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## A Costly Commitment: Populism, Government Performance, and the Quality of Bureaucracy

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# A Costly Commitment: Populism, Government Performance, and the Quality of Bureaucracy

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# A Costly Commitment: Populism, Government Performance, and the Quality of Bureaucracy

## Abstract

We study the consequences of populism for government performance and the quality of bureaucracy. When voters lose trust in representative democracy, populists strategically supply unconditional policy commitments that are easier to monitor for voters. When in power, populists implement their policy commitments regardless of financial constraints and expert assessment of the feasibility of their policies, worsening government performance and dismantling resistance from expert bureaucrats. We use novel data on about 8,000 municipalities in Italy, over a period of 20 years, and we estimate the effect of electing a populist mayor with a close-election regression discontinuity design. We find that the election of a populist mayor leads to more debts, a larger share of procurement contracts with cost overruns, higher turnover among top bureaucrats, and a sharp decrease in the percentage of graduate bureaucrats. These results contribute to the literature on populism, government performance, and bureaucratic appointments.

Keywords: populism, government performance, bureaucracy, turnover.

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# 1 Introduction

*“After stopping the landings, my greatest commitment now is for the expulsion of those who do not flee from any war, but who bring war to our home, who shout insults towards the country that is hosting them, and demand, demand, demand! I don’t give up, I assure you!  
#stopinvasion”*

Mr. Matteo Salvini, December 15, 2018.

This is one of the many tweets that Matteo Salvini, leader of the League, posted during his fight against immigration as Minister of the Interior for the Italian Government between June 2018 and September 2019.<sup>1</sup> Other populist leaders around the world centred their political campaigns on similar promises: Boris Johnson’s Brexit bus tour claimed *“We send the EU £350 million a week, let’s fund our NHS instead”*, and Donald Trump, during his inaugural speech as presidential candidate, promised that he *“will build a great great wall on our southern border and I’ll have Mexico pay for that wall”*.<sup>2</sup> These statements shed light on a distinctive feature that characterises both populist campaigns and policies: unconditional commitments. In this paper we show how populists’ commitments are costly, with detrimental consequences for government performance and bureaucratic quality.

A growing literature studies the cultural, economic, technological, and political *causes* of populism,<sup>3</sup> but very little is known about the *consequences* of populism for policy-making. There are two challenges researchers are confronted with when studying the effects of populism: one theoretical, one empirical.

While demand-side accounts of populism consolidated the association between economic insecurity, voters’ demand for protection, and hence support for populist parties, little is known about why populism should be good or bad for the economy and government performance. Dornbusch and Edwards (1991), in their study of populism in Latin America, make a clear

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<sup>1</sup>Tweet available in Italian at <https://twitter.com/matteosalvinimi/status/1074036205052968960>

<sup>2</sup>Full text available at <https://www.washingtonpost.com/news/post-politics/wp/2015/06/16/full-text-donald-trump-announces-a-presidential-bid/>

<sup>3</sup>For recent reviews, see Guriev and Papaioannou (2020), Noury and Roland (2020), Berman (2021).

association between populism and specific types of expansionary and redistributive policies and argue that, by neglecting constraints and inflationary consequences, populism leads to economic failure, social unrest, and violence. In their words, populism is “self destructive.” However, recent scholarship questioned the association between populism and specific types of policies, characterising populism as a thin ideology with a clear view of society but a vague view of the ideal economic or political system (Mudde and Kaltwasser 2017). When embracing this definition, the mechanism behind the negative consequences of populism escapes. The second challenge is empirical. Estimating the effect of populism is a daunting task, often requiring strong assumptions typical of observational studies. In fact, random occurrences of populism are nearly inexistent, and multiple economic and political factors that are correlated with the election of a populist leader also correlate with policy outcomes, limiting the space for causal identification. With this paper we address both challenges. First, we present a mechanism that explains why we should expect populism to have detrimental consequences for policy-making. We then derive testable hypotheses that are consistent with our theoretical framework. Finally, we use quasi-experimental evidence in the context of Italian municipalities to test our predictions with a close-election regression discontinuity design.

Theoretically, we build on recent work that look at the determinants of populists’ incentives and policy platforms. When economic, technological, or cultural shocks erode citizens’ trust in political elites and the traditional tools of representative democracy, voters demand simple protection policies (see e.g. Guiso et al. 2017; Guiso, Morelli, and Sonno 2021). Populist politicians intercept this shift from a trustee to a committed delegate model of representation and run for office *i*) committing to a set of policies easy to monitor (e.g., Brexit), and *ii*) fuelling voters’ distrust in the non-populist opponents who are supported by corrupted elites (Fox and Shotts 2009; Morelli, Nicolò, and Roberti 2021). Trust erosion therefore triggers populism, for it creates incentives for politicians to choose simple policy commitments and

the anti-elite rhetoric. Because of such commitments, when populists come to power they implement their agenda with no regard for constraints and expert assessment of the feasibility and consequences of their policies (Dornbusch and Edwards 1991). When facing the resistance of expert bureaucrats’, populists will replace them with non-experts in order to ensure the smooth implementation of their policy agenda (Sasso and Morelli 2021). Building of these micro foundations of populists’ incentives and behaviour, we derive testable expectations about the consequences of populism for policy-making. No matter what the circumstances require, populists carry on with their policy commitments, with detrimental consequences for government performance. Populists also secure their commitment-type agenda by replacing expert with non-expert bureaucrats, resulting in increased turnover and lower quality of bureaucrats.

Empirically, we test these hypotheses with novel data on fiscal performance, public procurement, and bureaucratic composition of municipal governments in Italy over a 20-year period, from 1998 to 2020. We use a regression discontinuity design and compare municipalities in which a populist mayor barely won the elections to municipalities where a populist barely lost in order to isolate the effect of electing a populist mayor (Lee 2008; Eggers et al. 2015). Italian local government is a good case to study the effects of electing a populist government. First, Italy has more than 8,000 municipalities and several populist parties populate the Italian party system at both national and local level, yielding to large sample size and large variation in “treatment status.” Second, populist parties exert a tight discipline over their members, hence there is likely to be a precise match between the populist nature of the party and the populist attribute of affiliated mayors. Third, the concentration of executive power in mayors and mayors’ discretion over the appointments and removals and top bureaucrats create the necessary space to detect sizeable effects of populism on the performance of government and the quality of bureaucracy.

The data lends support to the expectations. We find that the (close) election of a populist

mayor leads to larger debt accumulation and smaller debt repayment. Populists' commitments also lead to a larger share of public contracts with cost overruns (+5.3%). Expert bureaucrats are replaced by populists in order to minimise bureaucratic resistance to the implementation of the populist agenda, with turnover among top bureaucrats increasing by 50% compared to the average turnover in the data, and the percentage of bureaucrats with a university degree dropping by -11 percentage points. Our findings are consistent with early attempts at investigating the relationship between populism, the economy, and bureaucracy. Funke, Schularick, and Trebesch (2020) represent the first systematic attempt at quantifying the cost of populism for the economy. They assemble a dataset on populist leaders spanning over 120 years and find large long-term economic costs of populism, with GDP per capita being more than 10% below compared to the most plausible non-populist counterfactual. On the bureaucracy side, Peters and Pierre (2020) provide a categorisation of the type of populism and its consequences for public administration, suggesting that populism is likely to translate into lower expertise in government. Bauer and Becker (2020) discuss the public administration goals and strategies of populist governments, showing how purges of personnel and top bureaucrats occurred in many historical cases of populist governments.

Even though both anecdotal evidence and extant literature suggest populism is bad for the economy and incompatible with expertise, this paper represents the first attempt at linking these expectations to theoretical work on populism as a (costly) commitment. We also provide the first causal analysis of the effect of electing a populist mayor on government performance and bureaucratic quality. Finally, by studying Italian municipal government we bring a new comparative perspective to the literature and pave the way for future studies on the consequences of populism.



## 2 Populists' Political Agency and the Strategic Supply of Commitments

A common thread in the literature on the causes of populism is the erosion of voters' trust in the traditional tools of representative democracy (Berman 2021; Dustmann et al. 2017; Inglehart and Norris 2019). When trust is high, representation follows a *trustee model*, and politicians are entrusted to adjust policy-making to changing circumstances. Political selection prioritises competence and when running for office, politicians will stress their level of expertise in delivering their proposed policies (Fox and Shotts 2009). Conversely, when trust is eroded, voters consider politicians – even the competent ones – undeserving of the autonomy characterising the trustee model of representation, perhaps because they are considered selfish rent-seekers captured by interest groups or elites (Morelli, Nicolò, and Roberti 2021). Voters want to take back control over policy, demanding simple policy commitments that are easy to monitor. Representation shifts to a *committed delegate model*, where voters delegate discretion to politicians insofar as it is compatible with the limited trust. Populist politicians commit to what voters want (e.g., Brexit, build-wall and zero-immigration types of policies) and set their campaigns against the elites and their representatives. Once a party or politician shifts to the committed delegate model, the best complementary strategy is to fuel distrust for the corrupted candidates supported by the corrupted elites. This is why the committed delegate model triggers populism, for the committed delegate rationally chooses simple policy commitments and all the complementary strategies commonly associated with populist behaviour, namely anti-elite rhetoric, anti-media, and anti-experts denigration. The trigger of populism is precisely associated with the moment in which the decline in trust is sufficient to create space for the committed delegate model of representation (Morelli, Nicolò, and Roberti 2021).

Once in office, populists stick to their policy commitments and face the resistance of policy-motivated and expert bureaucrats. Because commitment-type policies are by definition incompatible with adjustments or alternatives, populist politicians are not open to expert assessment of the feasibility of their proposed policies (Peters and Pierre 2020). Populists will be reluctant to bureaucratic expertise and will be deaf to expert bureaucrats' recommendations implying policy solutions different from or not included in their commitment-type agenda. Expert bureaucrats, who have information about the expected consequences of populists' agenda, might hinder the implementation of populist policies because of their mission-oriented work ethics and their stronger policy motivation (Dur and Zoutenbier 2014). Conversely, non-expert bureaucrats, who are more uncertain about policy outcomes, are more likely to implement populist policies without hampering populists' directives. Populists therefore have a strict preference for non-expert bureaucrats who will obsequiously implement the populist agenda.

By resisting populists' commitments, expert bureaucrats represent a threat to populists' accountability to voters. When voters want to exert control over policies, and see populists' promises unfulfilled, they can vote them out in the next elections. This idea is in line with Fox and Jordan (2011), who show how delegation of authority to bureaucracy can undermine politicians' accountability to voters, who would not be able to attribute blame for suboptimal outcomes to politicians' decision to delegate or to bureaucrats' flawed administration. In our account of populist policy-making, the presence of expert bureaucrats can undermine populists' accountability to voters too, for the expertise of bureaucracy would thwart the implementation of the policies promised by populists.

Classical work on the political control of the bureaucracy shows that elected officials can control the bureaucracy through multiple channels: delegating discretion (Epstein and O'Halloran 1999; Vannoni, Ash, and Morelli 2021), establishing administrative procedures (McCubbins, Noll, and Weingast 1987), or via appointment of political allies (Lewis 2008,

2011). Control is ultimately exerted over the bureaucracy so that political principals can achieve their policy goals. Similarly, populist politicians will control and reform the bureaucracy in the attempt to implement the policies they committed to during the electoral race. Sasso and Morelli (2021) formalise these intuitions and show how populists have an incentive to replace expert with non-expert bureaucrats in order to ensure that expert judgement does not undermine the implementation of the policies they committed to.

Based on this theoretical framework, we can derive testable expectations about the consequences of populists' commitments for policy-making. Unconditional commitments might lead to inefficiencies and suboptimal outcomes if populist policies do not match the state of the world and are implemented without a careful assessment of their correspondence to the socio-economic landscape. This idea of imperative policy making is in line with other work on populism which depicts populist governments as intentionally ignoring the existence of any type of constraints on policy (Dornbusch and Edwards 1991). As a result, we expect populism to worsen government performance. Furthermore, when facing resistance from expert bureaucrats, populists will replace them with non-experts, increasing turnover and decreasing the quality of bureaucracy. We formalise these expectations with three testable hypotheses:

HYPOTHESIS 1: Populist governments lead to lower government performance.

HYPOTHESIS 2: Populist governments lead to higher bureaucratic turnover.

HYPOTHESIS 3: The quality of bureaucrats decreases under populist governments.

By building on recent theoretical work, our empirical expectations offer a deductive foundation to commonly-held views about populism and government performance, with a particular emphasis on how bureaucratic resistance is dismantled by populists willing to implement their commitment-type policies head first. Unconditional commitment, rather than the recurrence

of some specific “bad policies,” is the distinctive feature of populist politicians. Populists stop at nothing to implement their policies. As a result, performance worsens and bureaucracy weakens.

### 3 Municipal Government and Populism in Italy

Italian municipalities represent a good case to study the consequences of populism for government performance and bureaucratic quality. First, the presence of several populist parties in Italy makes it less arbitrary for researchers to measure the populist attribute of candidates. Second, executive power is highly concentrated and populist government thus have significant leeway to implement their commitment-type policies. Third, municipal bureaucrats play a central role in the administration of public policies, and mayors have large discretion over the appointment and removal of top municipal bureaucrats.

Populist commitment strategies also induce, as shown in (Morelli, Nicolò, and Roberti 2021), the rational use of anti-elite rhetoric – the well known *pure people'' versus corrupt elite'*, arguing that politics should be an expression of the will of the people (Mudde and Kaltwasser 2017). A major challenge in empirical work on populism is measurement at the candidate level. Two strategies are available, based on individual behaviour or party identification. The suitability of these strategies rests on data availability for the former (e.g., speeches or campaign messages), and the presence of clearly populist parties for the latter. Gennaro, Lecce, and Morelli (2021), for instance, construct a continuous measure of populism for US congressional candidates based on the analysis of campaign speeches and on-line contents, and the Global Populism Database analyses speeches of 215 chief executives across 66 countries (Hawkins et al. 2019). However, when populism is a characteristic of political parties and there is no textual data to produce individual-level estimates of populism, researchers can rely on candidates' party identification and code populist politicians based on whether they identify

with a populist party or not. While using party-level characteristics to infer individual-level characteristics clearly implies a loss of construct validity, we believe it is a suitable strategy for the Italian context, where several parties are clearly considered populist and deviation from party lines is punished by populist parties (Fasone 2020).<sup>4</sup>

Italian municipal government follows the patterns of semi-presidential systems of government, with a directly-elected mayor, a directly-elected local council, and an executive committee appointed by the mayor. Elections are held every five years on a Sunday between 15 April and 15 June, with the precise date being set by the Ministry of Interior. Mayoral candidates are linked to one or more party-lists of candidates to the local council. The lists mirror the political parties at the national level, although it is common for candidates to be linked to civic lists (i.e., *liste civiche*) that do not match any of the parties at the national level. Voters can cast a ballot for the mayoral candidate directly, for one of the lists linked to the candidate, or both. Votes cast for a list automatically count towards the number of votes of the mayoral candidate linked to the list. The candidate who wins a plurality is elected mayor, except for municipalities with more than 15,000 inhabitants, where a two-round system is in place. If none of the candidates obtain 50% of the votes, the two candidates with the largest vote share run in a second round.

Municipalities are responsible for a wide set of services, from primary schooling to local police, waste management, public roads and infrastructure, social services, and security. As a result, municipal governments enjoy large degrees of financial autonomy and they are responsible for the procurement of goods and services. Municipalities also have large bureaucratic apparatuses, accounting in 2017 for 12% of the 3.5 million employees working in public organisations in Italy.<sup>5</sup> The bureaucratic organisation of Italian municipal governments consists of

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<sup>4</sup>According to the PopuList Database, Italy is the fourth European country for number of populist parties, and by February 19, 2021, the number of 5-Star-Movement members expelled from the party because of non-compliance with party directives amounts to 40. See <https://www.agi.it/politica/news/2021-02-19/m5s-espulsioni-parlamentari-governo-draghi-11478409/>.

<sup>5</sup>Data from the 2017 census of public organisations carried out by the National Institute of Statistics

two types of employees, those with managerial rank (*qualifica dirigenziale*) and those without managerial rank (*qualifica non dirigenziale*). For simplicity, we shall consider bureaucrats without managerial rank as rank-and-file employees and bureaucrats with managerial rank as public managers. While rank-and-file employees have limited discretion on policy, public managers are responsible for the implementation of directives adopted by the executive committee, the financial and personnel management of the municipality, public service delivery and monitoring.<sup>6</sup>

Rank-and-file employees are generally hired through public competitions and with permanent contracts agreed at the national level through collective bargaining, whereas politicians have large discretion over the hiring and firing of public managers. There are three ways to hire public managers: public competitions published by the municipality, mobility across organizations, and direct appointment with temporary contracts. Municipal governments have increasingly opted for fixed-term contractual frameworks that allow them to exert a tighter control over bureaucrats, with many scholars arguing for the emergence of a “spoil system” in Italian local government, in line with the status of Presidential appointees requiring Senate confirmation (PAS), members of the Senior Executive Service (SES), and Schedule C employees in the US (Borgonovi and Ongaro 2011). In the period we study, the average share of temporary contracts among all bureaucrats with managerial rank is 20%, increasing from 16% in 2003 to 25% in 2019.

While mayors have full discretion over temporary contracts, permanent contracts can be terminated only for serious failures. However, mayors have discretion over the allocation of managerial tasks and demotion within the government, and are therefore able to incentivise public managers to leave even when the contract is permanent.<sup>7</sup> Mayors can therefore affect

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(<http://istat.it/it/censimenti-permanenti/istituzioni-pubbliche>).

<sup>6</sup>The responsibilities of public managers are governed by the Consolidated Law on Local Government, Legislative Decree 267/2000, Article 107, and by the Consolidate Law of Public Employment, Legislative Decree 165/2001, Article 4.

<sup>7</sup>See Article 50(10), Lgs. D. 267/2000. Demotion practices have been documented in the literature by

turnover in municipal government through the termination of temporary contracts and (indirectly) through mobility across organizations for permanent contracts. As a result of these contractual differences, the percentage of managerial contracts being terminated every year over the total number of managers is 10.4%, whereas the termination rate among all municipal employees is 5.2%.<sup>8</sup>

## 4 Data

We assemble a rich dataset about government performance and bureaucratic organisation of municipal governments in Italy covering more than 20 years, from 1998 to 2020. We collect three blocks of data: *i*) municipal elections, mayoral candidates, and partisan affiliation of politicians, *ii*) government performance and public procurement data, and *iii*) quality (i.e., level of education) and turnover of bureaucrats.

We combine several sources of data.<sup>9</sup> We obtained data on all municipal elections, mayoral candidates, and their party affiliations from the Historical Electoral Archive of the Ministry of the Interior (1989-2020). We used the Database on Local Administrators for other information on local councillors, members of the executive committee, and their party identification (1998-2020). For our measures of performance we collected novel data on public procurement (2012-2020) from the archives of the National Anticorruption Authority, which we combined with data on fiscal performance from the National Institute of Statistics (2008-2019). Finally, data on the number of bureaucrats, their rank, education, type of contract, and data on hiring and lay-offs is obtained from the Annual Account of the Italian General Accounting Office (2001-2019). This is at the same time an extremely rich and complex source of data which

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Doherty, Lewis, and Limbocker (2019b), who find that presidents marginalise ideologically distant career executives by transferring responsibilities to other individuals.

<sup>8</sup>However, municipalities are not required by law to have public managers. Our data shows that 15% of municipalities have public managers, and the average number of managers in those municipalities is 7.

<sup>9</sup>Detailed description and URLs of the original sources as well as instructions on how to access and download the data reported in Section A.2 in the Online Appendix.

allows us to capture variation in bureaucratic composition of municipal governments over 20 years and across 8,069 unique municipal governments. To the best of our knowledge, it is the first time it is used in scholarly work.

## **4.1 Populist Government**

We code populist mayoral candidates based on the political party-lists linked to the candidate. We delegate the identification of populist parties to the PopuList database (Rooduijn et al. 2019). PopuList is a collective enterprise that brings together researchers in the attempt to provide a comprehensive list of populist, far right, far left, and eurosceptic parties in Europe since 1989. It is commonly used in scholarly work and is regularly peer-reviewed by more than eighty academics from different countries. PopuList codes parties as populist if they interpret the people and the elites as two antagonist entities; embrace the idea of popular sovereignty; and uphold an ideal vision of the people and a denigratory vision of elites (Van Kessel 2015). PopuList identifies the following six populist parties in Italy: Lega (Nord), Movimento 5 Stelle (Five-Star Movement, 5SM), Fratelli d'Italia, Forza Italia - Il Popolo della Libertà (only until 2018), and two minor parties, Liga Veneta and Lega d'Azione Meridionale. The four largest parties - i.e., Lega, 5SM, Fratelli d'Italia, and Forza Italia - are also the Italian political parties with the largest score of anti-elites and people versus elites salience in the 2019 Chapel Hill Expert Survey (Bakker et al. 2020). In Section A.1 in the Online Appendix we provide qualitative information about these parties.

## **4.2 Government Performance**

We present three measures of government performance. First, we calculate the percentage of procurement contracts with cost overruns. Public procurement data is often used in the literature to study performance (Spenkuch, Teso, and Xu 2021; Decarolis et al. 2021). We



follow this literature and compute the yearly percentage of all public contracts awarded by the municipality where payments are greater than the adjudicated costs. Since 2012, every municipality has to publish on its website a large set of information about each contract such as object, cost, duration, beneficiary, and awarding procedure (Article 1(32), Law 190/2012). This information is also sent to the Anticorruption Authority for verification and quality control, before being published in the authority’s open-access archives.

We web-scraped the archives and assembled a dataset with 1.25 million contracts worth at least 1,000 euros awarded by 5,527 municipalities over a period of time from 2012 to 2020. For each contract we create a variable equal to 1 if payments exceed the initial adjudicated cost, and 0 otherwise. We then compute the average of this metric for every municipality in any given year, obtaining a dataset of 25,628 municipality-year observations.<sup>10</sup>

The other two measures of performance capture the fiscal quality and sustainability of the administration, proxied by the accumulation and repayment of residual liabilities from accrual accounting. Let us consider this example. At the beginning of year  $t$ , municipality  $i$ ’s balance sheets report residual liabilities for 2,000 euros, consisting of the difference between actual and planned payments in the previous year  $t - 1$ . In year  $t$ , municipality  $i$  commits to paying 10,000 euros and eventually spend 13,000 euros, thus accumulating other 3,000 euros of liabilities. Debt accumulation is computed as the ratio between current and initial liabilities ( $3,000/2,000 = 1.5$ ). Debt repayment is the ratio between disposed and accumulated liabilities, and measures the ability of municipality  $i$  to repay more debts than what it accumulates. A good fiscal performance is associated with low levels of debt accumulation and high levels of debt repayment.

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<sup>10</sup>Several contracts have typos in the reported information: 6,629 contracts have a termination date is earlier than the starting date and 348 contracts have payments that are more than 100 times as large as the adjudicated costs. To clean the dataset, we removed these contracts.

### 4.3 Bureaucratic Turnover and Quality

To measure the consequences of populism for bureaucratic quality and turnover, we focus on public managers. We do this for two reasons. First, public managers have large levels of discretion in the administration of policies and populist politicians are more likely to replace bureaucrats in strategic decision-making positions. Second, as discussed in Section 3, it is easier for politicians to fire and hire managers compared to rank-and-file employees.

We measure bureaucratic turnover in municipality  $i$  and year  $t$  as the sum of managers who leave (lay-offs) and join (hires) the government divided by the total number of managers in the same year.<sup>11</sup> The precise metric is given by the following formula:

$$\text{Turnover}_{it} = \frac{\text{N. Lay-offs}_{it} + \text{N. Hires}_{it}}{\text{N. Public Managers}_{it}} \quad (1)$$

We also build a measure of bureaucratic quality based on managers' education. Perfect measures of quality of bureaucrats are hard to produce, for quality is a latent, multifaceted concept. We follow a long tradition of work in political economy that uses education as a proxy for the quality of politicians and interpret bureaucrats' quality as the percentage of managers with a university degree (in the Italian context, see e.g. Galasso and Nannicini 2011; Baltrunaite et al. 2014; Gagliarducci and Nannicini 2013).

Table 1 reports descriptive statistics for the main variables in the full dataset and in the subset of municipalities where a populist candidate ran for office. 3,080 out of the 8,254 municipalities in our dataset had a populist candidate in any of the elections they held. These municipalities are on average larger, with a population size three times as large as the average population size in the entire dataset. The average for the remaining variables are similar in both datasets.

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<sup>11</sup>Because the sum of the number of hired managers and lay-offs can be larger than the number of total managers in the same year,  $\text{Turnover}_{it} \in [0, \infty]$ .

Variable	All Dataset	With Populist Candidate
N. Observations	182,435.00	29,578.00
N. Municipalities	8,254.00	3,080.00
Resident Population	7,219.80	21,273.26
<b>Government Performance</b>		
Debt Accumulation	0.60	0.58
Debt Repayment	1.11	1.03
% Cost Overrun	0.07	0.09
<b>Quality of Bureaucrats</b>		
Public Managers' Turnover	0.24	0.23
% Graduate Managers	0.48	0.43

Table 1: Descriptive statistics of main variables in the entire dataset and for municipality-year observations where a populist candidate ran for office.

## 5 Close-election Regression Discontinuity Design

Identifying the effect of populist governments on our outcomes of interest is a challenging task. Municipalities governed by a populist may differ from municipalities governed by a non-populist mayor due to many unobservable characteristics. However, municipalities where populist candidates win the elections by very thin margins can be, in expectation, comparable to municipalities where the populist candidate barely lost. Close-election sharp RDD is a canonical method for estimating the local average treatment effect of winning candidates' characteristics on downstream outcomes (Lee 2008; Eggers et al. 2015). This approach has been used in the context of Italian municipalities by Gagliarducci and Paserman (2012) and Casarico, Lattanzio, and Profeta (2020), to estimate the effect of electing a female mayor on government termination and fiscal policy, by Romarri (2020), to estimate the effect of electing a far-right mayor on hate crimes, Mitra (2020), to estimate the effect of mayors' education on fiscal outcomes, and by Bordignon and Colussi (2010), to estimate the effect of a populist candidate reaching the second round of the elections on voters' turnout.

Formally, let  $E$  be a set of municipal elections in which *one* populist candidate runs against one or more non-populist candidates. For each  $E_i$ , let  $M_i$  be the margin of victory of the populist candidate, calculated as the difference between the vote share of the populist candidate

and the most voted non-populist candidate. Let  $V_i$  be a dichotomous variable equal to 1 if  $M_i > 0$  (the populist candidate wins) and 0 otherwise.  $Y_i$  is the outcome of interest. We can then define the estimand as  $\tau_{(m)} = \lim_{\epsilon \downarrow m} \mathbb{E}[Y_i | M_i = \epsilon] - \lim_{\epsilon \uparrow m} \mathbb{E}[Y_i | M_i = -\epsilon]$  as the local average treatment effect of electing a populist candidate (Cattaneo, Idrobo, and Titiunik 2019).<sup>12</sup>

We follow recent advancements in the RDD literature and we estimate  $\tau_{(m)}$  with a continuity-based framework that uses nonparametric local polynomial methods for estimation and inference. We fit local WLS models where weights are determined by the triangular kernel function based on the ratio between the distance of unit  $i$  from the cutoff  $m$  and the mean-squared-error minimising bandwidth  $h$ . The closer the units are to the cutoff, the larger the weight. Units outside the optimal bandwidth receive a weight equal to zero, therefore estimation is performed on a restricted sample of units so that  $M_i \in [-h, +h]$ . The selection of the bandwidth follows a data-driven approach, proposing an optimal solution to the “bias-variance trade-off,” whereby local fits on smaller bandwidths decrease bias but simultaneously increase the variance of the estimator (Calonico, Cattaneo, and Titiunik 2014). Inference adjusts for the variability introduced in the bias-estimation step and uses a new variance estimator that yield cluster robust bias-corrected confidence intervals and p-values (clusters at municipality level) (Cattaneo, Idrobo, and Titiunik 2019). Therefore, point estimates will not be centred in the confidence interval. We estimate the following full treatment-interaction model:

$$Y_{it} = \beta V_{iT} + \phi M_{iT} + \eta V_{iT} \times M_{iT} + \zeta X_{it} + \delta_t + \gamma_T + u_{it} \quad (2)$$

We use subscript  $T$  for election year and  $t$  for calendar year. Recall that  $V_{iT}$  is a dummy for treated units above the cutoff,  $M_{iT}$  is the margin of victory (i.e., the running variable), and  $u_{it}$

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<sup>12</sup>We summarise the composition of the treated and control groups in Table A.1 in the Online Appendix.

a robust error term clustered by municipality. We include a set of pre-treatment covariates  $X_{it}$  in the specification as well as year and election-year dummies ( $\delta_t$  and  $\gamma_T$ ) to boost efficiency (Calonico et al. 2019). The coefficient  $\beta$  is the RDD estimator and identifies the average outcome jump at the cutoff after partialling out the effect of the covariates. Mayors stay in office for five years, while the other variables are at the municipality-calendar year level.  $\beta$  is therefore the average yearly effect of electing a populist mayor within the government term.

## 5.1 Validity

We provide support for the identification assumptions of the sharp RDD. First, in Figure A.1 in the Online Appendix we document the absence of sorting at the cutoff with density tests aimed at detecting whether there is a proportional number of elections where populist candidates barely won or lost (McCrary 2008; Cattaneo, Jansson, and Ma 2020).

Second, we address the possibility of imbalances that may exist between populists and non-populists at the cutoff. For the RDD estimator to recover the local average treatment effect of populist attribute *all else equal*, pre-determined characteristics at the municipality and candidate level should be balanced between the treatment and control group. However, populist candidates in close elections might differ from non-populist candidates according to other unobservable characteristics and as a result the RDD estimator would recover the effect of electing a *populist candidate* and not that of *populist attribute* alone.  $\beta$  would therefore estimate the effect of the populist attribute of the mayor and any other compensating differentials, namely context- or candidate-level characteristics that are distinct from populism but affect the probability of populist candidates to be in close elections with non-populists (Marshall 2019).

Figure A.2 in the Online Appendix shows balance tests for 14 pre-treatment covariates. Municipalities above and below the cutoff are very similar with respect to demographic, geo-

graphic, and political characteristics of the municipality. Importantly, we find no discontinuity for the value of the margin of victory from the previous election. However, populist candidates are more likely to win in larger towns (we detect a discontinuity in the surface of the municipality), less likely to be women, and – despite having similar levels of secondary education to their non-populist counterparts – are more likely to have a university degree.

Despite the main specifications including all these pre-treatment covariates, the discontinuity in the potential outcomes of graduate education and the gender of the mayor might hide other unobservable differences which could undermine the assumption for which populists barely winning are similar in expectation to non-populists barely winning. Unless strong ignorability assumptions with respect to the effects of the confounding treatments are invoked (Marshall 2019), the RDD estimator would therefore need to be interpreted as a compound local average treatment effect. In most cases, this interpretation is sensible, for causal claims about fixed characteristics like populism, gender, and race should be operationalised as a “bundle of sticks” (Sen and Wasow 2016). However, the level of education and the gender of mayors are candidate-level characteristics conceptually different from the bundle of sticks that characterises populism. The lower probability of populists to be female and the higher probability to have a university degree might suggest that populists need to be more competent/educated than non-populists to remain in close elections and that being male on average helps the populist candidate end up in a close race.

We address this source of confounding both theoretically and empirically. Consistently with extant literature (see e.g., Besley and Sturm 2010; Gagliarducci and Nannicini 2013), we might expect competence and education to be associated with good performance. For the Italian context, Mitra (2020) shows that more educated mayors boost public investments without compromising the fiscal stability of the municipality. We should therefore expect the higher probability of populists in close races to have a university degree to mitigate the effect

of the populist attribute on our outcomes and hence  $\beta$  would be a conservative estimate. As far as the mayor’s gender is concerned, Casarico, Lattanzio, and Profeta (2020) look at budget allocation to different policy portfolios in the same context of Italian municipalities and find no differences in the policies implemented by male and female mayors. This suggests that we may expect university degree to mitigate the effect of populism, whereas the gender of the mayor should play a negligible role for our outcomes.

To give empirical support to this hypothesis, we replicate the analysis on two additional samples, one where all candidates do *not* have a university degree and one where all candidates are male. We then compare the results with the estimates from the total sample. Consistently with the expectations discussed above, we find similar and at times larger effects in the no-university-degree sample compared to the all-sample results, whereas the male-only and the total-sample estimates are almost equivalent (see Figure 3).

Third, in Figure A.4 in the Online Appendix we report estimates from alternative placebo margins of victory, namely assuming  $V_i = 1$  if  $M_i = m_j$ , where  $m_j$  is a vector of margins ranging from  $-25\%$  to  $+25\%$ . When adjusting the estimation for multiple testing across each outcome variable, we find no discontinuities at 95% level in 78% of the tests with placebo cutoffs.

Fourth, we show that the estimates are robust to alternative bandwidth selections. Our baseline estimation implements the bandwidth selection proposed by Calonico, Cattaneo, and Titiunik (2014). In Figure A.3 in the Online Appendix we report the results from alternative estimations employing for each outcome fifteen different bandwidths ranging from  $.5 \times h$  to  $4 \times h$ , where  $h$  is the MSE-minimising optimal bandwidth.

Fifth, we perform a set of falsification tests with lagged values of the outcomes. We use the margin of victory in election  $T$  to estimate jumps at the cutoff in the outcomes during the years between election  $T$  and  $T - 1$ . After covariate adjustment, we find a discontinuity only

	Forza Italia	Pop. Libertà	Lega (Nord)	Fratelli d'Italia	Movimento 5 Stelle	Liga Veneta	Lega Az. Meridionale
Forza Italia	1285	0	334	55	0	0	0
Popolo della Libertà		520	599	13	0	0	0
Lega (Nord)			3327	359	0	3	0
Fratelli d'Italia				49	0	0	0
Movimento 5 Stelle					814	0	0
Liga Veneta						1	0
Lega d'Azione Meridionale							0

Table 2: Distribution of populist parties supporting populist candidates. Diagonal of the matrix shows the number of candidates supported by one single populist parties. Each other cell shows when a populist mayor was supported by two candidates. The 131 instances where mayors are supported by the right-wing populist coalition (Forza Italia, Lega (Nord), and Fratelli d'Italia) have been omitted.

for one outcome (see Table A.2 in the Online Appendix).

## 6 Results

Merging the database on government performance and bureaucratic composition with the election data, and keeping only the elections where one populist candidate was running for office against at least one non-populist candidate, we obtain a sample of 7,490 municipality-elections pairs, for a total of 29,578 municipality-year observations. 1,988 elections were won by a populist (27% of the total). In most cases, populist candidates were supported by one populist party (i.e., 5,996 elections), 1,363 candidates by two, and only 131 candidates were supported by three populist parties (i.e., the right-wing populist coalition: Forza Italia, Lega (Nord), and Fratelli d'Italia). Table 2 shows the distribution of populist candidates across supporting populist parties for all mayors supported by one (diagonal of the matrix) or two parties (every other entry).

To visually display the difference in outcomes at the cutoff, Figure 1 shows binned averages of the outcome variables as a function of the margin of victory of the populist candidate. The



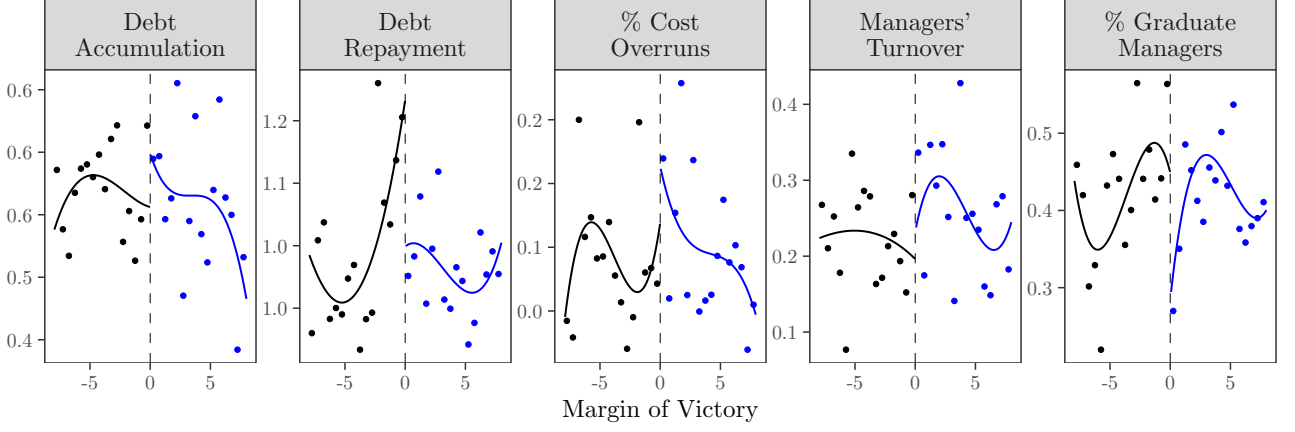


Figure 1: Binned averages of the three government performance outcomes in close electoral races (i.e.,  $M_{iT} \in [-8, +8]$ ). The solid line is third-order polynomial fit using control and treated units separately. Scatter points are averaged over 0.5% margin of victory.

jumps at the cutoff, where we can compare populists barely winning and barely losing the elections, are suggestive of the expected effect of electing a populist mayor: units above the cutoff accumulate more debts, they repay a smaller fraction of accumulated debts, and they incur in more contracts with cost overruns. There are also sizeable jumps at the threshold for managers' turnover and level of education that suggest turnover increases and the quality of bureaucrats decreases with the election of a populist mayor.

Table 3 shows the regression results. We report the estimated effect of electing a populist mayor *in close electoral races* on the five outcomes as well as 95% cluster-robust confidence intervals.<sup>13</sup>

There is ample support for the expectations. Consistently with the RD plots, there are economically and statistically significant effects on debt accumulation, debt repayment, and the share of procurement contracts with cost overruns. Populist barely winning the elections accumulate more debts, with the ratio of new over old liabilities increasing by 0.03 points, equal to 5% the average value in the dataset (i.e., 0.58). Municipalities with a populist mayor also do a worse job of repaying debts accumulated in the current year, with debt repayment decreasing by -0.05 points (-5% compared to the mean), and the share of procurement contracts

<sup>13</sup>Results without covariates are reported in Table A.3 in the Online Appendix.

<i>Outcomes</i>	Government Performance			Quality of Bureaucrats	
	Debt Accumulation	Debt Repayment	% Cost Overruns	Turnover Managers	% Graduate Managers
<i>LATE</i>	0.028	-0.048	0.053	0.117	-0.110
<i>Robust 95% CI</i>	[0.011, 0.053]	[-0.086, -0.021]	[0.008, 0.118]	[0.071, 0.189]	[-0.178, -0.068]
<i>Robust p-value</i>	0.003	0.001	0.025	0.000	0.000
<i>h</i>	10.57	12.87	10.91	8.72	6.68
<i>Obs. Used</i>	3,416	4,071	939	1,456	1,031

Table 3: RD estimates constructed using local polynomial estimators with triangular kernel. Robust p-values and confidence interval constructed using bias-correction with cluster robust standard errors at municipality level,  $h$  is the MSE-optimal bandwidth. Covariates include: population (log), surface (sq.km), surface at hydro-geological risk (sq.km), number of local councillors, gender, secondary education, degree, and white-collar job of mayor (all dichotomous), year and year-election dummies. Analysis implemented with the *rdrobust* package in R (Calonico, Cattaneo, and Titiunik 2015).

with cost overruns increases by 5.3 percentage points.

The expectation for which populist governments are more likely to get rid of expert managers with detrimental consequences for the quality of the bureaucracy is supported by the data. Electing a populist mayor leads to an increase in turnover among public managers by 0.12 points (average turnover is 0.23), and the percentage of managers with a university degree decreases by -11 percentage points.

These results lend support to the expectations we derived from characterising populism as a form of unconditional policy commitment. Populist governments incur in larger debts and inefficiencies in managing procurement contracts. In the attempt to get rid of internal bureaucratic resistance, populists are also more likely than non-populist to replace expert bureaucrats with less educated ones, thus decreasing the overall quality of the bureaucracy. We therefore interpret lower performance and weakened bureaucracy as two sides of the same coin: populists' costly commitments.

## 7 Robustness Analysis

We present four robustness tests to further strengthen the causal interpretation of our results.

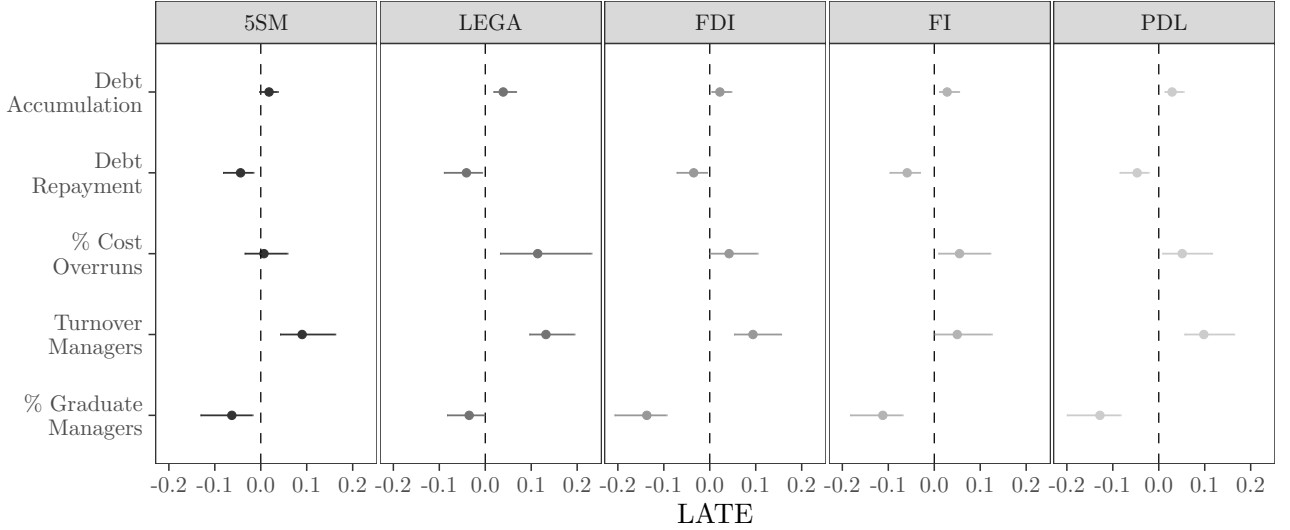


Figure 2: RD estimates with 95% cluster-robust CI of the effect of electing a populist mayor under alternative coding strategies. Panel labels report the party omitted when coding the mayor as populist. Estimates constructed using local polynomial estimators with triangular kernel and MSE-optimal bandwidth. Robust p-values constructed using bias-correction with cluster robust standard errors at municipality level. Same covariates as in Table 3.

First, except for the 5SM, the other populist parties are also right-wing, hence there may be a concern about what is driving the results, whether being populist or being right-wing. While it is not possible to conclusively isolate the effects of the two components, we show that the results are not exclusively driven by one single party, and that the estimated effects are robust to sequentially moving right-wing parties to the control group (see Figure 2). Most of the estimated effects are consistent with the main results reported in Table 3.<sup>14</sup>

Second, in order to show that the degree and gender of populist mayors respectively mitigates and does not affect our outcomes, we present results estimated from three separate samples: the total sample, a sample where all mayors do not have a degree, and a sample of male-only mayors. The data supports these expectations. The difference between the estimated effects in the no-degree sample are distinguishable from the estimates from the total sample only for debt repayment (p.value = 0.01) and for managers' turnover (p.value  $\approx$  0), where the effects in the no-degree sample are 2.8 and 2.7 times as large as the effects estimated in the total sample. As for the effects in the male-only sample, they are never distinguishable

<sup>14</sup>22 out of the 25 coefficients reported in the panels are statistically significant at 95% level.

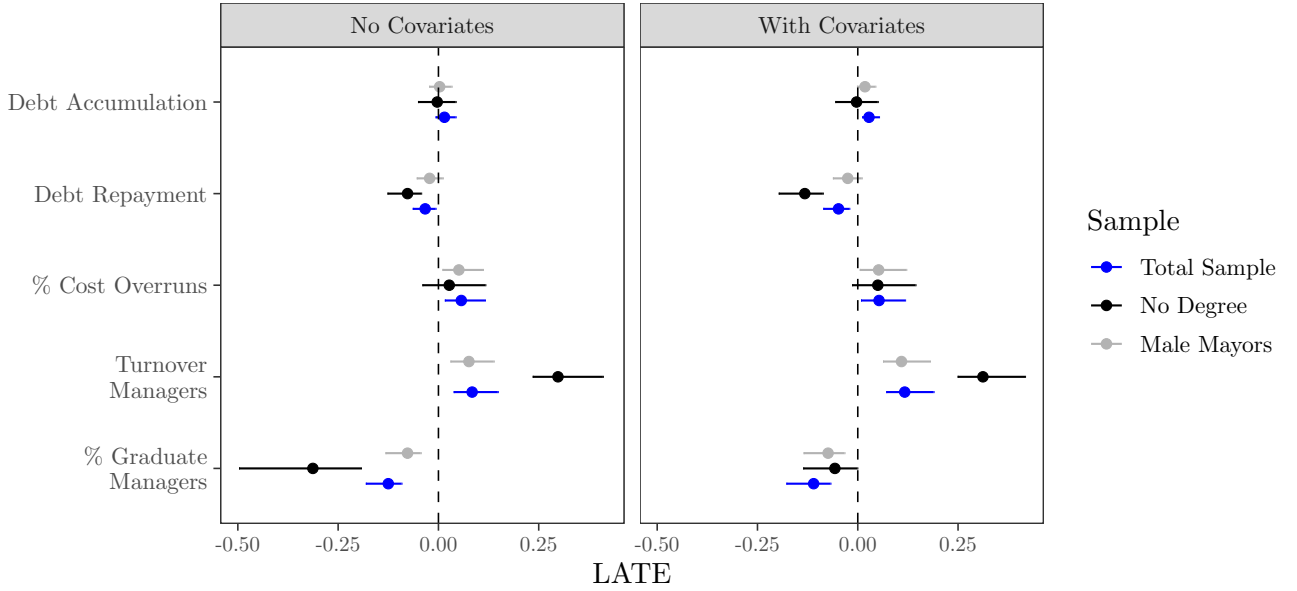


Figure 3: RD estimates with 95% cluster-robust CI of the effect of electing a populist mayor across three different samples: total sample, mayors without degree, male mayors. Estimates constructed using local polynomial estimators with triangular kernel and MSE-optimal bandwidth. Robust p-values and confidence interval constructed using bias-correction with cluster robust standard errors at municipality level. Same covariates as in Table 3.

from the effects in the total sample at 95% level and the point estimates are very similar in both samples (i.e., average ratio of the coefficients is equal to 0.75).

Third, we address the possibility of our effects being confounded by incumbency effects. It may be less likely for populist candidates to be incumbents, and the change in performance and bureaucratic organisation might be the product of inexperience and reasonable change in administrative leadership resulting from the election of a new mayor (Bolton, Figueiredo, and Lewis 2021; Boyne et al. 2010). To rule out this possibility, we exclude from the sample all incumbent mayors and find similar effects. Even though the effect on the percentage of contracts with cost overruns is distinguishable from zero at 90% level (robust p.value = 0.075), we do find that the point estimates are on average 64% larger compared to the main results including incumbent mayors. Full results reported in Table A.4 in the Online Appendix.

Fourth, we can show that the firing incentive mechanism (the demand side of turnover) is truly the mechanism at play, since the potential supply-side mechanism (more voluntary departures by managers) is not supported by the data. Bolton, Figueiredo, and Lewis (2021)

and Doherty, Lewis, and Limbocker (2019a) argue that top bureaucrats might decide to leave the organisation when facing a newly-elected principal with diverging policy positions either because they are marginalised by the new government or because the value they obtain from public office decreases. As shown in Figure A.5 in the Online Appendix, there is in fact a small *negative* effect of electing a populist mayor on the number of resignations over the total number of lay-offs (-1.7 percentage points).<sup>15</sup>

## 8 Conclusions

In this paper we explored how populism affect government performance and bureaucratic quality. We take stock of different theoretical approaches to the study of policy-making under populism, which argue that when citizens lose trust in traditional political parties and elites, populist politicians have an incentive to propose a commitment-type policy platform that can be easily monitored by voters. We derived testable implications of populists' commitment-type policies, and we test them in the context of Italian municipalities, where mayors have large influence in policy-making and over top bureaucrats. We analyse all municipal elections in which a populist mayor runs for office in a regression discontinuity design and find that when a populist mayor barely wins the election, debts and payments of procurement contracts increase, suggesting lower government performance. We also find that populist mayors lead to higher turnover among top bureaucrats, who in turn are on average less educated. We present several robustness tests that reinforce our confidence in the commensurability of our estimates with the effect of electing a populist mayor in close electoral races (Bueno De Mesquita and Tyson 2020).

Three notes about the generalisability of our results are in order, concerning the repre-

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<sup>15</sup>Our data features several reasons of contract termination for public managers, most of them generically coded "other reasons" (almost 40% of all terminations). The three most-frequent reasons are voluntary resignations (30% of total), retirements (13%), transfers to other organisations (14%).

representativeness of our sample, the scope conditions of the theoretical set-up, and alternative mechanisms linking populism and lower performance. First, the RD estimates are local by design and there may be a concern about the representativeness of close races with populist candidates. While populists run in approximately a quarter of all the elections in our data, they also run in larger towns, with the average population size with a populist candidate being 2.9 times as large as the average population size across all municipalities. While our results are still based on small political communities, our theoretical framework suggests that the relationship between populist governments, performance, and turnover should hold in larger polities and higher levels of government too, where politicians have more influence over more salient policies.

Second, as far as the underlying features of the Italian political system are concerned, there are reasons to believe that the theory discussed in this paper applies to political systems with a low level of power sharing and considerable influence of elected officials on bureaucratic bodies. Moreover, our framework speaks to modern bureaucracies with clear tasks and organisations, which are delegated significant stocks of discretion in managing policies. In political systems where crony or corrupted practices prevail, it is harder for expertise to affirm as a distinctive feature of bureaucratic policy-making, and populist politicians might not be concerned about replacing experts with non-experts. Similarly, for the theory to apply, bureaucratic administrations ought to have a certain level of capacity in order to attract expert professionals in the first place. If no expert works for bureaucratic bodies, we would not expect turnover to increase or bureaucratic quality to drop as a consequence of populism.

Third, it should be noted that the effects we find on debts, public procurement, and turnover might be only one fraction of the factors that make populist politicians bad for government performance and the quality of bureaucrats. Longer-term effects might affect the economic attractiveness of the municipality with detrimental consequences on investments and

local economic growth (in a similar vein to the findings in Funke, Schularick, and Trebesch (2020)). Moreover, while the data allows us to prioritise this demand-side mechanism of turnover over a supply-side one based on bureaucrats’ self-selection, we cannot rule out alternative ways through which populism undermines bureaucracy. An important one, highlighted in theoretical work, is that those expert bureaucrats who remain in the administration can “pause” their commitment to good-quality policies and feign to be non-expert while waiting out the incumbent government (Sasso and Morelli 2021; Cameron and Figueiredo 2020). Future research could study other facets of performance and examine the conditions under which bureaucrats are willing to compromise on policy today to remain in their post tomorrow.

While it is important to highlight these specificities of the Italian context and more general scope conditions of the theoretical framework, we believe that the main concepts used in this paper are generalisable to other countries and political systems. Populism is on the rise across the world<sup>16</sup> and it is likely to have sizeable consequences for the performance of the government and interfere with the appointment and removal decisions that characterise the relationship between political principals and bureaucratic agents. Moreover, by providing the first empirical test of the consequences of populism for government performance and bureaucratic quality, our paper opens new paths to the study of policy-making under populism. If populist politicians worsen the functioning of government, they might undertake patronage and clientelistic tactics to remain in power (Hicken 2011), or they can allocate resources and programs in the attempt to consolidate their electoral consensus across their most loyal voters (Peters and Pierre 2020). Our findings can therefore inform a large body of work studying populism, government performance, and bureaucracy more broadly.

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<sup>16</sup>The aggregate 2020 vote share of populist parties in Europe doubled with respect to the total share in 2010 (from approximately 15% to more than 30%) (Rooduijn et al. 2019).

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# Online Appendix

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## A.1 Populist Parties in Italy

In this section we provide qualitative information about the populist nature of parties in Italy. The Lega (Nord) was established in 1991, with a strong regionalist and secessionist focus (Meardi and Guardiancich 2021). Together with Giorgia Meloni’s Fratelli d’Italia, established in 2012, the new leadership of Salvini in 2013 moved the party to a more right-wing, conservative, nationalist platform, with a strong focus on anti-immigration and security. The 5SM, instead, was established as a more participatory and deliberative platform, advocate of direct democracy, and with a strong anti-elite identity (Mosca and Tronconi 2019). Despite some stark differences, they all share the aversion to austerity measures and see the European Union as a technocratic organisation which puts at risk the national interest (Caiani and Graziano 2019). Silvio Berlusconi’s Forza Italia and, then, the Popolo della Libertà, has been portrayed as the first instance of populist party in Italy, known for its anti-establishment and people-centric rhetoric against corrupt elites, intellectuals and members of the judiciary (Van Kessel 2015). These features that can be found in the Italian populism are far from being a distinct characteristic of Italian politics. The combination of anti-establishment sentiment with right-wing conservatism, holistic-representation ambitions, and economic nationalism can be found in many countries and regions of the world (Van Kessel 2015), from Latin to North America (Conley 2020), Europe (Mudde and Kaltwasser 2017), and Africa alike (Resnik 2017).

## A.2 Datasets

In this section we provide detailed information about the source of data used in the manuscript.

We obtained election data directly from the Ministry of Interior, although the same data is reported in the Historical Electoral Archive accessible at <https://elezionistorico.interno.gov.it/>. The dataset includes information about every mayoral candidate in the total population of municipal elections from 1989 to 2020. We focus on the elections where *one* populist candidate ran against *at least one* non-populist candidate. Municipalities with more than 15,000 inhabitants have a two-round electoral system, where the two most voted candidates compete in a second round when no one obtains more than 50% of votes in the first round. When a second-round occurred, we focused on the two candidates running in the second round. As a result, if a populist was running in the first round but did not qualify to the second round, the election is excluded from the sample.

Data on bureaucratic composition of municipal governments is obtained from the Annual Account of the Italian General Accounting Office which is a department within the Ministry of the Economy and Finance (available at <http://contoannuale.mef.gov.it>). The richness of this data allows us build fine-grained measures of bureaucratic turnover and quality from 2001 to 2019 across all Italian public organisations. Importantly, we are able to focus on key bureaucrats within municipal governments, namely those with managerial rank. To do this, we subset each datasets of the Annual Account to macro-categories of contracts which contain the word *dirigente* (manager).

Database on Local Administrators with information on the number of local councillors and members of the executive committee is available at <http://dait.interno.gov.it/elezioni/open-data>, data on debt repayment for the period 2008-2015 available at <http://dati.statistiche-pa.it>. Procurement data available at <https://dati.anticorruzione.it>.

Because not every dataset resorts to unique code identifiers, we alternated merging strategies using strings that combined both the municipality and region name, the unique identifiers assigned by the National Institute of Statistics, or the unique code attached to each municipality's budget data.

### A.3 Treatment and Control Group

In the table below we report a summary description of the treatment and control groups for the RD analysis.

---

<b>Treatment Group</b>
1) one populist candidate runs against one or more non-populist candidates in election year $T$
2) the populist candidate barely wins
3) we analyse outcomes for that municipality during every calendar year $t$ until the next election in $T + 1$

---

<b>Control Group</b>
1) one populist candidate runs against one or more non-populist candidates in election year $T$
2) the populist candidate barely loses
3) we analyse outcomes for that municipality during every calendar year $t$ until the next election in $T + 1$

---

Table A.1: Description of treatment and control groups.



## A.4 Validity of RDD

In this section we report falsification tests for the regression discontinuity design.

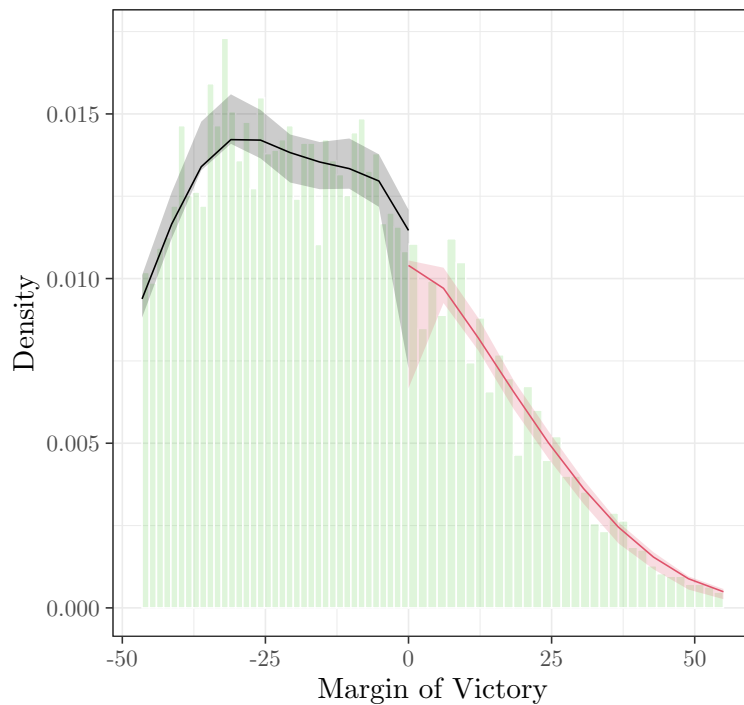


Figure A.1: Manipulation test using the local polynomial density estimators proposed in Cattaneo, Jansson, and Ma (2020). Histogram estimate of the running variable computed with default values in R; local polynomial density estimate (solid dark and red) and robust bias corrected confidence intervals (shaded dark and red) computed using *rddensity* package in R. We cannot reject the null hypothesis of no sorting with  $p.value = 0.50$ .

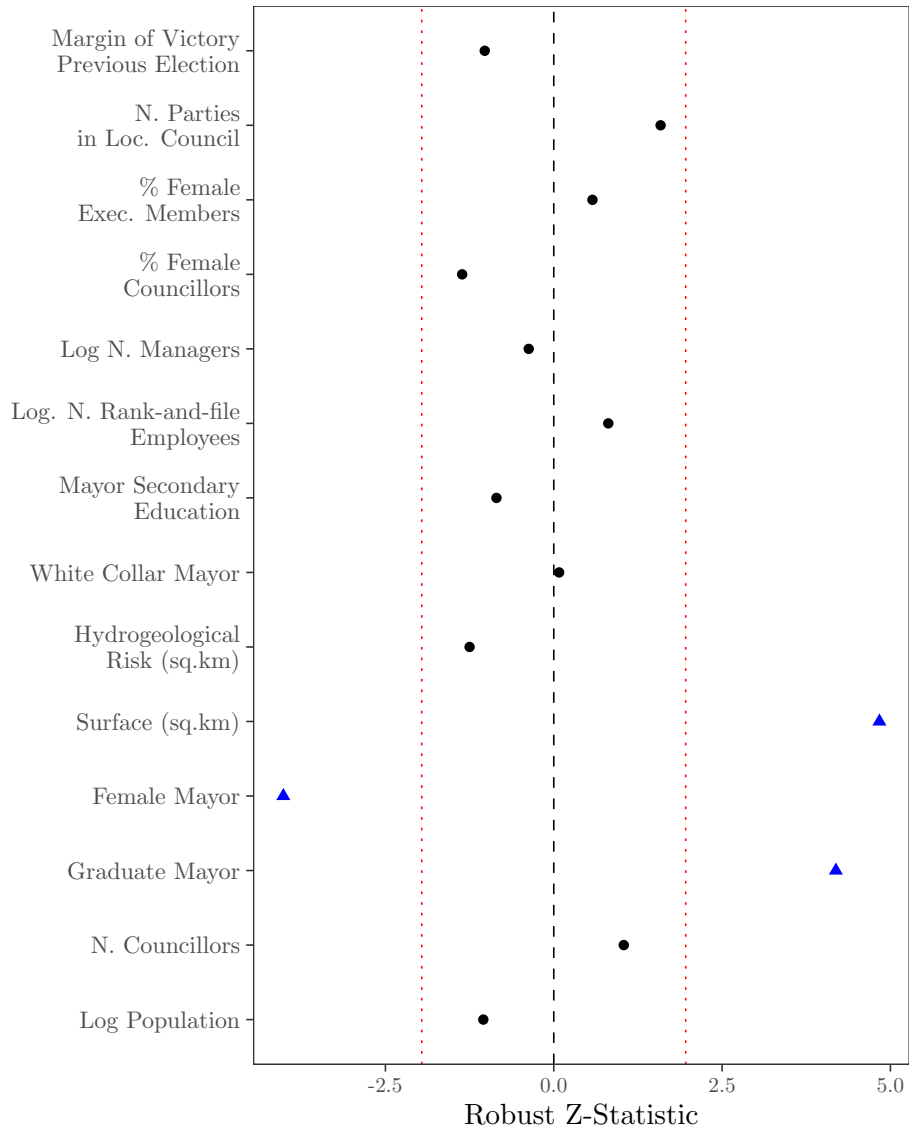


Figure A.2: RD robust Z-statistics of the effect of electing a populist mayor on pre-treatment covariates with vertical line at 95% confidence level. Estimates constructed using local polynomial estimators with triangular kernel and CER-optimal bandwidth (as suggested by Cattaneo, Idrobo, and Titiunik 2019, Ch. 5). Robust p-values using bias-correction with cluster robust standard errors at municipality level. Same covariates as in Tables 3, except for the covariate used as outcome variable: population (log), surface (sq.km), surface at hydro-geological risk (sq.km), number of local councillors, gender, secondary education, degree, and white-collar job of mayor (all dichotomous), year and year-election dummies.

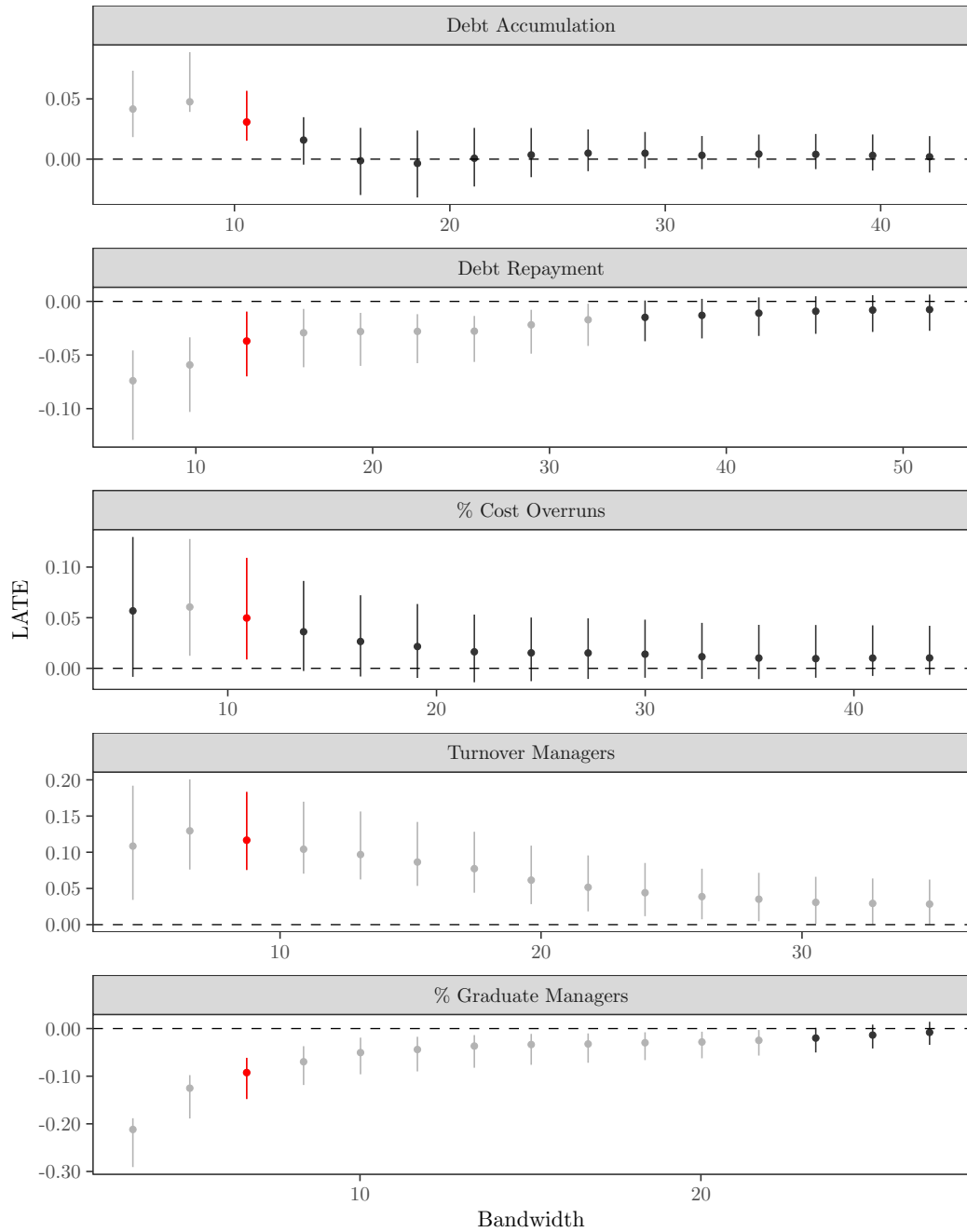
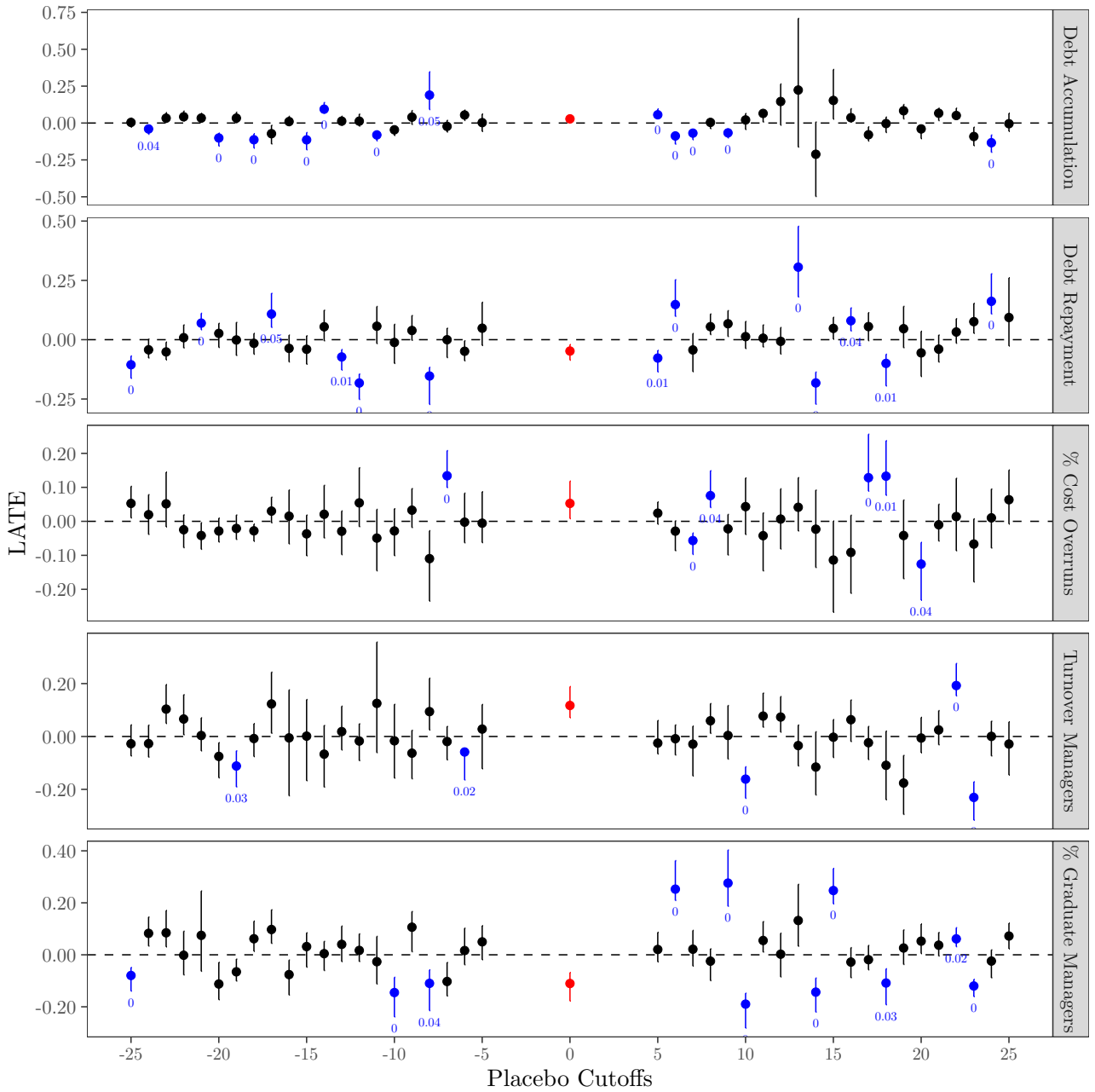


Figure A.3: RD estimates with 95% cluster-robust CI of the effect of electing a populist mayor with alternative bandwidths. Red coefficients estimated with MSE-optimal bandwidth and grey coefficients statistically significant at 96% level. Estimates constructed using local polynomial estimators with triangular kernel and MSE-optimal bandwidth. Robust p-values and confidence interval constructed using bias-correction with cluster robust standard errors at municipality level. Covariates include: population (log), surface (sq.km), surface at hydro-geological risk (sq.km), number of local councillors, gender, secondary education, degree, and white-collar job of mayor (all dichotomous), year and year-election dummies.



<i>Outcomes</i>	Lagged DV				
	Government Performance			Quality of Bureaucrats	
	Debt Accumulation	Debt Repayment	% Cost Overruns	Turnover Managers	% Graduate Managers
<i>LATE</i>	0.011	-0.025	0.010	-0.026	-0.078
<i>Robust 95% CI</i>	[-0.028, 0.065]	[-0.091, 0.043]	[-0.053, 0.074]	[-0.089, 0.039]	[-0.145, -0.037]
<i>Robust p-value</i>	0.434	0.482	0.753	0.441	0.001
<i>h</i>	13.47	14.47	14.29	13.15	9.50
<i>Obs. Used</i>	2,356	2,472	319	1,573	1,212

Table A.2: Lagged DV: RD estimates of the effects of electing a populist in year  $T$  on outcomes observed between election  $T$  and  $T - 1$ . Lagged Margin: RD estimates of the effects of electing a populist in year  $T - 1$  on outcomes observed between election  $T$  and  $T+1$ . Estimates constructed using local polynomial estimators with triangular kernel. Robust p-values and confidence interval constructed using bias-correction with cluster robust standard errors at municipality level,  $h$  is the MSE-optimal bandwidth. Covariates include: population (log), surface (sq.km), surface at hydro-geological risk (sq.km), number of local councillors, gender, secondary education, degree, and white-collar job of mayor (all dichotomous), year and year-election dummies.

## A.5 Main Results, No Covariates

<i>Outcomes</i>	Government Performance			Quality of Bureaucrats	
	Debt Accumulation	Debt Repayment	% Cost Overruns	Turnover Managers	% Graduate Managers
<i>LATE</i>	0.015	-0.033	0.057	0.084	-0.125
<i>Robust 95% CI</i>	[-0.007, 0.043]	[-0.064, -0.007]	[ 0.016, 0.116]	[ 0.038, 0.148]	[-0.181, -0.092]
<i>Robust p-value</i>	0.159	0.015	0.009	0.001	0.000
<i>h</i>	12.76	14.63	10.33	10.03	6.59
<i>Obs. Used</i>	4,476	5,073	1,011	1,908	1,147

Table A.3: RD estimates constructed using local polynomial estimators with triangular kernel. Robust p-values and 95% confidence interval and confidence intervals constructed using bias-correction with cluster robust standard errors at municipality level,  $h$  is the MSE-optimal bandwidth. No covariates included.

## A.6 Supply and Demand side of Turnover

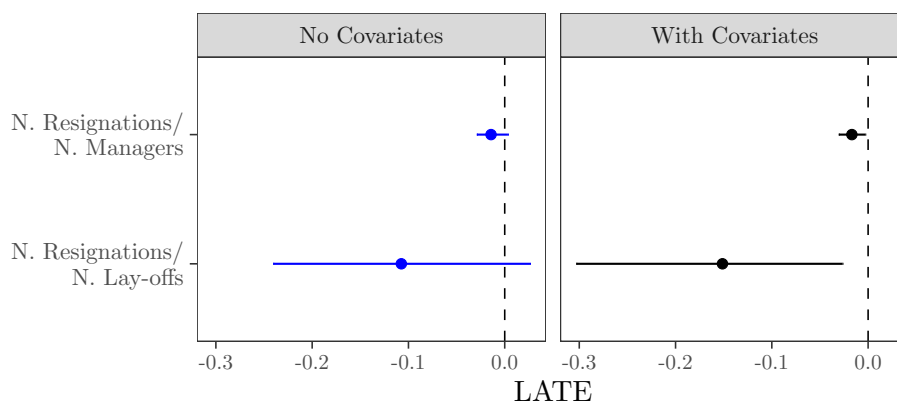


Figure A.5: RD estimates with 95% cluster-robust CI of the effect of electing a populist mayor on resignation outcomes. Estimates constructed using local polynomial estimators with triangular kernel and MSE-optimal bandwidth. Robust p-values and confidence interval constructed using bias-correction with cluster robust standard errors at municipality level. Covariates include: population (log), surface (sq.km), surface at hydro-geological risk (sq.km), number of local councillors, gender, secondary education, degree, and white-collar job of mayor (all dichotomous), year and year-election dummies.

## A.7 Incumbency Confounding Effect

<i>Outcomes</i>	Government Performance			Quality of Bureaucrats	
	Debt Accumulation	Debt Repayment	% Cost Overruns	Turnover Managers	% Graduate Managers
<i>LATE</i>	0.080	-0.083	0.056	0.156	-0.133
<i>Robust 95% CI</i>	[0.062, 0.109]	[-0.141, -0.048]	[-0.006, 0.135]	[0.108, 0.233]	[-0.184, -0.105]
<i>Robust p-value</i>	0.000	0.000	0.075	0.000	0.000
<i>h</i>	8.74	7.88	11.85	9.53	4.72
<i>Obs. Used</i>	2,082	1,833	718	1,273	523

Table A.4: RD estimates of the effects of electing a populist mayor excluding incumbent mayors (we keep the first term of all mayors who have been elected more than once). Estimates constructed using local polynomial estimators with triangular kernel. Robust p-values and 95% confidence interval and 95% confidence intervals constructed using bias-correction with cluster robust standard errors at municipality level,  $h$  is the MSE-optimal bandwidth. Covariates include: population (log), surface (sq.km), surface at hydro-geological risk (sq.km), number of local councillors, gender, secondary education, degree, and white-collar job of mayor (all dichotomous), year and year-election dummies.