' value. After Fisman's (2001) seminal paper on the value of political connections to the Suharto regime in Indonesia, several studies focused on developing economies, where

institutions are weaker and corruption widespread. For instance, in a sample of 47 developing countries, Faccio (2006) finds that companies with political connections pay lower taxes and have preferential access to credit market and public contracts. In the case of China, Li *et al.* (2008) find that firms connected to the Communist Party enjoy larger benefits, easier access to credit, and more legal flexibility. Goldman *et al.* (2009) find that after the 2000 presidential election in the United States, companies connected to the Republican Party obtained higher cumulative abnormal returns than firms linked with the Democrats. Coulomb and Sangnier (2014) find strong value-effects derived from Nicolas Sarkozy's victory in the 2007 presidential election, for the firms linked to the president.

In recent years, the subject has attracted a growing interest also from economic historians. In the case of Germany, Ferguson and Voth (2008) find a strong correlation between German firms' positive returns and political connections with the Nazi Party after the elections of 1933. However, Lehman-Hasemeyer and Opitz (2017) find little evidence of a positive impact of political connections on firm performance after the general elections of 1924 and 1928 during the Weimar Republic. In turn, Lehman-Hasemeyer *et al.* (2014) show that investors reacted negatively to the democratisation of Saxony's electoral rules in 1896 and 1909 (which increased the political influence of Social Democrats in the regional government), which negatively affected Saxon firms listed on the Berlin Stock Exchange. In the case of UK, Braggion and Moore (2013), focusing on variations in stock returns in the London Stock Exchange after legislative elections in the late nineteenth century, find a positive and significant effect for companies with elected MPs on their boards. On the other hand, Grossman and Imai (2016) find little (or negative) impact of political connections on the profitability of British banks from 1879 to 1909. Finally, in the case of Japan, Okazaki and Sawada (2017) find that political connections contributed to improve firms' performance in non-regulated sectors but had no effect on firms operating in regulated sectors (where the majority of politically connected firms were located).

III

After the tribulations that characterised the early political life of the Third Republic, with a National Assembly dominated by monarchists and persistent uncertainties about the fate of the republican regime, the late 1870s inaugurated a period of stability, especially after republican Jules Grévy replaced monarchist General MacMahon as president of the Republic. The legislative elections of 1876–7 and 1881 marginalised right-wing parties (Bonapartists and royalists) and gave republicans (dominated by Leon Gambetta's Union Républicaine and Jules Ferry's Gauche Républicaine) a solid majority in both the Chamber of Deputies and the Senate. Moderate republicans (also termed *Opportunistes* by their radical opponents) controlled French governments during the last quarter of the nineteenth century, and successfully rallied banking and industrial elites to support the republican regime. The 'contract' between the new ruling class and the *milieux d'affaires*, cemented by a significant expansion of

government spending on public works and infrastructures (such as the Freycinet Plan; Le Bris 2012), shaped legislation on sensitive issues (such as railways, colonial expansion and trade policy) and led to the proliferation of connections between MPs and business (Garrigues 1997, pp. 70–1, 73–82).

However, the frequent eruption in the press of corruption scandals that involved politicians and financiers generated increasing public disillusionment with the ‘*République des hommes d’affaires*’. The turning of popular sentiment against republicans became visible in the legislative elections of October 1885, which resulted in a hung parliament, with the ruling parties losing votes on both their right (to the alliance between Bonapartists and royalists) and left (to radicals and socialists).

Against this background of renewed polarisation and political stalemate, the figure of Georges Boulanger emerged as a catalyst for public discontent. A young army general and a *protégé* of radical leader Georges Clemenceau, Boulanger had served as Minister of War in the governments of Charles de Freycinet and René Goblet (1886–7). He enjoyed increasing popularity for his policy of modernisation of the army, as well as for banning members of former royal families from military cadres, which initially alienated monarchists. His aggressive anti-German posturing (claiming the reconquest of Alsace and Lorraine) also met popular sentiments of revenge for the defeat in the Franco-Prussian War of 1870, earning him the nickname of *Général Revanche*. However, his animosity turned into a source of embarrassment for the French government, quite wary of a diplomatic and military escalation of conflict with Germany, and eventually cost him a reappointment in the new cabinet of Maurice Rouvier in May 1887.

Boulanger’s exit from government marked the start of his intense campaign against ‘opportunist’ republicans and parliamentary corruption, advocating an ‘honest Republic’ and a strong executive. Initially backed by radicals, socialists and disillusioned republicans, with the support of newspapers such as *La Cocarde*, *Le Gaulois* and *L’Intransigeant*, his anti-establishment movement soon attracted the interest – and the generous funding – of conservative forces, who saw its growing popularity as a golden opportunity to return to power by democratic means (Irvine 1988; Garrigues 1992). Especially harmful for the moderate republicans was the ‘*Scandale des Décorations*’ (December 1887), which forced the resignation of the president of the Republic, Grévy, and the prime minister, Rouvier. Boosted by a relentless press campaign (a radical innovation that announced the advent of political mass mobilisation) now supported also by conservative newspapers such as the influential *Le Figaro*, the movement also developed an efficient organisation based on the *Ligue des Patriotes*, a nationalist group whose militants were mobilised for electoral rallies and street actions. The populist tide continued to rise in the following months, reaching out to the provinces as Boulanger travelled the country to run for by-elections across the French territory.¹ After his success in three simultaneous by-elections (Somme,

¹ By-elections were common practice in the parliamentary regime of the Third Republic. When an MP died or renounced his seat for any other reason, a ‘partial’ election was called in the region (*département*) in which he had been elected in order to replace him.

Charente-Inférieure and Nord) in August 1888, the government realised that Boulanger had turned into a serious challenge and calls for a dialogue with monarchists were voiced in the ‘opportunist’ press (Garrigues 1999, pp. 188–95).

Boulangists saw the call for a by-election in the Department of the Seine in January 1889 as an opportunity for the movement to show its power in Paris, a republican stronghold with a special symbolic value. In fact, all parties interpreted the election as a plebiscite on the republican regime. In the evening of Sunday 27 January, as Boulanger’s victory over the republican candidate was announced, an enthusiastic crowd gathered in Place de la Madeleine, ready to march on the Élysée (Garrigues 1999, pp. 225–34). At the same time, the government called an emergency meeting, whilst waiting for events to unfold. Chronicles suggest that Boulanger, uncertain about the degree of support he enjoyed in the army and the Paris police, hesitated for some hours. He finally refused to stage a *coup d’état*, arguing that a government born out of bloodshed would lack legitimacy, and postponed seizing power until the legislative elections scheduled for September 1889. With no news from the general and disappointed by his inaction, the crowd left the square in the early hours of Monday 28 January.² The following hours and days saw a sudden reversal of the political fortunes of the movement. Divided republicans joined forces, Boulanger made no public appearances, and the ‘end of Boulangism’ became a leitmotiv in the press.

Two weeks later, on 13 February, the Parliament reformed electoral rules to reintroduce individual constituencies (*scrutiny d’arrondissement*) and prohibited multiple candidatures, with the aim of containing the Boulangist movement. Soon after, the *Ligue des patriotes* was dissolved. Boulanger’s parliamentary immunity was revoked, and the general was accused of conspiracy against the state. On 1 April 1889, to escape arrest, Boulanger fled to Brussels; he was sentenced to life imprisonment *in absentia* in August of the same year. His movement, whose campaign was systematically obstructed or repressed by the mobilisation of the state in support of republican candidates (Fulton 1991), failed to make a decisive breakthrough in the elections of September–October 1889. Although the monarchist–Boulangist alliance won almost as many popular votes as the alliance of republicans and radicals (Rudelle 1982, pp. 258–62), the new electoral rules and the success of republican candidates in borderline seats (for a very narrow margin in most cases) returned a comfortable majority for the government. Boulanger would die in exile two years later, in September 1891.

IV

Boulangism promised to fight parliamentary corruption and the connections between politics and business. If this promise had been perceived as credible, investors would

² A quotation attributed to Georges Thiébaud – a Bonapartist militant journalist and one of his most fervent supporters – conveys this rapid disappointment among his partisans: ‘Minuit cinq. Depuis cinq minutes, le boulangisme est en baisse’ (‘It’s 00:05. Boulangism’s popularity started decreasing five minutes ago’).

have expected a Boulangist regime to penalise heavily firms connected to republican parties. In this case, the sudden vanishing of the Boulangist threat after the by-election of 27 January 1889 should have been received with relief and optimism, as it implied a stabilisation of the republican regime, at least in the short run. As a consequence, we should observe positive abnormal returns on stocks of firms with links to republican forces. To test this hypothesis, I have built an original database covering a sample of 73 firms listed on the Paris Bourse in the period from 1 March 1888 to 16 February 1889.

To make the sample suitable for an event study, I have selected large firms with liquid stocks and available information about the board. Liquidity is proxied by the number of days in which stocks were traded out of the total number of trading days in the period. Daily prices of common stocks are from the official bulletins (*Bulletins de la Cote*) published by the Compagnie des Agents de Change.³ Data on firms' nominal and paid capital, dividends, and the composition of boards of directors are from shareholder annual reports (available in the archives of Crédit Agricole and belonging to the historical collection of Crédit Lyonnais) and stockbrokers' yearbooks (*Annuaire des Agents de Change*, available in the archives of the Centre des archives économiques et financières).⁴ The full dataset is described in Appendix 1 (firms' balance sheet data) and Appendix 2 (political affiliations).

Politicians sitting in the board of directors were identified mainly on the basis of information provided by shareholder reports. A complementary source was biographies of French deputies, senators and members of the government from the online repository of the *Assemblée Nationale* and the *Sénat Français*,⁵ drawing on Robert and Cougny (1890) and Jolly (1960). Politically connected firms are defined as firms whose board of directors included in 1888 at least one MP (deputy or senator, either in office or elected in previous legislatures), a member of the *Conseil d'État* (a body acting as a legal adviser to the government and a supreme court of administrative justice), diplomatic corps (appointed by the government, such as consuls or ambassadors), politicians at a regional and local level, or directors directly appointed by the government (such as in the case of colonial banks).⁶ 'Republican' firms are those connected to republican parties. Republican groups were heterogeneous and changed over time. In 1881, there existed three main groups: the Centre Gauche, the Gauche Républicaine and the Union Républicaine. In 1885, the two last groups merged, giving rise to the Union de Gauche. However, in the sources, MPs belonging to any of those groups are generically labelled as 'republicans'. In

³ Available from Gallica, an online repository of the Bibliothèque nationale de France: <http://gallica.bnf.fr>

⁴ See www.economie.gouv.fr/caef

⁵ See: www2.assemblee-nationale.fr/sycomore/recherche; and www.senat.fr/senateurs-3eme-republique/

⁶ Of course, an MP in office might be politically more influential than a former MP or a state counsellor. However, robustness checks confirmed that dividing political connections into strong (deputies and senators in office) and weak (former deputies and senators, state counsellors or local/regional politicians) does not affect the results. Regressions are not presented here for reasons of space, but are available upon request.

turn, ‘conservative’ firms are those connected to any of the right-wing parties that joined the Boulangist movement: the royalist factions of ‘Légitimistes’ and ‘Orléanistes’, who supported the dynastic rights of the Houses of Bourbon and Orleans respectively; and the ‘Bonapartistes’, who aimed at restoring the House of Bonaparte and the Empire. In a few cases of politically ‘mixed’ boards (nine firms with politicians from both camps), the sign of the connection has been attributed on the basis of political prominence.⁷ As a result, seven firms were assigned to republicans and two to conservatives. State counsellors and the diplomatic corps were classified as conservatives or republicans depending on whether they were appointed during the Second Empire – or during the monarchist MacMahon government, 1873–9 – or after the republican forces gained power, respectively. Overall, the sample includes 25 firms with no political affiliation and 48 politically connected firms (two-thirds of the sample), of which 18 were linked to conservatives, and 29 to republicans.

Tables 1 summarises the economic characteristics of the firms included in the sample, grouped by political affiliation (republican, conservative, non-connected). Politically connected companies were on average much larger (both by market capitalisation and nominal capital) and significantly more liquid (their stocks were traded in approximately 80 per cent of trading days) than non-connected firms. Republican and conservative companies had similar average market capitalisation (167 and 165 million FF respectively) and book-to-market ratios (0.431 and 0.551 respectively), although conservative firms were slightly larger by nominal capital. Politically connected companies were also far more internationalised (72 per cent of republican and 63 per cent of conservative firms had investments abroad) and included more firms with guaranteed assets (e.g. railways and some colonial banks) (17 per cent of republican and 21 per cent of conservative) than companies with no political affiliation. Approximately two-thirds of stocks of politically connected firms (against only 44 per cent of non-connected firms) were allowed to be traded both *au comptant* (cash) and *à terme* (forward). In turn, there were no significant differences between politically connected and non-connected firms as far as dividend policy is concerned, although the share of dividend-paying firms was slightly lower among those affiliated to the conservatives. As far as sectorial distribution is concerned (see Table 2), banks were dominant in all camps, although they were slightly more represented among republican and non-connected firms (45 and 44 per cent respectively) than among conservative firms (32 per cent). By contrast, railways were the second largest group among politically connected companies (24 per cent of republican and 26 per cent of conservative firms), while only 4 per cent of non-connected companies operated in the railway sector.

⁷ For instance, the board of directors of the Société Centrale du Dynamite included Alfred Naquet, a Boulangist MP, and Paul Barbé, who in 1888 was minister of agriculture. In this case, the firm was classified as connected to republicans. I experimented with the inclusion of an additional dummy identifying ‘mixed’ boards. However, it created problems of collinearity.

Table 1. *Firms' characteristics by political connection*

Variable	Republican	Conservative	Non-connected
Average value of:			
Market capitalisation (FF)	167,000,000	165,000,000	27,700,000
Book-to-market ratio	0.431	0.551	0.718
Capital (FF)	71,900,000	91,000,000	19,900,000
Trading frequency (% of trading days)	78.1%	80.1%	56.0%
Percentage of firms with:			
Investments abroad	72.5%	63.2%	52.0%
Guaranteed assets	17.2%	21.1%	5.0%
Admission to cash and forward trading	60.3%	63.2%	44.0%
Dividends paid in 1887	96.6%	89.5%	96.0%
Dividends paid in 1888	96.6%	84.2%	92.0%

Note: Market capitalisation is calculated by multiplying the number of ordinary shares by the daily price of each stock. Book-to-market ratio is constructed by dividing common shareholders' equity by market capitalisation. Trading frequency is the number of days in which a stock is traded divided by the total number of trading days in the period, calculated from daily bulletins. Data on capital, investments abroad, guaranteed assets, admission to cash and forward trading, and paid dividends were collected from primary sources, particularly from the Archives du Crédit Agricole and the *Annuaire des Agents de Change*.

Table 2. *Sectorial distribution of firms by political connection*

Industrial sector	Republican	Conservative	Non-connected
Banking	44.82%	31.57%	44%
Canals	6.89%	5.26%	0%
Gas and electricity	3.44%	5.26%	8%
Docks and water	0%	10.53%	12%
Insurance	0%	5.26%	4%
Iron	3.44%	0%	4%
Mining	0%	5.26%	0%
Railway	24.14%	26.31%	4%
Transports	6.89%	5.26%	16%
Various	6.89%	5.26%	8%
Warehouse	3.44%	0%	0%

Figure 1 shows the frequency of political connections by firms' size, measured by their market capitalisation in 1888. Of the top 20 largest companies, virtually all were politically connected (with one exception); and so were 80 per cent of the top 40 largest companies. By contrast, non-connected companies slightly prevailed among

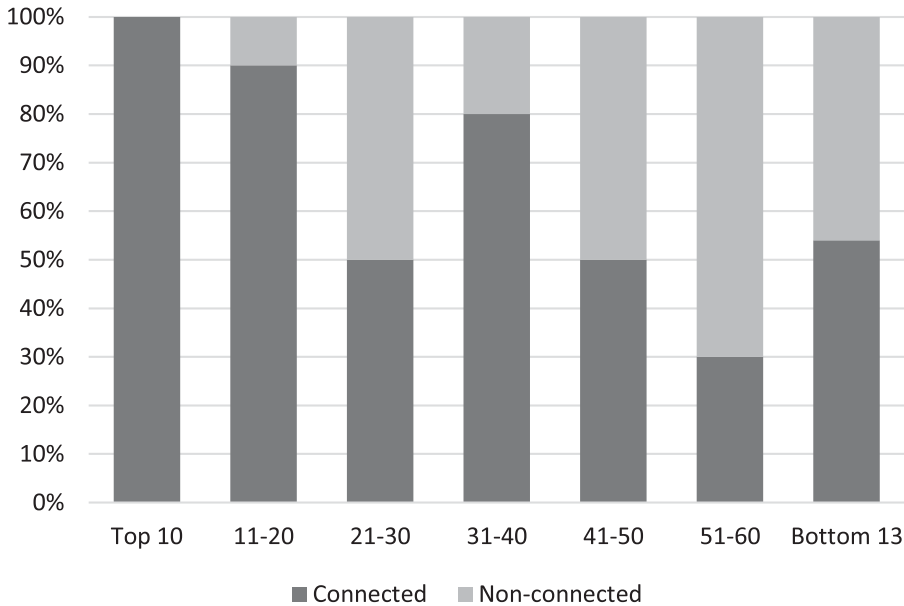


Figure 1. *Distribution of politically connected firms by market capitalisation*

Note: Firms are ranked from left to right by market capitalisation in descending order.

the bottom 33 firms of the sample. Overall, these numbers confirm that virtually all of the largest French companies – and more prominently those operating in strategic sectors such as banking and railways – had developed political connections under the Third Republic.

V

In the months that preceded the Paris election of January 1889, the rise of the Boulangist movement and its electoral successes in French provinces generated huge uncertainty about the balance of power between republican and conservative parties and more generally about the immediate future of the Republican regime. Therefore politically connected firms were especially sensitive to political news and shifts in investors' expectations, which should be reflected in more intense trading of their stocks. Did political connections contribute to the frequency with which stocks were traded in the Paris Bourse (a proxy for liquidity) during the agitated months of the Boulangist campaign? To answer this question, I use a Logit regression to explore the determinants of the conditional probability of a stock being traded in the period from 1 March to 31 December 1888. The empirical specification assumes that this probability depends on structural characteristics of firms, including the presence of politicians on their board of directors:

$$\ln [\Pr(\text{Trade}_{it} > 0|X)] = \beta_0 + \beta_1 \text{PolCon}_i + \beta_z Z_i + \varepsilon_{it} \quad (1)$$

The dependent variable, *Trade*, is a dummy variable taking the value of one if the stock of firm i was traded on day t , and zero otherwise. The explanatory variable of interest is whether or not a firm was politically connected. In a first regression (Table 3) this variable (*Connected*) takes the value of one if a firm had at least one politician (of any denomination) or a state counsellor in its board and zero otherwise. In a second regression (Table 4) political connections are specified by affiliation, so that the equation includes two dummies, *Republican* and *Conservative*, taking the value of one if the firm was affiliated to republicans or conservatives, respectively. The regression includes a vector Z of control variables, which are potential structural determinants of trade frequency: firm's size (the log of market capitalisation); firm's value (the book-to-market ratio); a dummy taking the value of one if the firm had investment abroad; a dummy taking the value of one if the firm had a capital change in the year 1888; a dummy taking the value of one if the firm distributed dividends in the year 1888. Since in the Paris Bourse forward transactions (*à terme*) largely dominated securities trading (Hautcoeur and Riva 2012; Lagneau-Ymonet and Riva 2018), I also include a dummy taking the value of one if, upon the terms of admission to the *Parquet*, a stock was tradable both cash (*au comptant*) and forward (*à terme*), and zero if only the former were permitted.⁸ Standard errors have been clustered by industrial sector.

Results are presented in Tables 3 and 4. As expected, size, value and the existence of capital operations increased the frequency with which stocks were traded. Dividend payments during the year in question have no statistical effect. Table 3 shows the marginal effects of the Logit regressions. The results suggest that, after controlling for other structural determinants, political connections (to any faction) increased trade frequency relative to non-connected firms at the 5 per cent level of confidence. However, once we control for the possibility to trade stocks both cash and forward (which has a strong positive impact: see column 7), the effect of political connections can be identified only at the 10 per cent level of confidence. Table 4 shows that the magnitude of this positive impact (again, identified only at the 10 per cent level of confidence) was very similar for republican and conservative connections, although the latter lose significance when a control for cash and forward trading is added to the regression.

VI

As explained in Section III, the Paris by-election of 27 January 1889 was interpreted by both political fronts as a plebiscite on the republican regime. Boulanger's electoral success could trigger a violent change with unpredictable consequences for republicans and their business connections. If ex ante investors anticipated this scenario as realistic, the ex post 'surprise' of Boulanger's inaction in spite of his victory should

⁸ In spite of their dominance, forward transactions were officially banned until 1885, when a new law gave forward contracts legal status, which made them enforceable by courts.

Table 3. *Political connections and trading frequency in 1888*

The table shows the marginal effects from the logistic regression (1). Dependent Variable: **Trade**, a binary variable taking value 1 if the stock was traded on the day in question, and 0 otherwise. **Connected** is a dummy taking value 1 if the company had politicians (of any affiliation) in the board of administration. **Log Market Cap** is the logarithm of market capitalisation. **Book-to-Market** is the ratio between the book and market value of shares. **Investments Abroad** takes value 1 if the firm had investments outside of France and 0 otherwise. **Capital Change** takes value 1 if the firm experienced capital changes in 1888 and 0 otherwise. **Dividend** takes value 1 if the firm distributed dividends during 1888 and 0 otherwise. **Cash-Forward** is a dummy taking value 1 if the stock was admitted both to cash and forward trading, and 0 if only cash trading was permitted. Standard errors are clustered by industrial sector.

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Connected	0.238*** (0.000)	0.114* (0.095)	0.095 (0.122)	0.109** (0.046)	0.112** (0.040)	0.111** (0.040)	0.097* (0.061)
Log Market Cap		0.112*** (0.000)	0.127*** (0.000)	0.134*** (0.000)	0.132*** (0.000)	0.133*** (0.000)	0.105*** (0.000)
Book-to-Market			0.015*** (0.004)	0.015*** (0.006)	0.015*** (0.006)	0.015*** (0.006)	0.011** (0.011)
Investments Abroad				-0.085 (0.205)	-0.086 (0.154)	-0.087 (0.155)	-0.116** (0.031)
Capital Change					0.047* (0.053)	0.047* (0.062)	0.046* (0.066)
Dividend						0.007 (0.604)	0.006 (0.623)
Cash-Forward							0.189*** (0.003)
<i>Observations</i>	18,688	18,688	18,688	18,688	18,688	18,688	18,688
<i>Wald χ^2</i>	13.78	65.03	90.29	92.25	102.54	103.99	109.85
<i>Prob > χ^2</i>	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Coefficients with significance levels 0.10%*, 0.05**, 0.01***. P-values in parentheses.

Table 4. Party connections and trading frequency in 1888

The table shows the marginal effects from the logistic regression expressed in the text. **Republican** is a dummy taking value 1 if the board contains republican politicians and 0 otherwise. **Conservative** takes value 1 if the board contains conservative politicians and 0 otherwise. For the dependent variable and the rest of explanatory variables, see Table 3. Standard errors have been clustered by Industrial Sector.

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Republican	0.225*** (0.008)	0.121 (0.110)	0.105 (0.146)	0.122* (0.069)	0.124* (0.065)	0.124* (0.064)	0.103* (0.074)
Conservative	0.209*** (0.001)	0.092 (0.130)	0.073 (0.167)	0.080* (0.07)	0.083* (0.058)	0.083* (0.061)	0.083 (0.102)
Log Market Cap		0.112*** (0.000)	0.128*** (0.000)	0.135*** (0.000)	0.133*** (0.000)	0.134*** (0.000)	0.106*** (0.000)
Book-to-Market			0.016*** (0.003)	0.015*** (0.005)	0.015** (0.005)	0.015*** (0.005)	0.012** (0.011)
Investments Abroad				(-0.088) (0.149)	-0.089 (0.138)	-0.089 (0.139)	-0.117** (0.032)
Capital Change					0.047* (0.057)	0.047* (0.057)	0.046* (0.067)
Dividend						0.007 (0.603)	0.006 (0.623)
Cash-Forward							0.187*** (0.004)
Observations	18,688	18,688	18,688	18,688	18,688	18,688	18,688
Wald χ^2	15.62	76.79	134.24	221.74	347.38	441.91	261.91
Prob > χ^2	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Coefficients with significance levels 0.10%*, 0.05**, 0.01***. P-values in parentheses.

have generated a wave of optimism about the prospects of republican-connected companies, at least in the short run. This would be reflected in a relatively more positive stock market performance compared to the rest of firms in the days after the election. It is unclear to what extent a hypothetical Boulanger government would have had a positive effect on stock prices of companies with conservative connections, therefore I have no prior as to the effect of Boulanger's decision on them. In turn, the 'surprise' should have had no differential effect on non-connected firms. However, if investors considered a violent overthrow of the ruling government unlikely, Boulanger's decision would have had little differential effect on stock prices of any firm.

To test these alternative hypotheses, I follow an event study approach based on a market model (Campbell *et al.* 1997, pp. 149–217; Kothari and Warner 2007):

$$R_{it} = \alpha_i + \beta_i R_{mt} + \varepsilon_i \quad (2)$$

$$E(\varepsilon_{it}) = 0 \quad \text{Var}[\varepsilon_{it}] = \sigma_{\varepsilon_i}^2$$

where R_{it} is the log return of firm i 's stock on day t , and R_{mt} is the log return of a market index on the same day. Following Le Bris and Hautcoeur (2010), I have calculated a daily market price index (see Figure 2) based on my sample of 73 firms and weighted by market capitalisation as follows:

$$\text{Index}_{73} = \frac{\sum_{i=1}^{73} \text{Shares}_{i,t+1} * \text{Price}_{i,t+1}}{\sum_{i=1}^{73} \text{Shares}_{i,t} * \text{Price}_{i,t}} - 1 \quad (3)$$

Event studies allow researchers to capture and isolate the potential causes of variations in returns by analysing their 'normal' performance in a control period before the event of interest (the 'estimation window') and their deviations from 'normal' values in a treatment period in coincidence or immediately after the event (the 'event window'). These deviations are defined by Campbell *et al.* (1997) as abnormal returns. The sum of abnormal returns in a given event window are Cumulative Abnormal Returns (CARs):

$$\text{CAR}(t_1, t_i) = \sum_{t=t_1}^{t_i} \text{AR}_t \quad (4)$$

To make sure that the event does not affect 'normal' returns in the estimation window, the latter should not overlap with, and should be located at sufficient distance from, the event window. The event window should also include some days before the event, as investors could have anticipated its occurrence and discount its effect on prices in advance. Figure 3 illustrates the timeline of my event study. A prior test excludes the existence of possible weekday effects on returns, thus they are not included in the estimation.

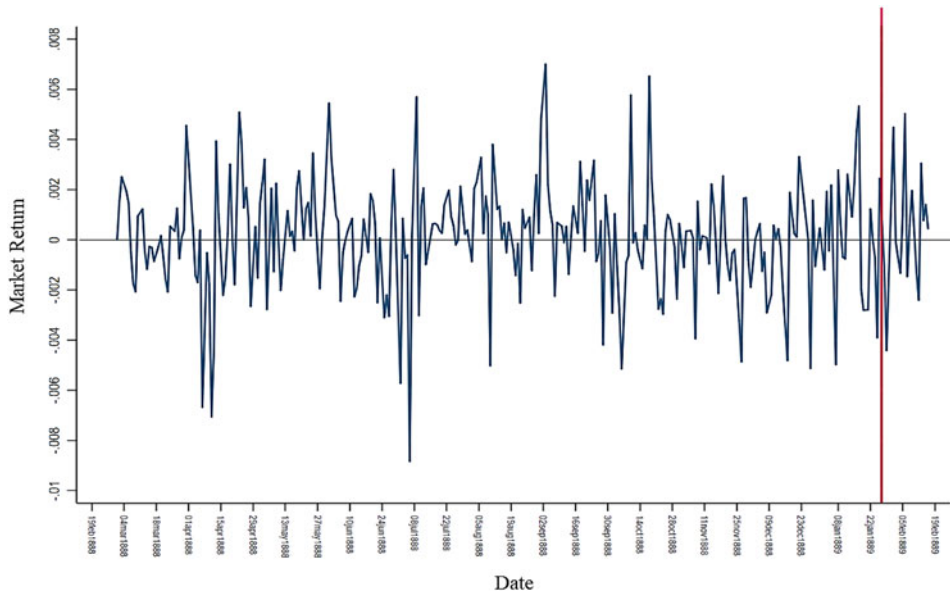
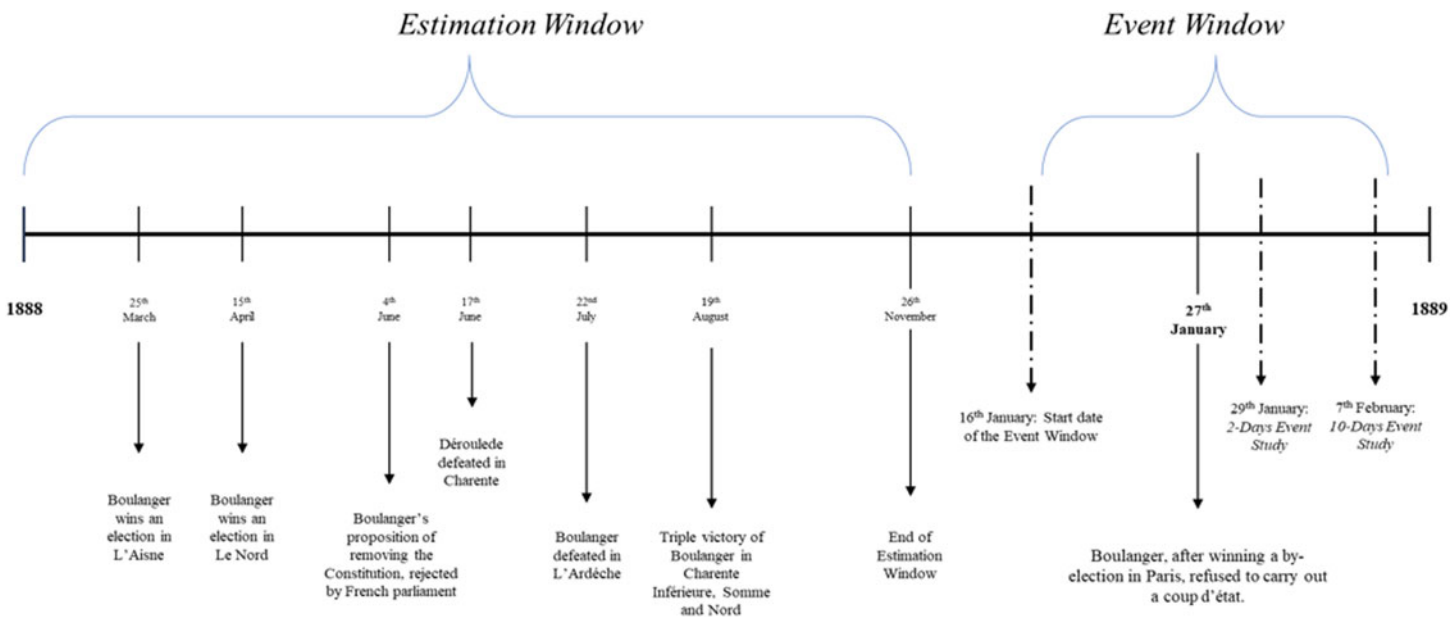


Figure 2. Daily price return on a market index of the Paris Bourse, 1 March 1888 – 16 February 1889

Following best practice in event studies, the analysis has been performed allowing for a 52-day gap between the estimation and the event window. Thus, the estimation window covers the period 1 March – 26 November 1888 for a total of 230 trading days (the literature recommends between 120 and 270 days). The event window starts 10 trading days before the event, on Wednesday 16 January 1889. Abnormal returns are calculated for two event windows of different duration to check the robustness of results: one ending two trading days after the election, on Tuesday 29 January (included); a second one ending 10 trading days after the event, on Thursday 7 February (included). When testing the statistical significance of CARs, one must consider two potential issues that may arise. The first one is cross-correlation of abnormal returns, which might bias upward the tests of significance. However, this does not seem to be the case here. Campbell *et al.* (1997, pp.168–9) argue that, in case of multiple event windows, if they do not overlap, it is reasonable to assume the absence of cross-correlation, while Kothari and Warner (2007) (following Brav 2000, Mitchell and Stafford 2000, and Jegadeesh and Karceski 2009) suggest that cross-correlation is relevant only in long-horizon event studies. The second problem is event-induced volatility, which arises when different events are clustered in a short period of time, making it unclear which one is really affecting the variations in the estimates. This issue can be dealt with by implementing a standardised cross-sectional test, also known as a BMP test (Boehmer *et al.* 1991), to solve potential issues in volatility changes. Furthermore, the chronicle of the events of January–February 1889 does not suggest the existence of other events likely to cause abnormal returns in the event windows analysed.

Figure 3. *Timeline of the Boulangerist campaign*

VII

First, I test the existence of abnormal returns for firms grouped by industry, in order to rule out the possibility that they interfere with the results obtained for political connections. As shown in Table 5, estimates for windows ending two and 10 days after the election find no statistically significant effect. The transport industry (other than railways) is the only sector showing significant and positive CARs in the 10-day window; however, this sector represents a very small share of politically connected firms (see Table 2). By contrast, no sectoral CARs can be observed in highly politically connected sectors, such as banking or railways.

The cumulative abnormal returns for connected (to any faction), republican, conservative and non-connected firms are shown in Table 6. In both event windows the results suggest a positive effect of Boulanger's decision to step back for republican firms. In the window ending two days after the election, they obtained, on average, 0.6 per cent higher returns than the rest of the firms in the sample at the 10 per cent level of significance. In the window ending 10 days after the election, they show a 1.5 per cent cumulative abnormal return at 5 per cent statistical significance. No other group experienced a significant variation in returns after the elections in any of the event windows. However, this effect is not observable for politically connected firms in general (those connected to both republicans and conservatives). In fact, neither firms connected to conservatives nor non-connected firms experienced significant abnormal returns.⁹

To check if the findings illustrated in Table 6 were driven solely by political factors and not by other exogenous causes, I perform a placebo test, choosing a new 'event date' around which, according to information from the press, no relevant event occurred. The selected date for this placebo test is 20 December 1888, and an event study is performed around this date using comparable estimation and event windows. The results in Table 7 show no significant variations in returns, which supports the findings illustrated in Table 6.

Finally, following Goldman *et al.* (2009), I explore which variables may explain the observed significant variation in CARs. The set of explanatory variables include: log market capitalisation and the book-to-market ratio (averaged for the three months before the event) as common-risk factors; firm-specific controls, such as the dividend yield (also a three-month average), and dummies taking the value of one if the stock was tradable both spot and forward, the company had its headquarters in France, and if the company had guaranteed assets (as in the case of railways and some colonial banks); finally, dummies for republican and conservative affiliations. Industry-fixed effects are also included.

⁹ In complementary estimates, the Panama Company has been excluded, to test whether its inclusion was biasing our results, obtaining similar and significant estimates. Thus, the downward trend in the price of this firm has not statistically affected to the results of the present work. To save space, these comparisons have not been included, but they are available upon request.

Table 5. *Cumulative abnormal returns by industrial sector*

	2 days	10 days
Banking	-0.008 (0.152)	-0.008 (0.210)
Canals	-0.170 (0.689)	-0.179 (0.432)
Docks and water	0.015 (0.306)	0.001 (0.852)
Gas and electricity	0.012 (0.373)	0.012 (0.439)
Insurance	-0.0002* (0.100)	-0.007 (0.321)
Iron	-0.187 (0.490)	-0.136 (0.527)
Mines and warehouse	-0.002 (0.801)	0.008 (0.567)
Railway	0.004 (0.536)	0.021 (0.114)
Transports	0.023 (0.221)	0.051** (0.021)
Various	-0.013 (0.295)	-0.047 (0.315)

Coefficients with significance levels 0.10%*, 0.05**, 0.01***. P-values in parentheses.

Table 6. *Cumulative abnormal returns by political connection*

	2 days	10 days
Politically connected	0.003 (0.379)	0.009 (0.438)
Republican board	0.006* (0.08)	0.015** (0.028)
Conservative board	-0.0006 (0.929)	-0.026 (0.380)
Non-connected	-0.022 (0.206)	-0.011 (0.458)

Coefficients with significance levels 0.10%*, 0.05**, 0.01***. P-values in parentheses.

The results, shown in Table 8, confirm that political connections to republicans is the only variable with a positive and significant effect on CARs for both event windows.

Table 7. *Placebo test*

	2 days	10 days
Politically connected	-0.011 (0.116)	-0.01 (0.442)
Republican board	-0.006 (0.117)	-0.001 (0.890)
Conservative board	-0.019 0.258	-0.025 (0.375)
Non-connected	-0.01 (0.287)	-0.013 (0.117)

Coefficients with significance levels 0.10%*, 0.05**, 0.01***. P-values in parentheses.

Table 8. *Determinants of cumulative abnormal returns*

	2 days	10 days
Ln market capitalisation	-0.000678 (0.890)	0.0048 (0.646)
Book-to-market ratio	-7.71e-09 (0.198)	-8.16e-0.9 (0.519)
Republican affiliation	0.04000*** (0.009)	0.0785** (0.016)
Conservative affiliation	0.02378 (0.122)	-0.01445 (0.655)
Dividend yield	0.06715 (0.229)	0.08298 (0.482)
Cash-forward	-0.00935 (0.537)	0.014346 (0.656)
Headquarters	-0.00461 (0.815)	-0.04219 (0.316)
Guaranteed assets	0.00521 (0.857)	-0.05356 (0.386)
<i>Industry controls</i>	YES	YES
<i>R-squared</i>	0.4853	0.42
<i>N</i>	73	73
<i>Prob > F</i>	0.0016	0.014

Coefficients with significance levels 0.10%*, 0.05**, 0.01***. P-values in parentheses.

VIII

This article has explored investors' reaction to the rise of Boulangism, a mass political phenomenon that shook the foundations of the French Third Republic between 1887 and 1889. The main objective of the study was to understand whether the Boulangist movement was perceived as a credible threat to the republican regime, and especially to the symbiotic relationship between republican parties and business elites. For this purpose, I reconstructed political connections for a large sample of 73 companies quoted in the Paris Bourse, in order to identify 'republican', 'conservative' and non-connected firms. I found that political connections were widespread (two-thirds of the firms in the sample had at least one politician on the board of directors), especially among large firms (80 per cent of the top 40 firms by market capitalisation were politically connected). Among the 48 politically connected firms in the sample, links with republican parties largely prevailed (63 per cent, against 37 per cent linked to monarchist forces). I also found that political connections contributed positively to the probability of stocks being traded in the Bourse in the period March–December 1888, which saw the escalation of the Boulangist movement.

Finally, I implemented an event study around a critical date, 27 January 1889, when Boulanger, after winning a by-election in Paris that political forces regarded as a plebiscite on the Republic, surprisingly decided not to stage a *coup d'état*, against the expectations of his supporters. I found that the stocks of 'republican' firms experienced positive cumulative abnormal returns in windows ending two and 10 days after the election, whereas no abnormal returns can be observed for 'conservative' and non-connected firms. This finding suggests that investors considered Boulanger's threat credible and reacted positively to his surprising decision to abstain from staging a violent overthrow of the regime, as well as to the sudden subsiding of his political movement in the days after the election.

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Appendix 1. Balance sheet data of sampled firms

Firm	Market Capitalisation	Liquidity (trading frequency)	Sector	Admission	Capital - Common Equity	Number of Shares	Face Value	Investments Abroad	Guaranteed Assets	Dividends 1888	Dividend per share 1888 (FF)
<i>Chemins Fer Lyon et la Méditerranée</i>	1,020,630,468	97.66%	Railway	ACAT	400,000,000	800,000	500	0	YES	YES	55
<i>Canal Maritime Suez Comp Universelle</i>	873,237,891	97.66%	Canals	ACAT	200,000,000	400,000	500	1	NO	YES	89.831
<i>Chemins Fer Nord</i>	82,7936,689	97.27%	Railway	ACAT	210,000,000	525,000	400	1	YES	YES	64
<i>Chemins Fer Orleans</i>	797,144,531	97.66%	Railway	ACAT	300,000,000	600,000	500	0	YES	YES	10
<i>Banque de France (nominatives)</i>	677,424,316	96.88%	Banking	ACAT	182,500,000	182,500	1000	1	YES	YES	146.38
<i>Compagnie Parisienne du Gaz</i>	461,928,206	96.88%	Gas & Electricity	ACAT	84,000,000	336,000	250	0	NO	YES	77
<i>Chemins Fer Est</i>	461,474,633	97.66%	Railway	ACAT	292,000,000	584,000	500	1	YES	YES	35.5
<i>Crédit Foncier de France</i>	457,762,378	98.05%	Banking	ACAT	170,500,000	341,000	500	1	NO	YES	62
<i>Chemins Fer Midi</i>	291,647,217	97.27%	Railway	ACAT	125,000,000	250,000	500	0	YES	YES	50
<i>Chemins Fer Ouest</i>	271,530,762	98.05%	Railway	ACAT	150,000,000	300,000	500	0	YES	YES	38
<i>Crédit Lyonnais</i>	238,462,891	96.88%	Banking	ACAT	200,000,000	400,000	500	1	NO	YES	25
<i>Canal du Panama</i>	168,584,180	96.88%	Canals	ACAT	300,000,000	600,000	500	1	NO	YES	14.8125
<i>Comptoir d'Escompte</i>	167,219,063	96.88%	Banking	ACAT	80,000,000	160,000	500	1	NO	YES	50

Appendix 1. *Continued*

Firm	Market Capitalisation	Liquidity (trading frequency)	Sector	Admission	Capital - Common Equity	Number of Shares	Face Value	Investments Abroad	Guaranteed Assets	Dividends 1888	Dividend per share 1888 (FF)
<i>Société pour le Développement Commerce et Industrie en France</i>	111,115,313	95.70%	Banking	ACAT	120,000,000	240,000	500	0	NO	YES	12.88
<i>Banque d'Escompte de Paris</i>	105,143,898	95.70%	Banking	ACAT	65,000,000	130,000	500	1	NO	YES	15
<i>Compagnie Générale des Eaux</i>	101,979,688	78.52%	Docks & Water	AC	40,000,000	80,000	500	0	NO	YES	56.5
<i>Banque de Paris Pays Bas</i>	101,099,902	95.70%	Banking	ACAT	62,500,000	125,000	500	1	NO	YES	40
<i>Société des Dépôts et Comptes Courants</i>	96,479,694	84.38%	Banking	ACAT	20,000,000	160,000	125	1	NO	NO	0
<i>Compagnie des Métaux</i>	83,085,205	96.48%	Iron	ACAT	50,000,000	100,000	500	1	NO	NO	0
<i>Crédit Foncier Egyptien</i>	74,373,438	64.84%	Banking	ACAT	80,000,000	160,000	500	1	NO	YES	5
<i>Messageries Maritimes</i>	73,996,289	95.31%	Transports	AC	60,000,000	120,000	500	1	NO	YES	30
<i>Société Générale de Crédit Industriel et Commercial</i>	71,581,055	70.70%	Banking	ACAT	60,000,000	120,000	500	1	NO	YES	13.4021
<i>Société Foncière Lyonnaise</i>	65,727,539	80.08%	Banking	ACAT	100,000,000	200,000	500	1	NO	NO	0
<i>Union des Gaz</i>	64,842,041	53.52%	Gas & Electricity	AC	25,000,000	50,000	500	1	NO	YES	80
<i>Compagnie Générale des Voitures à Paris</i>	64,380,444	94.53%	Transports	ACAT	42,500,000	85,000	500	0	NO	YES	35
<i>Banque d'Algérie</i>	59,096,563	84.38%	Banking	AC	20,000,000	40,000	500	1	NO	YES	84.062

Appendix 1. *Continued*

Firm	Market Capitalisation	Liquidity (trading frequency)	Sector	Admission	Capital - Common Equity	Number of Shares	Face Value	Investments Abroad	Guaranteed Assets	Dividends 1888	Dividend per share 1888 (FF)
<i>Crédit Foncier et Agricole d'Algérie</i>	58,398,633	87.89%	Banking	ACAT	60,000,000	120,000	500	1	NO	YES	10.1546
<i>Compagnie Transatlantique</i>	43,382,891	98.05%	Transports	ACAT	40,000,000	80,000	500	1	NO	YES	30
<i>Société Marseillaise de Crédit Industriel et Commercial</i>	43,350,781	49.61%	Banking	ACAT	40,000,000	80,000	500	1	NO	YES	19.32
<i>Omnibus de Paris</i>	39,074,068	96.88%	Transports	ACAT	17,000,000	34,000	500	0	NO	YES	30
<i>Bone Guelma</i>	38,663,379	94.14%	Railway	ACAT	36,000,000	60,000	600	1	YES	YES	29.6
<i>Docks et Entrepôts de Marseille</i>	34,547,404	94.92%	Warehouse	ACAT	3,900,0000	78,000	500	0	NO	YES	27
<i>Chemins Fer Départementaux</i>	34,175,684	39.84%	Railway	AC	30,000,000	60,000	500	1	NO	YES	17.5
<i>Eaux Vichy</i>	34,067,148	28.13%	Docks & Water	AC	4,240,000	8,000	530	0	NO	YES	270
<i>Eaux pour la France et l'Étranger</i>	33,928,516	31.25%	Docks & Water	AC	40,000,000	80,000	500	1	NO	YES	14
<i>Chemins Fer Est Algérien</i>	31,727,051	90.23%	Railway	ACAT	25,000,000	50,000	500	1	YES	YES	30
<i>Mokta El Hadid</i>	28,988,271	61.33%	Mines	AC	18,333,500	36,667	500	1	NO	YES	35
<i>La Foncière Transports Assurance</i>	27,385,303	66.02%	Insurance	AC	25,000,000	50,000	500	1	NO	YES	15
<i>Compagnie Foncière France</i>	26,650,439	91.80%	Banking	ACAT	25,000,000	50,000	500	1	NO	YES	7

Appendix 1. *Continued*

Firm	Market Capitalisation	Liquidity (trading frequency)	Sector	Admission	Capital - Common Equity	Number of Shares	Face Value	Investments Abroad	Guaranteed Assets	Dividends 1888	Dividend per share 1888 (FF)
<i>Allumettes Chimiques pour la France et l'étranger</i>	26,015,469	88.67%	Various	ACAT	20,000,000	40,000	500	1	NO	YES	60
<i>Compagnie Centrale d'éclairage par le gaz Lebon</i>	25,197,402	78.52%	Gas & Electricity	AC	13,000,000	26,000	500	1	NO	YES	56
<i>Société Crédit Mobilier</i>	22,071,094	91.80%	Banking	ACAT	30,000,000	60,000	500	0	NO	YES	27
<i>Banque Franco-Egyptienne</i>	20,622,261	63.28%	Banking	ACAT	18,500,000	37,000	500	1	NO	YES	35
<i>Banque Parisienne</i>	19,386,230	97.27%	Banking	ACAT	25,000,000	50,000	500	1	NO	YES	30
<i>Société Lyonnaise des Eaux et Éclairage</i>	19,359,863	47.66%	Docks & Water	ACAT	25,000,000	50,000	250	1	NO	YES	21
<i>Société Centrale de Dynamite</i>	18,480,078	91.02%	Various	AC	16,000,000	40,000	500	0	NO	YES	35
<i>Banque Transatlantique</i>	18,418,750	77.34%	Banking	ACAT	20,000,000	40,000	500	1	NO	YES	15
<i>Chemins Fer Andalous</i>	18,237,832	54.30%	Railway	ACAT	30,000,000	60,000	500	1	NO	YES	15
<i>Le Soleil Incendie</i>	15,144,410	11.72%	Insurance	AC	6,000,000	6,000	1000	0	NO	YES	154.64
<i>Canal Maritime Corinthe</i>	14,948,730	98.05%	Canals	ACAT	30,000,000	60,000	500	1	NO	YES	12.5
<i>Fives Lille</i>	14,062,617	78.13%	Iron	AC	12,000,000	24,000	500	1	NO	YES	35
<i>Société Immeubles France</i>	12,952,295	74.61%	Banking	ACAT	15,000,000	30,000	500	1	NO	YES	25
<i>Banque Nationale Haiti</i>	12,387,891	20.70%	Banking	AC	10,000,000	20,000	500	1	NO	YES	38.5
<i>Compagnie Algérienne</i>	12,227,637	80.08%	Banking	ACAT	15,000,000	30,000	500	1	NO	YES	27.5

Appendix 1. *Continued*

Firm	Market Capitalisation	Liquidity (trading frequency)	Sector	Admission	Capital - Common Equity	Number of Shares	Face Value	Investments Abroad	Guaranteed Assets	Dividends 1888	Dividend per share 1888 (FF)
<i>Comp Générale Tramways</i>	3,625,667	53.91%	Railway	AC	10,200,000	20,400	500	0	NO	YES	10
<i>Compagnie d'Aguilas</i>	2,314,922	94.92%	Various	AC	150,00,000	30,000	500	0	NO	NO	0
<i>Eaux de la Banlieue</i>	2,130,371	37.50%	Docks & Water	AC	2,500,000	5,000	500	0	NO	YES	42.5
<i>Chemins de Fer Médoc</i>	738,086	42.19%	Railway	AC	10,000,000	20,000	500	0	NO	YES	36.062
<i>Imprimerie Chaix</i>	661,553	94.92%	Various	AC	6,000,000	1,200	500	0	NO	YES	39
<i>Sources: Archives du Crédit Agricole: Reports from the general assembly of shareholders, 1887-1889. Centre des Archives Économiques et Financières : Annaires des Agents de Change 1887-1889. ACAT refers to stocks traded both spot and forward. AC refers to stocks traded only spot.</i>											
<i>Annuaire Imprimerie Didot Bottin</i>	8,575,488	60.94%	Various	AC	7,500,000	15,000	500	1	NO	YES	35
<i>Bateaux Parisiens</i>	7,787,793	40.63%	Transports	AC	10,000,000	20,000	500	0	NO	YES	16.55
<i>Navigation du Havre à Paris</i>	6,978,973	92.19%	Transports	AC	10,500,000	21,000	500	0	NO	YES	20
<i>Nand</i>	6,062,345	40.23%	Banking	AC	5,160,000	51,600	100	0	NO	YES	6.25
<i>Crédit Foncier Colonial</i>	5,490,703	25.39%	Banking	ACAT	12,000,000	24,000	500	1	NO	NO	0
<i>Voitures L'Urbaine</i>	4,682,637	88.67%	Transports	AC	18,000,000	36,000	500	0	NO	NO	0
<i>Crédit Foncier Franco Canadien</i>	4,573,245	49.22%	Banking	ACAT	4,785,000	9,570	500	1	NO	YES	7

Appendix 2. *Political connections of sampled firms*

Firm	Politically connected	Connection	Name and party affiliations of politicians
Chemins Fer Lyon et la Méditerranée	YES	CONSERVATIVE	Comte Paul d'Haussonville – conservative. Baron Jean Hely d'Oissel – conservative (elected in September 1889). Vicomte Huber de Rainneville – conservative (former deputy).
Canal Maritime Suez Compagnie Universelle	YES	REPUBLICAN	Jules Herbette – republican – diplomatic corps appointed by the Republican government.
Chemins Fer Nord	YES	REPUBLICAN	Léon Say – republican – Centre Gauche.
Chemins Fer Orléans	YES	REPUBLICAN	Agenor Bardoux – republican – Centre Gauche (anti-Boulangist). Paul Andral – conservative – state counsellor (Second Empire).
Banque de France	YES	REPUBLICAN	Joseph Magnin – republican – lifetime senator from 1875. Numerous members of the Banque de France were appointed directly by the president of the Republic.
Compagnie Parisienne du Gaz	YES	CONSERVATIVE	Henry de Breteuil – conservative. Georges de Heeckeren – conservative (under the Second Empire).
Chemins Fer Est	YES	CONSERVATIVE	Gustave Prosper Reille – conservative (former). Léon Lefébure – conservative (former).

Continued

Appendix 2. *Continued*

Firm	Politically connected	Connection	Name and party affiliations of politicians
Crédit Foncier de France	YES	REPUBLICAN	Albert Christophle – republican – Opportunist (formerly Centre Gauche). Paul Devès – republican – Opportunist (formerly Union Républicaine). Alfred Mezières – republican – Opportunist (formerly Union Républicaine).
Chemins Fer Midi	YES	CONSERVATIVE	Adolphe d'Eichtal – conservative (under the Second Empire). Henri Bocher – conservative
Chemins Fer Ouest	YES	REPUBLICAN	Joseph Gay – republican – state counsellor (appointed by the Republic). René Brice – republican – Opportunist (formerly Centre Gauche).
Crédit Lyonnais	YES	REPUBLICAN	Henri Germain – republican (anti-Boulangist) – Opportunist (formerly Centre Gauche). René Brice – republican – Opportunist (formerly Centre Gauche).
Canal du Panama	YES	CONSERVATIVE	Ferdinand de Lesseps – conservative – diplomatic corps under the Second Empire. Given his biography, ideologically, he seems to have been aligned with conservative forces. Comte de Circourt – conservative – state counsellor (Second Empire).

Continued

Appendix 2. *Continued*

Firm	Politically connected	Connection	Name and party affiliations of politicians
Comptoir d'Escompte	NO	NON-CONNECTED	
Société Générale pour le Développement du Commerce et de l'Industrie en France	YES	CONSERVATIVE	Anatole Bartholoni – conservative (former). Antonin Lefèvre-Pontalis – conservative.
Banque d'Escompte de Paris	YES	CONSERVATIVE	Baron Georges de Soubeyran – conservative.
Compagnie Générale des Eaux	YES	CONSERVATIVE	Gustave Reille – conservative (under the Second Empire).
Banque de Paris Pays Bas	YES	CONSERVATIVE	Ernest Dutilleul – conservative – former minister of finance under MacMahon.
Société des Dépôts et Comptes Courants	YES	CONSERVATIVE	Maurice Aubry – conservative (former).
Compagnie des Métaux	NO	NON-CONNECTED	
Crédit Foncier Egyptien	YES	REPUBLICAN	Members of the board obeyed French and Egyptian administrations.
Messageries Maritimes	YES	CONSERVATIVE	Armand Behic – conservative (former) – under Second Empire and Third Republic. Antonin Lefèvre-Pontalis – conservative.
Société Générale de Crédit Industriel et Commercial	YES	REPUBLICAN	Joseph Gay – republican – state counsellor (appointed by the Republic). Agénor Bardoux – republican Opportunist.

Continued

Appendix 2. *Continued*

Firm	Politically connected	Connection	Name and party affiliations of politicians
Société Foncière Lyonnaise	YES	REPUBLICAN	Henri Germain – republican (anti-Boulangist) – Opportunist (formerly Centre Gauche). Auguste Philippoteaux – republican – Centre Gauche.
Union des Gaz	NO	NON-CONNECTED	
Compagnie Générale des Voitures à Paris	NO	NON-CONNECTED	
Banque d'Algérie	YES	REPUBLICAN	Its activities were supervised by the French state, which appointed the directors. Nelson-Chierico (appointed by the president of the Republic). Legendre (appointed by the ministry of finance).
Crédit Foncier et Agricole d'Algérie	YES	REPUBLICAN	René Brice – republican – Opportunist.
Compagnie Transatlantique	YES	REPUBLICAN	Charles Guéry – republican – state counsellor. Delarbre – republican – state counsellor.
Société Marsellaise de Crédit Industriel et Commercial	NO	NON-CONNECTED	
Omnibus de Paris	YES	REPUBLICAN	Leon Lalanne – republican – Opportunist (anti-Boulangist). Camescasse – republican – Opportunist.
Bone Guelma	YES	REPUBLICAN	Eugène Pereire – Bonapartist (former). ³ Paul Devès – republican Opportunist (formerly Union Républicaine).

Continued

Appendix 2. *Continued*

Firm	Politically connected	Connection	Name and party affiliations of politicians
Docks et Entrepôts de Marseille	YES	REPUBLICAN	Paul de Salvandy – republican – Centre Gauche (former). Eugène Pereire – Bonapartist (former). ^a
Chemins Fer Départementaux	YES	REPUBLICAN	Bertrand Louis Eugène Mir – republican – Gauche Républicaine (Opportunist).
Eaux Vichy	NO	NON-CONNECTED	
Compagnie Générale des Eaux pour la France et l'Étranger	YES	CONSERVATIVE	Gustave Prosper Reille – conservative (Second Empire).
Chemins Fer Est Algérien	YES	CONSERVATIVE	Paul Gabriel d'Haussonville – conservative (former).
Mokta El Hadid	YES	CONSERVATIVE	Jean Clary – conservative (former). Jules Tarbé des Sablons – conservative – state counsellor (Second Empire).
La Foncière Transport Insurance	YES	CONSERVATIVE	Le Baron Georges de Soubeyran – conservative. Louis de Beauchamp – conservative (former). Edmond Schérer – republican (former) – died in early 1889.
Compagnie Foncière France	YES	REPUBLICAN	Auguste Philippoteaux – republican – Centre Gauche. Paul Devès – republican – Gauche Républicaine.
Allumettes Chimiques pour la France et l'étranger	NO	NON-CONNECTED	
Compagnie Centrale d'éclairage par le gaz Lebon	YES	REPUBLICAN	Jules Herbettes – republican – diplomatic corps appointed by the Republican government.

Continued

Appendix 2. *Continued*

Firm	Politically connected	Connection	Name and party affiliations of politicians
Société Crédit Mobilier	NO	NON-CONNECTED	
Banque Franco-Egyptienne	NO	NON-CONNECTED	
Banque Parisienne	NO	NON-CONNECTED	
Société Lyonnaise des Eaux et de l'Éclairage	NO	NON-CONNECTED	
Société Centrale de Dynamite	YES	REPUBLICAN	Paul Barbé – republican – (minister of agriculture and anti-Boulangist). Gilbert Le Guay – republican – Union Républicaine. Georges Vian – republican – state counsellor (republican deputy from 1890).
Banque Transatlantique	YES	REPUBLICAN	Henry Durangel – republican state counsellor. Eugène Pereire – Bonapartist (former) ^a
Chemins Fer Andalous	YES	REPUBLICAN	Edmond Joubert – republican – counsellor of Paris. Political connections with the Spanish government.
Le Soleil Incendie	NO	NON-CONNECTED	
Canal Maritime Corinthe	YES	REPUBLICAN	Rémy Bernard – republican – Parisian politician.
Fives Lille	YES	REPUBLICAN	Krantz – republican – Centre Gauche senator. Marquis des Roys – conservative (former).
Société Immeubles France	YES	CONSERVATIVE	Baron Georges de Soubeyran – conservative. Comte Martin de Ayguesvives – conservative.

Continued

Appendix 2. *Continued*

Firm	Politically connected	Connection	Name and party affiliations of politicians
Banque Nationale Haiti	NO	NON-CONNECTED	
Compagnie Algérienne	YES	REPUBLICAN	Georges Lesueur – republican – current senator Centre Gauche (anti-Boulangist). Jules Tarbé des Sablons – conservative – former state counsellor (Second Empire).
Société Française des Reports et Depots	NO	NON-CONNECTED	
Sous-Comptoir des Entrepreneurs	NO	NON-CONNECTED	
Chemins Fer Sud France	NO	NON-CONNECTED	
Rente Foncière	NO	NON-CONNECTED	
Gaz Bordeaux	NO	NON-CONNECTED	
Banque Commerciale et Industrielle	NO	NON-CONNECTED	
Crédit Algérien	NO	NON-CONNECTED	
Annuaire Imprimerie Didot Bottin	NO	NON-CONNECTED	
Bateaux Parisiens	NO	NON-CONNECTED	

Continued

Appendix 2. *Continued*

Firm	Politically connected	Connection	Name and party affiliations of politicians
Navigation du Havre à Paris	NO	NON-CONNECTED	
Naud	YES	REPUBLICAN	Anatole Lemerrier – republican – former monarchist, he changed to Centre Gauche and became anti-Boulangist.
Crédit Foncier Colonial	YES	CONSERVATIVE	Gabriel Couturier – conservative – governor of Guadeloupe during the conservative period.
Voitures L'Urbaine	NO	NON-CONNECTED	
Credit Foncier Franco Canadien	YES	REPUBLICAN	René Brice – republican – Opportunist.
Comp Générale Tramways	YES	CONSERVATIVE	Henri de la Fauconnerie – conservative (Boulangist).
Compagnie d'Aguilas	YES	CONSERVATIVE	Theodore Benazet – conservative.
Eaux de la Banlieue	NO	NON-CONNECTED	Paul Dufour – conservative.
Chemins de Fer Médoc	YES	REPUBLICAN	Etienne Watel – republican – Paris counsellor.
Imprimerie Chaix	YES	REPUBLICAN	Homberg – republican – diplomatic corps at ministry of agriculture.

^aAccording to Grange (2016, pp. 102–6), the Pereire brothers aligned with republicans after 1877.