

Do Incompetent Politicians Breed Populist Voters?

Evidence from Italian Municipalities

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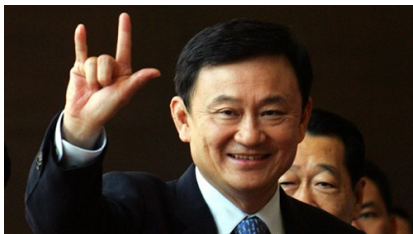
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Populism on the Rise Worldwide



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- suck

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Perhaps because establishment politicians

- ~~suck~~ have proved ineffective if not incompetent and corrupt
 - ▶ Surprisingly understudied: ⇒ this project

Populist Rage

"People in this country have had enough of experts"

Michael Gove, June 2016

"It is time to drain the swamp in Washington, D.C."

Donald J. Trump, October 2016

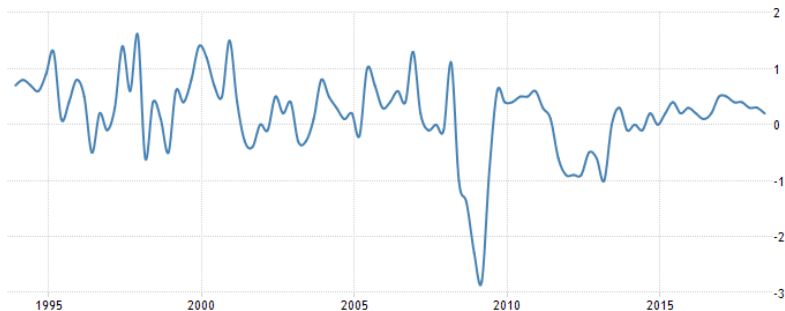
"Removing a hurdle, the political caste that blocks the normal course of democracy in our country. This has been the goal of our movement."

Beppe Grillo, March 2018

Against a Disappointing Establishment



ITALY GDP GROWTH RATE



Can Valence Help?

Our simple empirical investigation

- Better government \Rightarrow lower populism ?
- Obvious identification challenge

Identification strategy from Gagliarducci and Nannicini (2013)

- Better pay \Rightarrow better politicians \Rightarrow better government
- Salary of Italian mayors depends on municipal population
- Discontinuous jump at 5,000 residents

There Is Hope

Incumbents' valence blunts the appeal of anti-establishment challengers

- More educated local politicians
 - ▶ +6 p.p. college graduates ($= +.13\mu = +.12\sigma$)
- ⇒ More effective local government
 - ▶ +4 p.p. recycled waste ($= +.06\mu = +.22\sigma$)
- ⇒ Lower support for the anti-establishment Five-Star Movement (M5S)
 - ▶ -2 p.p. vote share ($= -.08\mu = -.20\sigma$)
 - ▶ Countervailing increase in the vote share of incumbent governing parties
- Significant effect of local governance on upper-level electoral outcomes
- Consistent with rational dissatisfaction with the establishment

The Italian Political Landscape

- Stable two-coalition rivalry 1947–2018
 - ▶ Cold-war politics with no turnover 1947–93
 - ▶ End-of-history politics with full turnover 1994–2018
- ❶ “Center-Left” coalition 1994–2018
 - ▶ Heirs of the 1947–93 Communists (PCI)
 - ▶ Led by the post-communist party: PDS → DS → PD
 - ▶ Minor allies appearing/disappearing, joining/leaving
- ❷ “Center-Right” coalition 1994–2018
 - ▶ Heirs of the 1947–93 Christian Democrats (DC)
 - ▶ Led by Silvio Berlusconi's party: FI → PdL → FI
 - ▶ Two stable major allies
 - ★ The post-fascist right: AN → PdL → FdI
 - ★ The regional Northern League

The Five-Star Movement

- Rise of a disruptive third pole of Italian politics
 - 2005 *Friends of Beppe Grillo*, comedian, blogger and activist
 - 2007-08 *V-Day* (F***-Off Day) rallies against establishment politicians
 - 2009 Grillo, web entrepreneur G. Casaleggio found *M5S Association*
 - 2012-13 Mayors of Parma, Ragusa; 25% in parliamentary election
 - 2016-18 Mayors of Rome, Turin; 33% in parliamentary election
- National government since 2018
 - ▶ Longest government-formation talks in Italian history (89 days)
 - ▶ Long-standing M5S unwillingness to enter any alliance with any party

An Anti-Establishment Force

- Self-description

The 5-Star MoVement is a free citizens association. It is not a political party nor is it meant to become one in the future. It has no left-wing or right-wing ideologies, but ideas. It wants to carry out an efficient and effective exchange of ideas and democratic dialogue free from links to associations and parties and without the mediation of administrative or representative institutions, attributing to the whole citizenry the ruling and steering role normally assigned to a few.

- Main focus: anti-establishment (“anti-particracy”)
 - ▶ Citizens vs. politicians (“the caste”) instead of left vs. right
 - ▶ Direct democracy, especially online (“digital democracy”)
 - ▶ Term limits, salary cuts, no public campaign finance (“zero-cost politics”)

Italian Municipalities

Population Range	Municipalities		Total Population	
	No.	%	Residents	%
Up to 1,000	1,951	24.11	1,062,284	1.79
1,001 to 3,000	2,602	32.16	4,791,028	8.06
3,001 to 5,000	1,149	14.20	4,471,018	7.52
5,001 to 10,000	1,186	14.66	8,390,615	14.12
10,001 to 15,000	480	5.93	5,853,140	9.85
15,001 to 30,000	417	5.15	8,537,223	14.36
30,001 to 50,000	166	2.05	6,341,787	10.67
50,001 to 100,000	95	1.17	6,318,226	10.63
100,001 to 250,000	34	0.42	4,877,881	8.21
250,001 to 500,000	6	0.07	1,853,133	3.12
Above 500,000	6	0.07	6,937,409	11.67
All municipalities	8,092	100.00	59,433,744	100.00

Municipal Government

For small municipalities ($\leq 15,000$ residents)

- First-past-the-post mayoral election
- The mayor appoints a municipal cabinet (*giunta*)
 - ▶ Up to 4 appointees (*assessori*) for 3,001–10,000 residents
- The mayor effectively controls the municipal council
 - ▶ 12 councillors for 3,001–10,000 residents
 - ▶ 8 from the unique list of the mayor's supporters
 - ▶ 4 proportionally from those of defeated candidates
 - ▶ The council can remove the mayor, but only by resigning
- Five-year term with two-term limit

Threshold Rules for Italian Municipalities

- Many rules governed by many discrete thresholds (Eggers et al. 2018)
- Based on different population measures (D. Lgs. 267/2000, art. 37, art. 156)
 - ▶ Often fooling the literature, including Senator Nannicini
- ❶ Electoral rules: “legal population” at the latest Census enumeration
 - ▶ Latest Census date: 9 October 2011
- ❷ Budget rules: population estimate at the start of the budgeting year
 - ▶ I.e., 12 months before the start of the budget year
- The two figures do not perfectly coincide even once

The 5,000-Resident Threshold

- Clean threshold at 5,000 residents at the start of the election year
 - ▶ Determines first budget enacted and first full-year compensation
- Municipal politicians' compensation rise sharply
 - ▶ Mayor: +29% from € 1,952 to € 2,510 per month
 - ▶ Deputy mayor: +221% from € 391 to € 1,256
 - ▶ *Assessore*: +286% from € 293 to € 1,130
- Identical fiscal-discipline rules since 2013
 - ▶ Imposed at the threshold in 2001–12, which we thus don't study

Confounding 5,000-Resident Thresholds?

- Thresholds for 5,000 residents at the 2011 Census
 - ▶ In theory, different running variables (Davezies and Le Barbanchon 2017)
- Different size of municipal council and cabinet in 2012–13 alone
- Threshold for gender-equality rules for municipal council
 - ▶ $\geq 1/3$ candidates of each gender, one preference vote per gender
 - ▶ Increased share of female councillors (Baltrunaite et al. 2020)
 - ▶ No other benefits of gender quotas (Bagues and Campa 2020)
 - ▶ No threshold rule for municipal cabinet gender quotas
- Threshold for requirement to join an intermunicipal unions?
 - ▶ Perpetually deferred, eventually ruled unconstitutional

Data

Municipalities between 3,001 and 10,000 residents

- Municipal administrations elected 2013–17
 - ▶ Characteristics of each mayor and cabinet member
 - ▶ We define occupation categories by share of college graduates
 - 1 High-skill = above 60%: architects, engineers, lawyers, doctors, teachers
 - 2 Low-skill = below 20%: craftsmen, factory workers, shopkeepers, police
 - ▶ Efficiency of municipal waste collection: share recycled, costs
- Higher-level election outcomes 2014–18
 - ▶ 2014 European Parliament election
 - ▶ Staggered regional elections for all but three regions
 - ▶ 2018 national election
 - ▶ Focus on elections no sooner than a year after the municipal election
- Other drivers of populism for robustness checks
 - ▶ Employment and immigration
 - ▶ Political scandals from scraped newspaper articles

Municipalities and Municipal Cabinets, 2013–17

	Median	Average	Std. Dev.	Obs.
<i>(a) Politicians' Characteristics</i>				
Age	46	46.2	11.5	11,587
Female	0	0.36	0.48	11,587
University	0	0.46	0.50	11,587
Not Employed	0	0.13	0.34	11,587
Business Owner	0	0.06	0.24	11,587
High-Skill Occupation	0	0.25	0.43	11,587
Low-Skill Occupation	0	0.18	0.38	11,587
<i>(b) Municipal Waste Collection</i>				
Recycled Waste (share)	0.69	0.64	0.18	2,072
Waste per Resident (kg)	436	461	151	1,969
Cost per Resident (€)	125.3	139.1	64.9	1,969
Unit Cost (¢/kg)	28.3	30.8	10.2	1,969
<i>(c) Other Municipal Characteristics</i>				
Joblessness Rate	0.24	0.27	0.09	2,225
Immigrant Inflow (per thousand)	0.99	1.17	3.08	2,218
MP Corruption News	0.15	0.16	0.04	2,216
Intermunicipal Union	0	0.36	0.48	2,223

Election Data, 2014–18

	Median	Average	Std. Dev.	Obs.
<i>(a) Regional Elections</i>				
M5S	0.16	0.16	0.07	1,302
Mainstream Right	0.51	0.49	0.14	1,302
Mainstream Left	0.26	0.30	0.13	1,302
Non-M5S Fringe	0.03	0.05	0.05	1,302
Incumbent Parties	0.50	0.47	0.14	1,302
Mainstream Opposition	0.27	0.31	0.14	1,302
Non-M5S Opposition	0.32	0.36	0.14	1,302
Turnout	0.63	0.62	0.15	1,302
<i>(b) 2018 National Election</i>				
M5S	0.27	0.31	0.11	2,225
Mainstream Right	0.42	0.42	0.11	2,225
Mainstream Left	0.20	0.20	0.06	2,225
Non-M5S Fringe	0.06	0.06	0.02	2,225
Non-M5S Opposition	0.49	0.49	0.10	2,225
Turnout	0.77	0.75	0.06	2,225
<i>(c) 2014 European Election</i>				
M5S	0.20	0.21	0.06	226
Mainstream Right	0.28	0.29	0.09	226
Mainstream Left	0.39	0.39	0.08	226
Non-M5S Fringe	0.09	0.11	0.06	226
Turnout	0.49	0.49	0.11	226

Local Politicians' Selection

	Age	Female	University	Not Employed	Business Owner	High-Skill Occupation	Low-Skill Occupation
Effect	-0.510 (0.650)	-0.026 (0.015)	0.055** (0.023)	-0.024 (0.021)	0.011 (0.012)	0.032 (0.023)	-0.045** (0.019)
Robust <i>p</i> -value	.690	.160	.026	.160	.330	.280	.017
Total Obs.	11,314	11,314	11,314	11,314	11,314	11,314	11,314
Bandwidth	438	768	625	389	528	764	676
Effective Obs.	1,871	3,054	2,531	1,672	2,194	3,029	2,724
Region FE	No	No	No	No	No	No	No
Clustering	Munic.	Munic.	Munic.	Munic.	Munic.	Munic.	Munic.
Effect	-0.590 (0.510)	-0.039*** (0.015)	0.062*** (0.020)	-0.034* (0.020)	0.019 (0.012)	0.029* (0.019)	-0.039** (0.017)
Robust <i>p</i> -value	.430	.007	.003	.017	.130	.073	.017
Total Obs.	11,314	11,314	11,314	11,314	11,314	11,314	11,314
Bandwidth	439	442	523	382	430	646	612
Effective Obs.	1,871	1,886	2,177	1,633	1,853	2,613	2,511
Region FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Clustering	Region	Region	Region	Region	Region	Region	Region

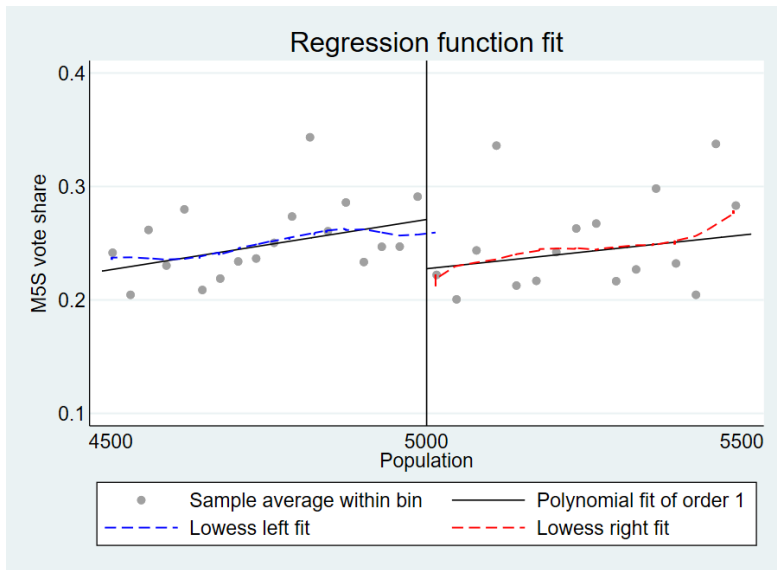
Local Government Effectiveness

	Recycled Waste (share)	Waste per Resident (kg)	Cost per Resident (€)	Unit Cost (¢/kg)
Effect	0.041 (0.036)	-26.0 (20.0)	-9.84 (9.47)	-0.92 (2.14)
Robust <i>p</i> -value	.250	.180	.220	.500
Total Obs.	2,072	1,968	1,968	1,968
Bandwidth	619	772	676	772
Effective Obs.	464	523	463	523
Region FE	No	No	No	No
Clustering	Munic.	Munic.	Munic.	Munic.
Effect	0.044** (0.020)	-9.8 (18.0)	-5.93 (6.36)	-0.46 (0.99)
Robust <i>p</i> -value	.038	.420	.310	.670
Total Obs.	2,072	1,968	1,968	1,968
Bandwidth	596	568	555	707
Effective Obs.	456	397	386	480
Region FE	Yes	Yes	Yes	Yes
Clustering	Region	Region	Region	Region

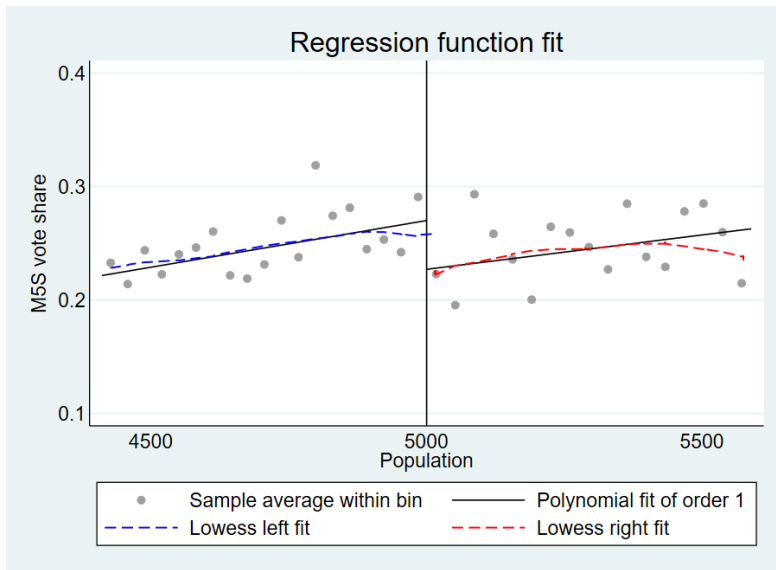
Voter Support for Populism

	M5S Vote Share				Turnout	
<i>Regional, National and European Elections, 2014–18</i>						
Effect	-0.032** (0.015)	-0.036** (0.016)	-0.017** (0.006)	-0.019** (0.008)	0.001 (0.009)	0.006 (0.007)
Robust <i>p</i> -value	.024	.030	.014	.047	.870	.510
Total Obs.	3,753	3,753	3,753	3,753	3,753	3,753
Bandwidth	528	888	562	852	881	677
Effective Obs.	716	1,186	759	1,152	1,179	899
<i>Regional Elections, 2014–18</i>						
Effect	-0.037** (0.019)	-0.044** (0.021)	-0.043** (0.022)	-0.049* (0.027)	0.008 (0.022)	0.018 (0.015)
Robust <i>p</i> -value	.044	.042	.050	.070	.720	.240
Total Obs.	1,302	1,302	1,302	1,302	1,302	1,302
Bandwidth	604	897	308	537	729	848
Effective Obs.	284	414	142	251	332	397
<i>2018 National Elections</i>						
Effect	-0.021 (0.019)	-0.032 (0.026)	-0.020** (0.008)	-0.019 (0.011)	0.000 (0.011)	-0.004 (0.006)
Robust <i>p</i> -value	.210	.320	.030	.130	.830	.440
Total Obs.	2,225	2,225	2,225	2,225	2,225	2,225
Bandwidth	695	793	789	1,01	650	487
Effective Obs.	545	625	622	785	514	392
Polynomial Order	1	2	1	2	1	1
Region FE	No	No	Yes	Yes	No	Yes
Clustering	Munic.	Munic.	Region	Region	Munic.	Region

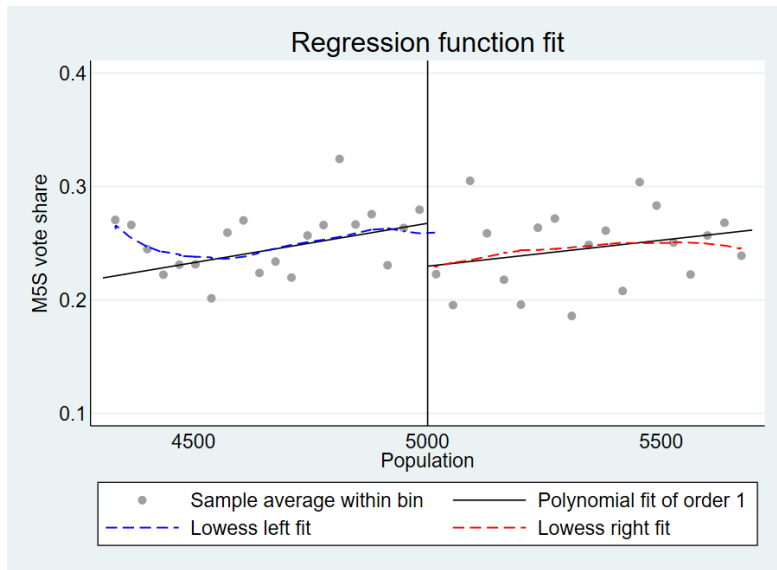
Regional, National and European Elections, 2014–18



Regional Elections, 2014–18



2018 National Elections



Voter Support by Incumbency Status

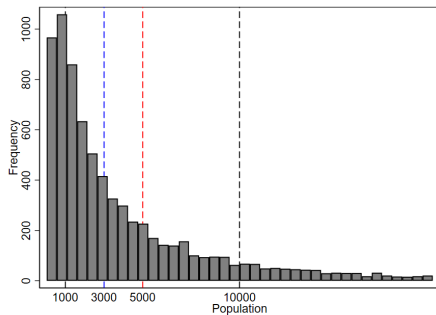
Vote Shares:	Incumbent Parties		Mainstream Opposition		Non-M5S Opposition	
Regional and National Elections, 2014–18						
Effect	.010 (.011)	.027*** (.006)	.016 (.016)	-.014 (.009)	.020 (.017)	-.010 (.010)
Robust <i>p</i> -value	.330	.000	.300	.150	.230	.390
Total Obs.	3,527	3,527	3,527	3,527	3,527	3,527
Bandwidth	616	576	574	535	582	560
Effective Obs.	779	739	738	682	744	711
Regional Elections, 2014–18						
Effect	.009 (.028)	.053*** (.015)	.010 (.032)	-.028 (.020)	.017 (.032)	-.031 (.022)
Robust <i>p</i> -value	.630	.000	.840	.180	.660	.180
Total Obs.	1,302	1,302	1,302	1,302	1,302	1,302
Bandwidth	907	438	661	465	763	527
Effective Obs.	416	206	301	216	347	245
2018 National Elections						
Effect	.005 (.011)	.015 (.009)	.018 (.023)	-.001 (.009)	.020 (.022)	.005 (.009)
Robust <i>p</i> -value	.650	.150	.360	.930	.300	.510
Total Obs.	2,225	2,225	2,225	2,205	2,225	2,225
Bandwidth	635	467	591	531	582	535
Effective Obs.	501	383	481	430	472	432
Region FE Clustering	No Munic.	Yes Region	No Munic.	Yes Region	No Munic.	Yes Region

Voter Support by Party Ideology

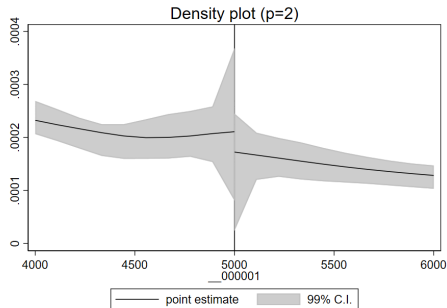
Vote Shares:	Mainstream Right		Mainstream Left		Non-M5S Fringe	
<i>Regional, National and European Elections, 2014–18</i>						
Effect	0.037* (0.023)	0.016 (0.011)	-0.015 (0.013)	-0.002 (0.010)	0.005 (0.005)	0.006 (0.005)
Robust <i>p</i> -value	.086	.100	.270	.750	.280	.280
Total Obs.	3,753	3,753	3,753	3,753	3,753	3,753
Bandwidth	566	392	782	418	597	571
Effective Obs.	766	538	1,034	575	816	771
<i>Regional Elections, 2014–18</i>						
Effect	0.072* (0.037)	0.051** (0.028)	-0.044 (0.031)	-0.020 (0.016)	0.008 (0.012)	-0.005 (0.011)
Robust <i>p</i> -value	.056	.059	.170	.150	.500	.570
Total Obs.	1,302	1,302	1,302	1,302	1,302	1,302
Bandwidth	642	391	735	488	634	888
Effective Obs.	292	180	333	225	287	412
<i>2018 National Elections</i>						
Effect	0.018 (0.023)	-0.001 (0.009)	0.005 (0.011)	0.015 (0.009)	-0.000 (0.005)	0.006 (0.004)
Robust <i>p</i> -value	.360	.930	.650	.150	.950	.140
Total Obs.	2,225	2,225	2,225	2,225	2,225	2,225
Bandwidth	591	531	635	467	731	559
Effective Obs.	481	430	501	383	571	450
Region FE	No	Yes	No	Yes	No	Yes
Clustering	Munic.	Region	Munic.	Region	Munic.	Region

Continuity at the Threshold

Histogram



McCrary Test

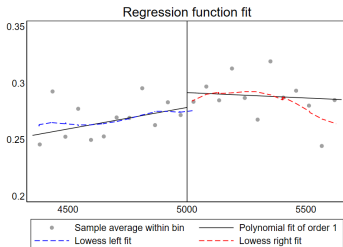


Covariate Balance

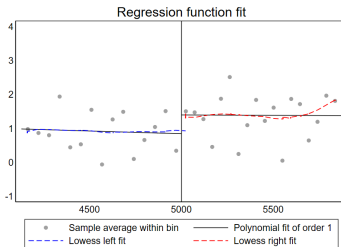
	Joblessness Rate	Immigrant Inflow	MP Corruption News	Intermunicipal Union
Effect	0.002 (0.022)	0.570 (0.450)	-0.590 (0.022)	-0.180* (0.088)
Robust <i>p</i> -value	.820	.260	.350	.053
Total Obs.	2,209	2,209	2,209	2,209
Bandwidth	507	849	538	720
Effective Obs.	407	674	468	556
Region FE	No	No	No	No
Clustering	Munic.	Munic.	Munic.	Munic.
Effect	0.013 (0.009)	0.490 (0.360)	-0.071 (0.170)	-0.120 (0.078)
Robust <i>p</i> -value	.200	.210	.810	.160
Total Obs.	2,209	2,209	2,209	2,209
Bandwidth	595	678	451	676
Effective Obs.	480	532	371	531
Region FE	Yes	Yes	Yes	Yes
Clustering	Region	Region	Region	Region

Covariates at the Threshold

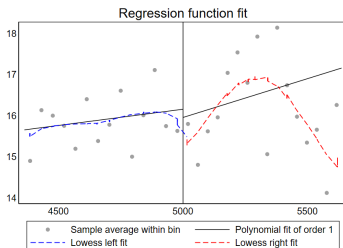
Joblessness Rate



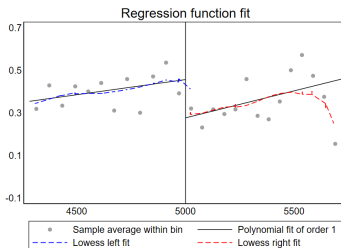
Immigrant Inflow



MP Corruption News



Intermunicipal Union



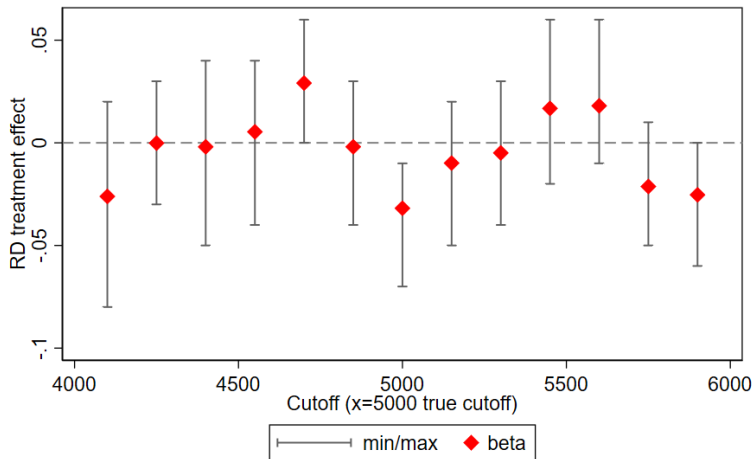
Robustness to Covariates

M5S Vote Share				
Effect	-0.031** (0.012)	-0.038*** (0.014)	-0.027** (0.013)	-0.032*** (0.012)
Robust <i>p</i> -value	.014	.008	.036	.010
Total Obs.	3,753	3,744	3,744	3,735
Bandwidth	651	506	583	663
Effective Obs.	860	680	787	879
Covariates	Joblessness Rate	Immigrant Inflow	MP Corruption News	All Three Covariates
Region FE Clustering	No Municipality	No Municipality	No Municipality	No Municipality
Effect	-0.017** (0.007)	-0.017** (0.006)	-0.017** (0.007)	-0.017** (0.007)
Robust <i>p</i> -value	.027	.013	.019	.031
Total Obs.	3,753	3,744	3,744	3,735
Bandwidth	511	562	546	506
Effective Obs.	687	758	736	677
Covariates	Joblessness Rate	Immigrant Inflow	MP Corruption News	All Three Covariates
Region FE Clustering	Yes Region	Yes Region	Yes Region	Yes Region

Placebo Thresholds

Threshold	Effect	Robust Std. Error	Robust p-value	Total Obs.	Bandwidth	Effective Obs.
4,100 Residents	-0.027	(0.021)	.200	3,753	285	466
4,250 Residents	-0.000	(0.013)	.910	3,753	566	909
4,400 Residents	-0.002	(0.018)	.940	3,753	435	644
4,550 Residents	0.005	(0.017)	.840	3,753	639	950
4,700 Residents	0.029*	(0.014)	.055	3,753	654	936
4,850 Residents	-0.002	(0.016)	.780	3,753	519	714
5,000 Residents	-0.032**	(0.015)	.024	3,753	528	716
5,150 Residents	-0.009	(0.015)	.440	3,753	752	978
5,300 Residents	-0.006	(0.013)	.680	3,753	982	1,190
5,450 Residents	0.016	(0.017)	.250	3,753	600	711
5,600 Residents	0.019	(0.016)	.160	3,753	554	599
5,750 Residents	-0.021	(0.013)	.210	3,753	906	994
5,900 Residents	-0.025*	(0.013)	.090	3,753	859	876

Placebo Thresholds

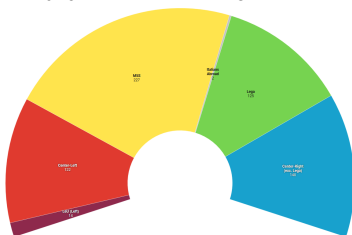


Don't Blame (Only) the Voters

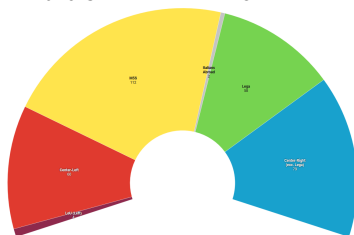
- Anti-establishment populist voting has many causes
 - ▶ Economic insecurity
 - ▶ Resistance to cultural and demographic change
 - ▶ Desire for descriptive representation
- But also the establishment's lackluster performance
- A significant driver, if we can extrapolate from the LATE
 - ▶ $+\sigma$ local government quality $\Rightarrow -0.9\sigma$ to -1.7σ M5S vote share
 - ▶ $+.4\sigma$ to $+.7\sigma$ local government quality \Rightarrow No M5S governments

Counterfactual 2018 National Election Outcomes

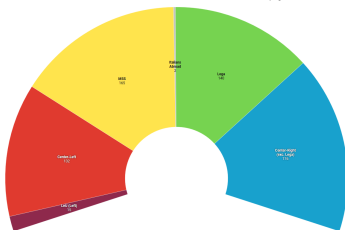
2018 House Election Outcomes



2018 Senate Election Outcomes



Counterfactual House: -6.5% M5S



Counterfactual Senate: -6.5% M5S

