Plata y Plomo: How Higher Salaries Expose Politicians to Criminal Violence

Pablo Querubin
New York University

Massimo Pulejo
New York University

Abstract

The wage paid to politicians is a crucial determinant of the quality of elected officials, and an important tool to shield them from special interests and corruption. But what is the equilibrium effect of politicians’ wages in the presence of criminal groups that can use both bribes and violence? Applying a regression discontinuity design to data on Italian municipalities, we show that a rise in the wages of municipal executives triggers an increase in criminal attacks against their members. No comparable effect is detected for violence on municipal councilors, who do not enjoy any wage increase at the analyzed cutoff. On the other hand, municipalities with better-paid politicians are significantly more likely to adopt practices known to reduce corruption in public procurement, a key area of illicit interactions between the state and criminal organizations. We interpret this as evidence that – in the presence of criminal groups – higher wages may limit corruption, but also foster the use of violence as an alternative tool to influence policy making.