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The rise of populist parties in the aftermath of a massive corruption scandal

Alessandra Foresta¹

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Abstract

Populism is on the rise in Europe and America, and understanding its origins and evolution is becoming increasingly important. In this study, I investigate the effects of the exposure of corruption scandals on populist parties in Italy, exploiting a novel dataset based on electoral data at the municipal level. I find that local corruption exposure helps the populist parties in national elections and hurts the incumbents as the scandals are revealed.

Keywords Corruption · Populism · Media · Political economics · Voting behaviors

JEL Classification D73 · L82 · P16

1 Introduction

In the past few years, the rise of populism has been a major characteristic of European and American politics. Populist movements and their importance have increased with every election. The 2018 general elections in Italy marked the historical victory of two populist parties, *Lega Nord*¹ (Northern League, LN) and the *Movimento Cinque Stelle* (Five Star Movement). Populist leader Victor Orban won the elections in Hungary again. Even in Sweden, the populist *Sverigedemokraterna* (Swedish Democrats) became the third largest party after the 2018 elections. *Lega Nord*,² *Sverigedemokraterna* and Victor Orban have many allies across Europe, such as the *Front National* (National Front) in France, *Alternative für Deutschland* (Alternative for Germany) in Germany, and *Partij voor de Vrijheid* (Party for Freedom) in the Netherlands.

Regardless of geographical and political differences, populist parties share some general traits. One of the characteristics is the rhetoric of “*us against them*”, as illustrated by LN’s slogan *Roma Ladrona* (Thieving Rome) in the 1990s. According to Mudde (2004, p. 543),

¹ To be precise, the name adopted by *Northern League* in the last elections simply was *League*.

² The full names of the political parties are presented in “Appendix 1”. For simplicity, in the paper I use abbreviations and acronyms.

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populism can be defined as “an ideology that considers society to be ultimately separated into two homogeneous and antagonistic groups, the pure people versus the corrupt elite”.

In this study, I investigate the relationship between the exposure of corruption scandals and the rise of populist parties in Italy. I focus on the massive corruption scandals of the 1990s at the local level and the rise of one of the largest populist parties, LN, in the next three elections at the national level.

Although several studies have investigated institutional factors, including political polarization, underlying the rise of populism, to my knowledge, this is the first study investigating the effects of corruption scandals at the local level on the rise of populist parties at the national level.³

Corruption and its exposure by the media influence voters’ behavior through different channels. First, corruption reduces trust in the political system in general (Aassve et al. 2018; Anderson and Tverdova 2003; Morris and Klesner 2010; Pharr 2000) and in the incumbent government in particular (Clausen et al. 2011). Second, corruption affects voter turnout. In Mexico, for example, Chong et al. (2014) find that exposure to corruption not only reduces voter turnout and the support for the incumbent party, but also erodes trust in the political system, and increases support for challenger parties in local elections as well. Costas-Pérez et al. (2012) find similar results for Spain, and Karahan et al. (2006) for Mississippi.⁴ Finally, as Lupu (2014) and Daniele et al. (2020) argue, political scandals influence not only perceptions of politicians who are involved directly, but also the perceptions of their parties as a whole, because of the “party brand” effect.

Controlling for municipality, province and year fixed effects as well as several demographic variables, I find that exposure of corruption scandals at the local level has a positive effect on LN’s vote share at the national level.

The rest of the study is organized as follows: Sect. 2 provides a brief summary of Italy’s political and historical background; Sects. 3 and 4 discuss the data and the empirical strategy. Section 5 presents the main results, and Sect. 6 concludes the paper.

2 Political and historical background

My sample covers a period of enormous change in Italian politics. One of the causes of the change was the massive corruption scandal called *Tangentopoli* (Bribe City), which led to approximately 1300 convictions and plea bargains (Travaglio 2009).⁵ Before *Tangentopoli*, at both the national and local levels, Italian politics was dominated by three main parties: *Democrazia Cristiana* (Christian Democrats, DC), *Partito Comunista Italiano* (Italian Communist Party, PCI) and *Partito Socialista Italiano* (Italian Socialist Party, PSI). DC and PSI usually formed alliances with smaller centrist parties such as *Partito Liberale Italiano* (Italian Liberal Party, PLI). DC was the country’s leading party at both the national level and local levels.

³ The recent work of Aassve et al. (2018) evaluates, among other things, the persistency of national corruption scandals on the rise of populist parties in the long run.

⁴ Other studies investigate the effects of corruption scandals on incumbents and find that incumbents are not always ousted automatically (Chang et al. 2010; Ferraz and Finan 2008; Peters and Welch 1980).

⁵ *Tangentopoli* was not the only cause of the meltdown in Italian politics. Other significant causes were the fall of the Berlin Wall and the collapse of communism in 1989, as well as the changes taking place in Italian society (Colazingari and Rose-Ackerman 1998).

In 1991, nearly 50% of Italy's mayors were either affiliated with DC or with one of the allied parties, while the others were from the PCI or from smaller parties. Some historical details regarding Italian electoral politics are useful in understanding Fig. 1. In the Italian system, local governments are elected for 5 years, and local elections are not synchronized with the national elections. Moreover, local elections are based mainly on local politics and local issues, such as traffic, parks and kindergartens. Parliaments likewise are elected for 5 years, but, owing to the well-known instability of Italian politics,⁶ early elections are relatively frequent, as in 1994 and 1996. Figure 2a, b shows the results of the 1992 general elections at the local level. The picture is quite similar to the one shown in Fig. 1.

Figure 2a, b shows the strong position of DC and its allies, labeled in the figure as *Center Coalition*, especially in Southern Italy. The *Left Coalition* was strong in Central Italy, such as in Tuscany and Emilia-Romagna. The *Left Coalition* includes the main left-wing party, PCI, its main successor, *Partito Democratico della Sinistra* (Democratic Party of the Left, PDS), and its allies. LN and the *Right* were minor players. *Right* includes *Alleanza Nazionale* (National Alliance, AN) and some small right-wing parties, excluding *Forza Italia* (Go Italy, FI) and LN.

The political turmoil of the 1990s was sparked by the arrest of Mario Chiesa in Milan, a prominent member of PSI, on February 17, 1992. Although the early months of the investigation were relatively quiet, partly because of the general election campaign,⁷ it set in motion a chain of events that uncovered some of Italy's systemic corruption. At the end of 1994, more than 20% of the members of Italy's Lower Chamber⁸ were accused of corruption, related crimes, or both.⁹ According to Daniele et al. (2020), the majority of corruption charges, approximately 75%, involved members of DC and its main ally, PSI. Because of the rising number of charges and popular outrage, the government fell and an early general election took place in 1994, marking a point of no return in Italian politics. DC collapsed and new political parties emerged, some very small, such as *Lega Alpina Lumbarda* (Lombard Alpine League, LAL),¹⁰ and some larger ones, including LN, FI and AN.

FI was founded by the entrepreneur Silvio Berlusconi¹¹ in December 1993 (Durante et al. 2017). It was a neoliberal political party, and it was an attempt to fill the vacuum created by the collapse of the traditional centrist parties, like DC and PSI. The first national electoral round for FI was 1994.

LN was founded in 1989 as an alliance¹² of autonomist and regional parties that already existed in Northern Italy. It became a political party after local elections in 1990. Its political ideology was strongly influenced by secessionism, federalism and regionalism. The first

⁶ Since 1946, Italy has had 29 prime ministers, 64 governments and 18 legislatures, rather than the 14 that would have been elected on 5-year cycles.

⁷ The general elections took place on April 5, 1992.

⁸ The Italian Parliament comprises two main chambers, *Camera*, the Lower Chamber, and *Senato*, the Upper Chamber.

⁹ The estimate is by Daniele et al. (2020), based on the work of Ceron and Mainenti (2015).

¹⁰ LAL was a left-wing regionalist political party, founded in 1992 and based in Lombardy.

¹¹ Silvio Berlusconi was a well-known real estate and media entrepreneur who became the leading political figure in Italy for roughly two decades.

¹² The most significant parties in the alliance were *Lega Lombarda* (Lombard League) and *Liga Veneta* (Venetian League), while the other parties included *Piedmont Autonomista* (Autonomist Piedmont), *Union Ligure* (Ligurian Union), *Lega Emiliano-Toscana* (Emilian-Tuscan League) and *Alleanza Toscana* (Tuscan Alliance).

general elections for LN were in 1992, but, as shown in Fig. 2b, it was relatively small until 1994.

AN was the latest transformation of the right-wing *Movimento Sociale Italiano* (Italian Social Movement, MSI), heir to the Fascist Party. For historical reasons, it was chiefly marginal in Italian politics (Ignazi 1998; Griffin 1996). Its political debut was in the 1994 national elections.

The results of the 1994 general elections signaled a drastic change in Italian politics. Figure 3a, b shows the differences in results for 1992 and 1994, along with the radical transformation of Italian politics in just 2 years.

First, FI received significant votes in all Italian regions.¹³ Second, LN, the *Left Coalition* and the *Right* increased their political clout and vote share, while the *Center Coalition*, which included DC and its main allies and successors, was virtually swept away. In order to secure the absolute majority in Parliament, an unlikely alliance was created, including FI, LN and a small centrist party, *Centro Cristiano Democratico* (Christian Democratic Center, CCD)¹⁴ in the North, along with FI, CCD and AN in the South. After the 1994 elections, FI became the leading party, with 21% of the votes, while LN received 8.4%,¹⁵ and AN a historic 13.4%. The 1994 election is considered to be the last year of the core *Tangentopoli* investigation, but related investigations, such as the Enimont investigation, continued for the rest of the decade.

The new government lasted only 2 years, largely because of the tensions within the coalition. New elections were held in 1996, won by a center-left coalition called *l'Ulivo* (The Olive Tree).¹⁶ LN received 10.4% of the national votes. The 13th Legislature was a rough-and-tumble affair, with two changes in the prime minister's office, but the coalition managed to last the full 5 years. New elections were held in 2001, won by a coalition called “*Casa delle Libertà*” (Home of Freedom) comprising FI, AN, LN, CCD and other smaller parties. The differences in electoral results between 1994 and 2001 are displayed in Fig. 4a, b.

Figure 4a, b shows increases in votes for FI, *Right* and LN, and a decline for the *Left Coalition*. Interestingly, *Center Coalition* achieved a small success, seeming to suggest that the DC's successors were able to re-brand politically, or at least to distance themselves from their past.

Figure 5 displays the change not only at the national but also at the local level. In 1991, as shown in Fig. 1, traditional parties (DC and its allies plus PCI and its allies) controlled most municipalities. The situation changed radically in the following years with the rise of *Civic Parties*. The number of candidates in local elections with no official connection to a national political party and usually contesting local issues increased. While in 1990 virtually no municipalities elected mayors representing a civic party, in 2000, approximately 2000 mayors did. Support for the new parties, such as LN and FI, grew as well; mayors from traditional parties lost popularity, confirming the upheaval in local politics as well.

¹³ The only exception was Puglia, where technicalities prevented FI from taking part in the 1994 general elections

¹⁴ CCD comprised former DC politicians who opposed the party's transformation into the *Partito Popolare Italiano* (Italian People's Party, PPI) and advocated an alliance with FI.

¹⁵ The result includes only the vote for the Lower Chamber, because, owing to the electoral alliance, LN did not run candidates for parliament's Upper Chamber.

¹⁶ A coalition comprising PDS, the parties of politicians who had been affiliated with the DC, such as *Popolari per Prodi* (People for Prodi, PPR) and other small left-wing parties.

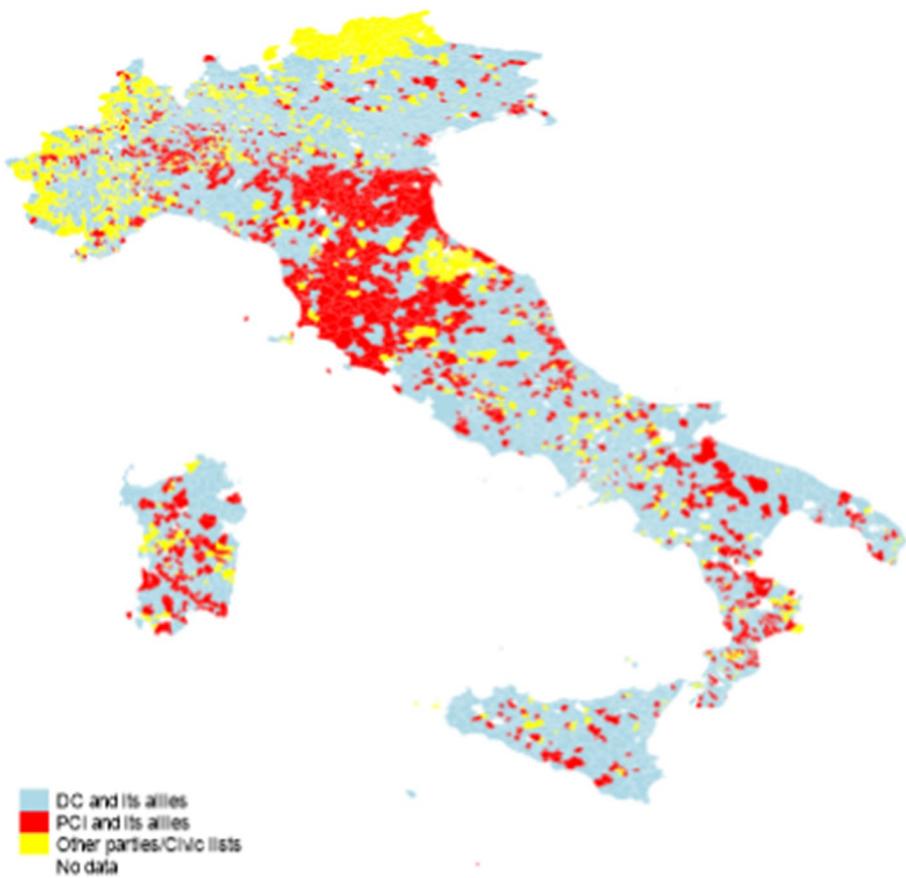


Fig. 1 Mayors' political party affiliation in 1991

As shown in Figs. 3a, b, 4a, b and 5, the political turmoil led to new actors entering the political arena. They were quite different from the earlier post-war parties, not only in their communication styles but also in their ideological positions, such as populism.

Defining a party as populist is not straightforward. Several definitions and classifications are proposed in the literature. In this study, the classification of Ruzza and Fella (2011) and Fella and Ruzza (2013) is adopted.¹⁷ Ruzza and Fella (2011) and Fella and Ruzza (2013) examine a series of documents associated with different parties during the 1990s, focusing on AN, FI and LN to identify the main values stressed in their political messages. In their opinion, LN clearly exhibited the core characteristics of a radical right-wing populist party, in line with the findings of Mudde (2007). Both Ruzza and Fella (2011) and Fella and Ruzza (2013) classify LN's brand of populism as "exclusionary ethno-populism", which considers outsiders as threats to the identities and social cohesions of Northern Italy.

¹⁷ Although the parties considered as populist in the present study are all right-wing parties, populism is not *a priori* connected with an ideology; left-wing populist parties also exist (see Latin America). As suggested by March (2012) and March and Mudde (2005), a "marriage of convenience" between populism and right-wing parties is observed in Europe.

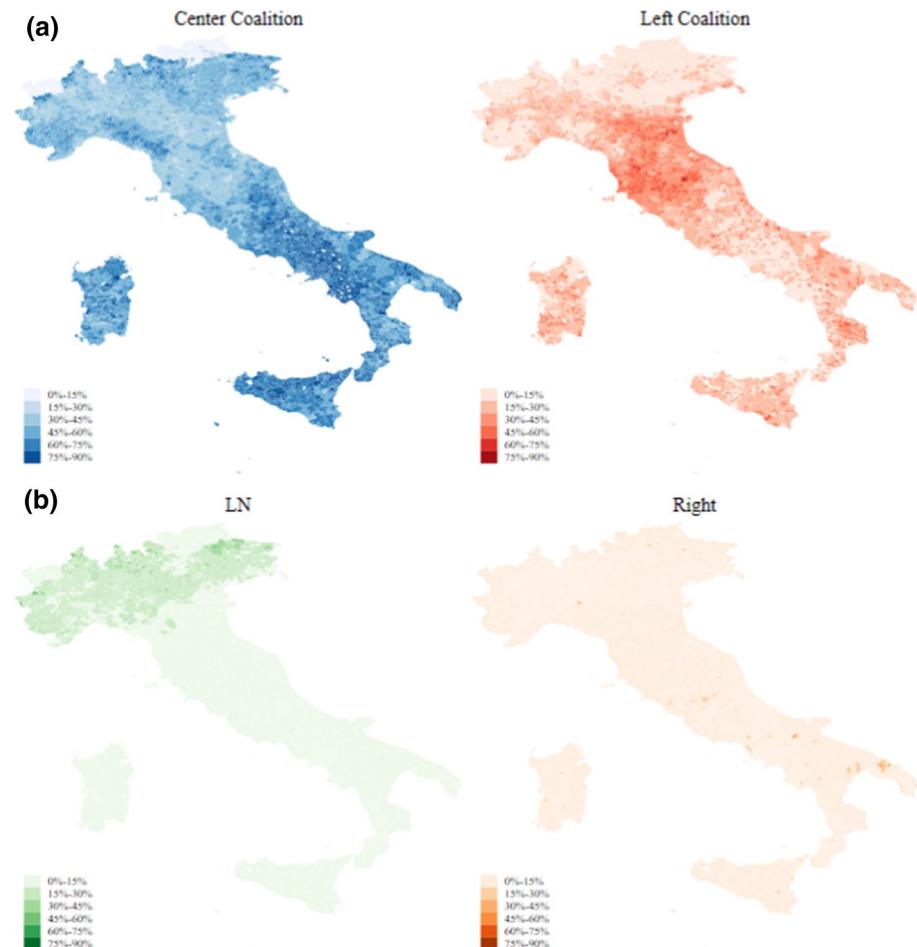


Fig. 2 **a** Electoral results in 1992. **b** Electoral results in 1992. Note Results of national elections at the municipal level

The classification of FI is more complicated. Ruzza and Fella (2011) and Fella and Ruzza (2013) argue that Silvio Berlusconi, the leader of FI, possessed some of the characteristics of populist leaders because of his anti-establishment messages that are typical of populist movements. However, FI's form of populism seemed to be confined to Berlusconi's statements and communications style, but was lacking in the core characteristics of a party aligned with a classic mainstream center-right party.

Ruzza and Fella (2011) and Fella and Ruzza (2013) also analyzed AN and found some elements of populism, such as its opposition to the establishment, but, generally speaking, it did not fit into the classification of a right-wing or radical right populist party put forward, for example, by Mudde (2004, 2007).

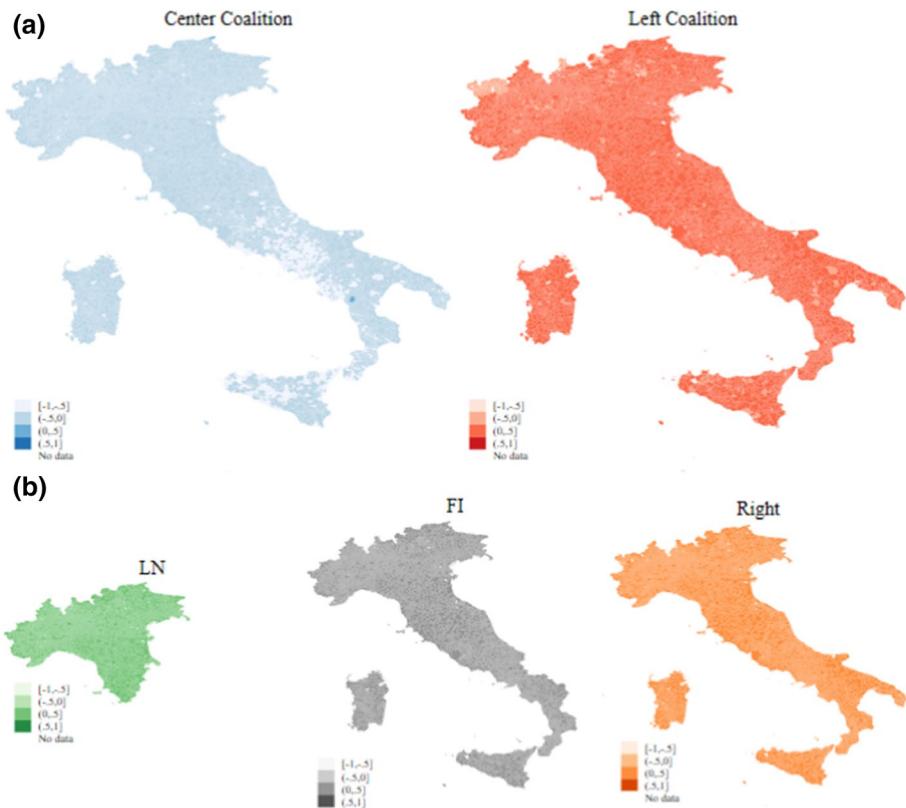


Fig. 3 **a** Difference in electoral results between 1992 and 1994. **b** Difference in electoral results between 1992 and 1994. Note Results of national elections at the municipal level. FI in 1994 did not run in Puglia. LN ran only in Northern regions in 1994

Other studies, such as Mudde (2004) and Mudde and Kaltwasser (2013), studied populism and populist parties in Italy as well. According to Mudde (2004) and Mudde and Kaltwasser (2013), both LN and FI are considered to be populist parties, albeit with some differences in their classifications: LN is defined as a radical right-wing populist party, FI as a neoliberal populist party. The classification proposed by Mudde (2004) and Mudde and Kaltwasser (2013) also considers the small radical right-wing party founded by former AN politicians, *Movimento Sociale-Fiamma-Tricolore* (Social Movement-Tricolor Flame, MS-FT), as populist.¹⁸ Overall, Mudde (2004) and Mudde and Kaltwasser (2013) follow a more general approach to identifying populist parties; it includes the first decade of the twenty-first century, whereas the classification of Ruzza and Fella (2011) and Fella and Ruzza (2013) is based on Italy in the 1990s, which is the time period used in this study.

¹⁸ The party was very small, with no more than 3582 votes in the national elections.

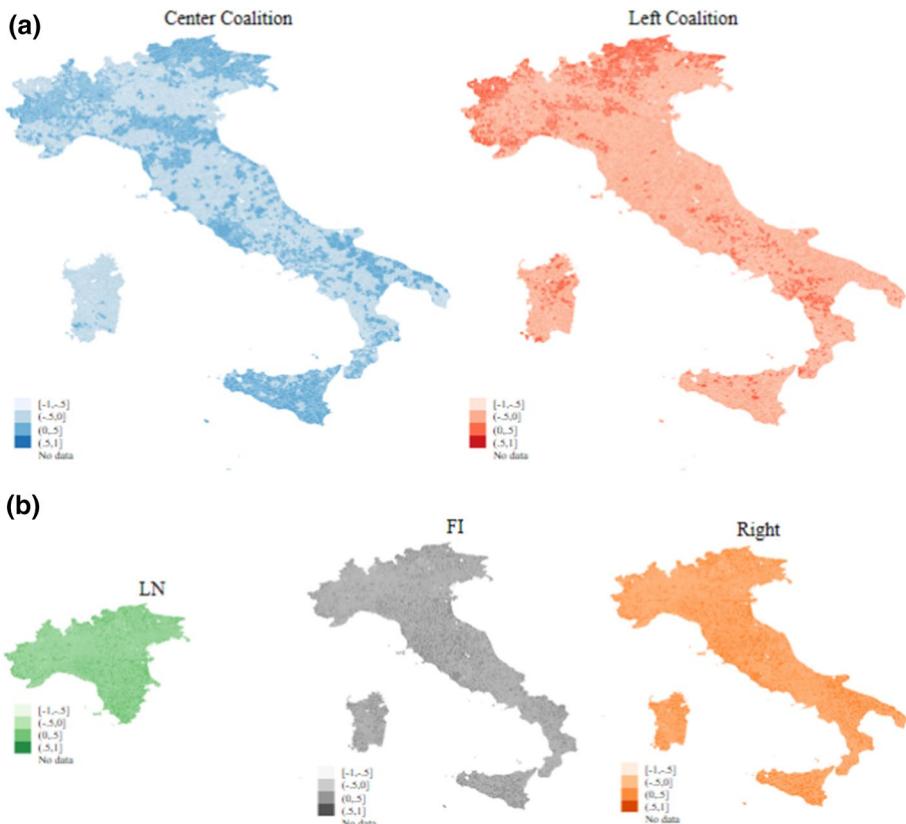


Fig. 4 **a** Difference in electoral results between 1994 and 2001. **b** Difference in electoral results between 1994 and 2001. Note Results of national elections at the municipal level. FI in 1994 did not run in Puglia. LN ran only in northern regions in 1994

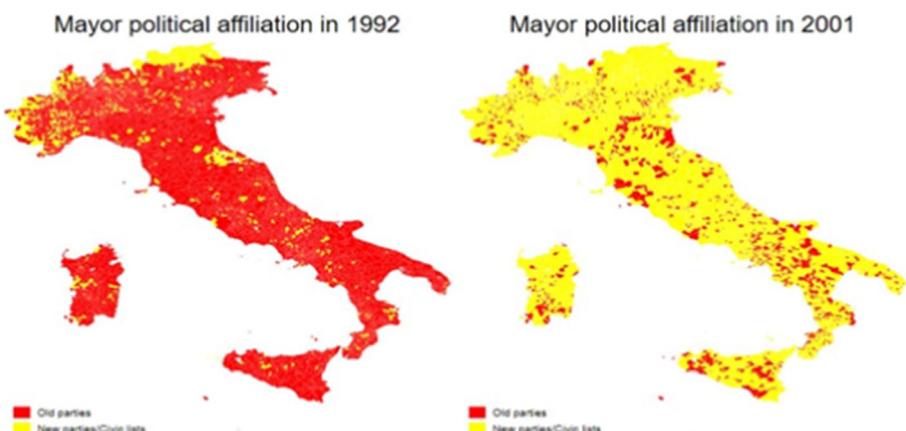


Fig. 5 Mayoral political affiliation. Note Old parties include DC and allies and successors, PCI and allies and successors, AN and allies and successors

3 Data description

3.1 Corruption data

To measure corruption exposure, I use news articles from ANSA, *Agenzia Nazionale Stampa Associata* (Associated Press National Agency), which is the main Italian press agency and one of the most important worldwide. I extract my information from the complete online archive, called DEA, *Documentazione Elettronica ANSA* (Online Archive ANSA), which includes all news articles after 1981. Given the national and global profile of ANSA, it is safe to assume that it is not affected by ideological or geographical bias, unlike local newspapers for example.

To collect the data, I follow Glaeser and Goldin (2004) and Dincer and Johnston (2017) to search for the word “corruzione” (corruption) combined with the names of all municipalities covered in my sample, and count the news articles containing these words.¹⁹ The data are collected annually for each municipality.

Although the measure of corruption exposure is driven by the large number of news stories related to charges and arrests over the study period, it also captures the public debate on corruption and other practices that are not illegal per se, but are unethical, such as the financial gains of public officials captured by exploiting confidential information (e.g., the route of a new highway). Glaeser and Goldin (2004) define such practices as “legal corruption”.²⁰

3.2 Electoral data

My sample covers national elections held in 1994, 1996 and 2001²¹ in Northern Italy, where LN candidates were always on the ticket. The main source of nationwide electoral data is the *Archivio Elettorale* (Electoral Archive). The electoral results for the Lower Chamber were examined only because of the peculiarity of Italian national electoral law leading LN in 1994 to run in coalition with FI for the Upper Chamber. The sample comprises 4247 municipalities²² from 53 different provinces and seven different regions.²³

The political classification of the various parties is crucial. The PCI and its successors are classified as left-wing, labeled *Left* in the tables, while the *Left Coalition* includes PCI/PDS and their allies, usually smaller parties, such as *Rifondazione Comunista* (Party of Communist Refoundation, PRC), labeled *Left (Coal.)* in the tables. The *Right* includes AN

¹⁹ I also construct another variable using only the municipalities’ names to control for possible variations in municipalities’ media coverage. The two measures are strongly correlated, and no variation caused by media bias is evident.

²⁰ Unfortunately, the data do not disentangle the two types of corruption.

²¹ The 1992 national elections are excluded because *Tangentopoli* was in its early stages. However, I also conduct the analysis after accounting for 1992; the results are analogous to those presented. They are available upon request.

²² Italy contains roughly 8100 municipalities. All municipalities that merged or separated during the period analyzed were excluded from the sample. Also excluded were a few outliers, along with municipalities with fewer than 50 inhabitants.

²³ Overall, Italy has 20 regions and about 100 provinces. My analysis includes *Friuli-Venezia Giulia*, *Veneto*, *Lombardia* (Lombardy), *Piemonte* (Piedmont), *Liguria*, *Toscana* (Tuscany) and *Emilia-Romagna*. Two Northern regions, *Valle D’Aosta* (Aosta Valley) and *Trentino-Alto Adige* (Trentino-South Tyrol), are excluded because of the strong presence of ethnic minorities and of local regionalist and autonomist parties (e.g., South Tyrolean People’s Party in Trentino-South Tyrol and Valdostan Union in Aosta Valley).

and its allies, mainly MS-FT.²⁴ Finally, the DC and its immediate successors, such as CCD, are classified as *Center*, while the *Center Coalition*, labeled *Center (Coal.)* in the tables includes DC and its immediate successors, along with other small parties that can be classified as centrist, i.e., *Lista Dini - Rinnovamento Italiano*²⁵ (the Dini List-Italian Renewal, RI).

Finally, regarding demographic variables, data are gathered from the Italian National Statistics Institute (ISTAT). Descriptive statistics are presented in Tables 1 and 2.

4 Identification strategy

Identifying a causal link between the exposure of corruption and the vote shares of LN relies on the assumption that corruption exposure is not determined endogenously. Endogeneity, nevertheless, is not a major concern in my study, for the following reasons. First, Italian national elections do not take place according to a regular schedule because of the frequent collapse of governments, which reduces the possible forecasting effect of elections on *Corruption* and, hence, endogeneity. Second, *Corruption* is a measure of local scandals, which are connected with local politics (as noted in Sects. 2 and 3.1), limiting the possible effects of endogeneity on national-level elections. Finally, the scandals usually represent local ramifications of *Tangentopoli*, which can be considered to be exogenous because of its unexpected nature, as suggested in the previous literature (e.g., Daniele et al. 2020; Gundle and Parker 2002; Newell 2018). News coverage of national elections, on the other hand, nevertheless may magnify the exposure of corruption. To mitigate the effects of possible endogeneity, I enter the values of corruption observed in the year before the national elections.

My second concern is omitted variable bias. To control for all unobserved heterogeneity across municipalities owing to differences in economic and political institutions, I control for municipality and province fixed effects²⁶ as well as year fixed effects in my estimations together with demographic control variables.

The baseline model is as follows:

$$y_{i,t}^P = \alpha^P C_{i,t-1} + \beta^P X_{i,t} + \delta_i^P + \omega_t^P + \gamma_{j,t}^P + \epsilon_{i,t}^P, \quad \text{for } P = 1, \dots, 7, \quad (1)$$

where $y_{i,t}^P$ represents the vote share of party/coalition, P (in logarithms), at the municipal level, and $C_{i,t-1}$ represents exposure of corruption at the municipal level; $X_{i,t}$ represents the set of controls at the municipal level, while δ_i^P and ω_t^P represent municipality and year fixed effects, respectively. Finally, $\gamma_{j,t}^P$ represents the province fixed effects.²⁷

²⁴ Representing the only significant right-wing parties other than LN or FI.

²⁵ The list was created by Lamberto Dini, a centrist politician and economist.

²⁶ Provincial fixed effects are a set of dummies indicating specific provinces in different years.

²⁷ Using the vote shares of different parties/coalitions as dependent variables helps me control for the effects of absenteeism (Giommoni 2017).

Table 1 Descriptive statistics at the municipal level

	Mean	SD	Min	Max
<i>National elections' results (share of votes)</i>				
LN	18.22	12.05	0	71
FI	23.08	7.35	3	60
Right	8.22	3.82	0	34
Left	13.73	9.77	0	61
Left (Coal.)	21.95	12.04	0	70
Center	7.73	5.54	0	46
Center (Coal.)	16.80	5.32	2	53
<i>Municipalities: Government dummies</i>				
LN at $t - 1$	0.03	0.18	0	1
FI at $t - 1$	0.01	0.09	0	1
Right at $t - 1$	0.02	0.13	0	1
Left at $t - 1$	0.24	0.42	0	1
Left (Coal.) at $t - 1$	0.29	0.45	0	1
Center at $t - 1$	0.42	0.49	0	1
Center (Coal.) at $t - 1$	0.57	0.49	0	1
<i>Municipalities: Mayor dummies</i>				
LN at $t - 1$	0.03	0.16	0	1
FI at $t - 1$	0.01	0.07	0	1
Right at $t - 1$	0.00	0.05	0	1
Left at $t - 1$	0.15	0.36	0	1
Left (Coal.) at $t - 1$	0.16	0.37	0	1
Center at $t - 1$	0.34	0.47	0	1
Center (Coal.) at $t - 1$	0.47	0.50	0	1
Corruption at $t - 1$	0.39	2.52	0	70
Population	5258.84	11,351.11	91	225,650
Share of population aged 15–24 years	11.70	2.45	1	21
Share of population aged 25–65 years	56.83	3.27	35	70
Share of population aged 66 years and older	19.12	6.45	4	54
Observations	12,741			
No. of municipalities	4247			
T	3			

The panel includes the national elections that took place in 1994, 1996 and 2001. *Share of votes* is the number of votes in national elections at local level for the analyzed party divided by the total amount of voters in the municipality (multiply by 100). *Government dummies* for the party P consider party P in power if at least one among mayor, deputy mayor or aldermen is affiliated to party P . *Mayor dummies* for the party P consider party P in power if the mayor is affiliated to party P . $t - 1$ indicates that the variables are measured the year before the national elections. T presents the number of time periods

5 Results

I present the results of the baseline model in Table 3, where α^P denotes the coefficients gauging the exposure of corruption for each party/coalition, as presented in Eq. (1). The results confirm that *Center (Coal.)*, with a negative coefficient of 0.32, which was the main

Table 2 Descriptive statistics at the municipal level: corruption by population sizes

	Count	Mean	SD	Min	Max
Corruption at $t - 1$	12,741	0.39	2.52	0	70
Corruption/population for 100,000	12,741	13.29	143.06	0	5639
<i>Divided by population size</i>					
Corruption at $t - 1$ with pop. below 1000	3425	0.13	1.01	0	23
Corruption at $t - 1$ with pop. btw 1000 and 2000	2473	0.20	2.05	0	67
Corruption at $t - 1$ with pop. btw 2000 and 3000	1575	0.15	0.85	0	14
Corruption at $t - 1$ with pop. btw 3000 and 4000	996	0.18	1.23	0	27
Corruption at $t - 1$ with pop. btw 4000 and 5000	865	0.18	1.02	0	21
Corruption at $t - 1$ with pop. btw 5000 and 10,000	1961	0.36	2.57	0	70
Corruption at $t - 1$ with pop. btw 10,000 and 15,000	631	0.44	2.47	0	56
Corruption at $t - 1$ with pop. btw 15,000 and 30,000	514	1.10	2.77	0	24
Corruption at $t - 1$ with pop. btw 30,000 and 50,000	161	2.68	5.20	0	35
Corruption at $t - 1$ with pop. more 50,000	140	10.53	12.80	0	61

The panel includes the national elections that took place in 1994, 1996 and 2001. $t - 1$ indicates that the variables are measured the year before the national elections T presents the number of time periods

Table 3 Impact of municipal corruption on the national vote

Dep. var.: Log numbers of vote shares for	Corruption at $t - 1$
LN	0.0039*** (0.0009)
FI	0.0008* (0.0005)
Right	0.0015** (0.0006)
Left	-0.0003 (0.0006)
Left (Coal.)	0.0010** (0.0005)
Center	-0.0008 (0.0006)
Center (Coal.)	-0.0032*** (0.0006)
Observations	12,741
No. of municipalities	4247
T	3

The panel includes the national elections that took place in 1994, 1996 and 2001. The dependent variables are the logarithm of the share of the different parties, measured at time t . Each regression includes municipalities fixed effects, year fixed effects, province fixed effects, and share of the population aged 15–24, 25–65, and 66 and older. Robust standard errors clustered at the municipality level are in parentheses. $t - 1$ indicates that the variables are measured the year before the national elections. T presents the number of time periods

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$

incumbent before *Tangentopoli*, was heavily penalized by corruption exposure. In terms of magnitudes, a one-standard-deviation increase in corruption exposure lowers the vote share of *Center (Coal.)* by 0.81%. Another interesting finding is the difference between *Center* and *Center (Coal.)*. While *Center (Coal.)* is considered to be responsible and punished, the estimated coefficient of *Center*, although negative, is not statistically significant. A possible explanation is the successful re-branding of many former DC politicians.

Table 3 also presents the results for the *Left* and *Left Coalition*, labeled in the table by *Left* and *Left (Coal.)*. While the coefficient of *Left* is modestly negative, but not significant, the coefficient of *Left (Coal.)* is positive and significant. A one-standard-deviation increase in corruption exposure at the municipal level increases the vote share of *Left (Coal.)* by 0.25%. A possible explanation of the differences between the *Left* and *Left (Coal.)* is that the latter, by adding other previously marginalized parties, such as the PRC to the coalition, is better at exploiting discontent with the main incumbent. On the other hand, the *Left* seems to suffer from being seen as part of the system, as suggested by Chong et al. (2014).

The most interesting results are those for LN, FI and the *Right*. The coefficients always are positive and significant, as expected. Those parties/coalitions capitalize on the voters' discontent with corruption scandals and transform it into votes. The results are in line with the challenger-effect theory, but the findings for the populist challenger stand out in comparison with other radical right-wing parties and outsiders.²⁸ A one-standard-deviation increase in the exposure of corruption at the municipal level increases the vote share for LN by 0.99%, FI by 0.20% and the *Right* by 0.38%.²⁹

To conclude, the findings are consistent with the hypothesis that being the populist challenger gives a unique political competitive advantage in the presence of corruption scandals, compared to other challenger parties, outsiders, radical-right parties and a separatist-regionalist party.³⁰

Local politics may influence voting behavior at the national level as well. To investigate that conjecture, I enter a dummy variable indicating local government control, which is equal to 1 if the municipality is governed by the same party/coalition as the dependent variable, and interact it with *Corruption*. The model is specified as follows:

$$y_{i,t}^P = \alpha^P C_{i,t-1} + \theta^P P_{y,i,t-1}^P + \tau^P P_{y,i,t-1}^P C_{i,t-1} + \beta^P X_{i,t} + \delta_i^P + \omega_t^P + \gamma_{j,t}^P + \epsilon_{i,t}^P, \quad (2)$$

for $P = 1, \dots, 7$,

where $y_{i,t}^P$ is the vote share of the analyzed party/coalition P (in logarithm) at the municipal level, $C_{i,t-1}$ is the measure of *Corruption* at the same level, $P_{y,i,t-1}^P$ is the local government control dummy, $X_{i,t}$ are the municipal controls, δ_i^P the municipality fixed effects and ω_t^P the time fixed effects. Finally, $\gamma_{j,t}^P$ represents provincial fixed effects. I enter two different local government control dummies, *Mayor Dummies* and *Government Dummies*, based on the

²⁸ I also test the difference between the coefficients, and I find that the coefficient for LN is statistically different with respect to the other coefficients. The results available upon request.

²⁹ To check whether my results are robust to endogeneity, I also implement a placebo test using post-election values of corruption. The results are consistent with the ones presented in Table 3. They are available upon request.

³⁰ As suggested in Sect. 2, another characteristic of LN is regionalism/secessionism. Other parties with similar characteristics, such as LAL, were active in the period analyzed, but none was as successful as LN. The maximum vote share obtained by LAL, for example, was 2.12%.

Table 4 Impact of municipality corruption on national vote (*Mayor dummies*)

Log of votes shares for party P :	LN	FI	Right	Left	Left (Coal.)	Center	Center (Coal.)
Corruption at $t - 1$	0.0046*** (0.0010)	0.0008 (0.0005)	0.0015** (0.0006)	-0.0004 (0.0008)	0.0016** (0.0007)	-0.0009 (0.0007)	-0.0004 (0.0007)
Party P in power	0.0272*** (0.0103)	-0.0254* (0.0153)	0.0012 (0.0275)	0.0286*** (0.0062)	0.0232*** (0.0044)	0.0132 (0.0091)	0.0223*** (0.0053)
Party P in power \times corr. $t - 1$	-0.0073*** (0.0021)	-0.0145 (0.0147)	-0.0350 (0.0315)	0.0002 (0.0009)	-0.0014*** (0.0007)	0.0000 (0.0010)	-0.0041*** (0.0008)
Observations	12,741	12,741	12,741	12,741	12,741	12,741	12,741
No. of municipalities	4247	4247	4247	4247	4247	4247	4247
T	3	3	3	3	3	3	3

The panel includes the national elections that took place in 1994, 1996 and 2001. The dependent variables are the logarithm of the share of the different parties, measured at time t . *Party P* is equal to the party/coalition of the dependent variables. *Mayor dummy* for the party P consider party P in power if the mayor is affiliated with party P . Each regression includes municipalities fixed effects, year fixed effects, province fixed effects, and share of the population aged 1.5–24, 25–65, and 66 and older. Robust standard errors clustered at municipality level are in parentheses. $t - 1$ indicates that the variables are measured the year before the national elections. T presents the number of time periods

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$

Table 5 Impact of municipality corruption on national vote (*Government dummies*)

Log of votes shares for party P :	LN	FI	Right	Left	Left (Coal.)	Center	Center (Coal.)
Corruption at $t - 1$	0.0045*** (0.0010)	0.0008 (0.0005)	0.0016*** (0.0006)	0.0006 (0.0009)	0.0019** (0.0008)	-0.0013* (0.0007)	-0.0002 (0.0008)
Party P in power	0.0225** (0.0096)	-0.0242* (0.0124)	-0.0145 (0.0117)	0.0253*** (0.0056)	0.0104*** (0.0035)	0.0018 (0.0087)	0.0109** (0.0054)
Party P in power \times corr. $t - 1$	-0.0053*** (0.0021)	0.0019 (0.0015)	-0.0069*** (0.0016)	-0.0015* (0.0009)	-0.0015* (0.0008)	0.0008 (0.0009)	-0.0036*** (0.0008)
Observations	12,741	12,741	12,741	12,741	12,741	12,741	12,741
No. of municipalities	4247	4247	4247	4247	4247	4247	4247
T	3	3	3	3	3	3	3

The panel includes the national elections that took place in 1994, 1996 and 2001. The dependent variables are the logarithm of the share of the different parties, measured at time t . Party P is equal to the party/coalition of the dependent variables. *Government dummies* for the party P consider party P in power if at least one among mayor, deputy mayor or aldermen is affiliated with party P . Each regression includes municipalities fixed effects, year fixed effects, province fixed effects, and share of the population aged 15–24, 25–65, and 66 and older. Robust standard errors clustered at municipality level are in parentheses. $t - 1$ indicates that the variables are measured the year before the national elections. T presents the number of time periods

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$

information provided by the *Anagrafe degli Amministratori Locali* (Register of Local and Regional Administrators). *Mayor Dummy* is narrowly defined and is equal to 1 if the mayor is affiliated with party/coalition P . *Government Dummy* is defined more broadly. It is equal to 1 if the mayor, deputy mayor or one of the city councilors is affiliated with party/coalition P . The results of estimating Eq. (2) using *Mayor Dummy* and *Government Dummy* are presented in Tables 4 and 5, respectively.

The results for LN in Tables 4 and 5 are similar to those in Table 3. The coefficients of both $C_{i,t-1}$ and $P_{i,t}^P$ are positive and significant, suggesting a positive effect of corruption exposure on national elections and a positive correlation between voting LN at the local and at the national levels. The coefficients of the interaction terms in both tables, on the other hand, are negative and statistically significant, indicating that local corruption scandals involving municipalities under LN control reduce the LN's votes at the national level. The results are in line with the theory of party ties and party brands of Daniele et al. (2020). The findings regarding other political parties are largely similar to those of LN, in both Tables 4 and 5, although they are not always significantly different from zero. Finally, small differences in the size and significance of the coefficients arise between Tables 4 and 5. The differences can be explained by the different capacities of the two sets of dummies to capture the local system of alliance.

To conclude, Tables 4 and 5 show that, first, a positive link exists between voting for a party/coalition at the local and national levels. Second, if the incumbent at the local level is affiliated with party/coalition P and is involved in a corruption scandal, party/coalition P is punished at the national level.

6 Final remarks

In this study, I investigate the effects of corruption exposure at the local level on the rise of (radical right) populist parties at the national level in Italy in the 1990s. Italy is a challenging litmus test for two main reasons. First, it is one of the few democratic countries wherein populist parties were in power during the 1990s, two decades before the current populist wave in Europe and America. Second, Italy is perceived as one of the most corrupt countries in the Eurozone. During the 1990s, an unexpectedly successful investigation exposed some of the Italian political system's corruption at the national and local levels.

To investigate whether a significant corruption scandal fueled the emergence of populist parties, specifically *Northern League*, I construct a novel dataset and estimate a linear model controlling for municipal, province and year fixed effects as well as demographic variables.

I find that exposure of corruption increases the number of votes for outsiders and challengers of the system. I also investigate the possible effects of local politics on national elections. The results suggest that corruption increases the number of votes for LN when that party is in power at the local level. As expected, the impact of corruption scandals in LN municipalities on the LN's national vote share is negative. My findings are robust to the different specifications of "being in power" at the local level (*Mayor dummies* and *Government dummies*).

The findings are especially interesting in the contemporary political climate. The rise of populist parties across Europe and America is reshaping the political environment. New empirical evidence is a useful addition to the growing literature on that significant phenomenon. As stated above, this study captures the effects of not only the number of indictments

and arrests (illegal corruption), but also what is sometimes called legal corruption. Future research may focus on disentangling and comparing the differences between the two in terms of their effects on voter behavior.

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Appendix: Italian political party acronyms

AN	National Alliance
CCD	Christian Democratic Center ³¹
DC	Christian Democrats
DS	Left Democrats
FI	Go Italy
LAL	Lombard Alpine League
LN	Northern League ³²
MS-FT	Social Movement-Tricolor Flame
MSI	Italian Social Movement ³³
PCI	Italian Communist Party
PDS	Democratic Party of the Left ³⁴
PLI	Italian Liberal Party
PPI	Italian People's Party
PPR	People for Prodi
PRC	Party of Communist Refoundation
PSI	Italian Socialist Party
RI	Dini List-Italian Renewal

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³¹ The party later changed its name to *Unione dei Democratici Cristiani e Democratici di Centro*. For simplicity, in the paper I always refer to it as *Christian Democratic Center* and with the acronym CCD.

³² The Northern League changed its name in 1996 from *Lega Nord per l'Indipendenza della Padania* ("Northern League for the independence of Padania"). For simplicity, in the paper I always refer to it as the *Northern League* and with the acronym LN.

³³ Its name was changed in 1995, but for the sake of simplicity the name AN is used throughout.

³⁴ *Democratic Party of the Left* changed its name in 1998 and became *Democratici di Sinistra* (Left Democrats, DS). For simplicity, in the paper I always refer to it as *Democratic Party of the Left* and with the acronym PDS.

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