

Do Higher Wages Produce Career Politicians? Evidence from Two Discontinuity Designs*

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Abstract

Wages paid to politicians affect both the selection of candidates into electoral races and the on-the-job performance incentives of incumbents. We differentiate between selection and incentive effects using two regression discontinuity designs based on: 1) population thresholds shifting politicians' wages and 2) electoral seat thresholds splitting candidates into those who narrowly won or lost. We find that higher wages do not increase the electoral incumbency advantage, suggesting that the incentive effect of higher wages does not impact re-election rates. We further show that higher wages motivate narrowly elected incumbents to run again much less often than past narrowly non-elected candidates.

Key words: re-election, political selection, electoral competition, wages, incumbency advantage, regression discontinuity design, municipal legislatures

JEL classification: D72, M52, J45, H57, H70

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