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The Puzzle of Incumbency Bias

Why is incumbency an electoral blessing for politicians in some countries but an electoral curse in other countries? Democracies across the world exhibit striking variation in *incumbency bias* – the average (positive or negative) difference in electoral success between incumbents and opposition candidates or parties. Take the visual illustration shown in Figure 1.1. Officeholders in many democratic countries have an *incumbency advantage*, including Argentine governors, Indonesian mayors, and American legislators. Yet, officeholders suffer from an *incumbency disadvantage* in many other democracies, such as Indian Members of Parliament, as well as mayors in Peru and Romania. Even within the same country, officeholders may experience contrasting electoral fortunes. While Brazilian governors enjoy an incumbency advantage, mayors suffer from an electoral disadvantage.

We know little about why incumbency bias emerges and varies so widely across democratic settings. This book explores four key questions about incumbency bias. The first question concerns its *causes*. Theories of electoral accountability maintain that citizens select good representatives by rewarding desirable personal attributes such as shared policy preferences, competence, or integrity (Fearon 1999; Mansbridge 2009). Incumbency status per se says nothing about these attributes. Officeholders and challengers should therefore have an equal chance of winning free and fair elections. So why do voters systematically reward or punish officeholders?

Existing explanations contend that incumbency bias arises in the developing world because political elites deliver bad governance by engaging

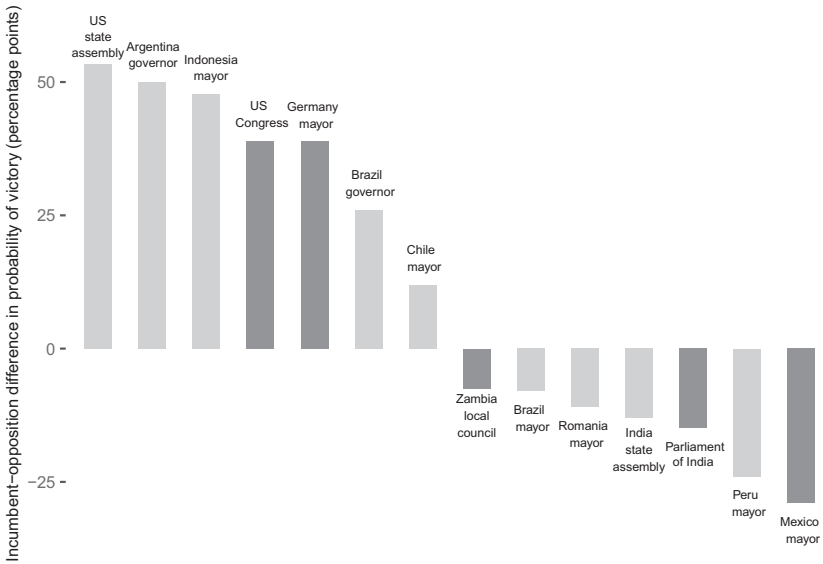

FIGURE 1.1 Incumbency bias around the world.
Bars are estimates of incumbency bias, defined as the average difference in the probability of victory between incumbent candidates/parties and opposition candidates/parties. Dark (light) bars represent partisan (personal) incumbency bias. Estimates were drawn from existing research and research included this book, all based on "close election" regression discontinuity design (see Lee 2008). See Appendix Table B.1 for sources and details.

in behaviors that violate the rule of law.[1] This line of thinking attributes incumbency *advantage* to clientelistic politicians who win elections by targeting public resources to strategic segments of the electorate (Calvo and Murillo 2004; Stokes 2005; Stokes et al. 2013), and incumbency *disadvantage* to corrupt politicians who get regularly ousted from office by defrauding citizens (Klašnja 2016, 2015; Weaver 2021).

However, accounts that stress bad governance are at odds with the evidence that citizens in the developing world reelect incumbents for delivering good governance outcomes, such as economic growth (Bleck and van de Walle 2013; Carlin, Singer, and Zechmeister 2015), public goods (Baldwin 2012; Harding 2015), and constituency service (Thachil 2014; Bussell 2019). This book departs from the dominant focus on the supply

[1] I conceptualize bad governance broadly to include corruption (use of public office for personal gain; Weschle 2022), clientelism (exchange of resources for votes; Stokes, Dunning, Nazareno, and Brusco 2013), and patronage (giving supporters public-sector jobs; Oliveros 2022).

of bad governance and explains incumbency advantage and disadvantage based on citizens' demands for *good governance*.

The second question this book examines concerns the *direction* of incumbency bias: Why do citizens prefer incumbents in some settings and their opponents in others? Prior work tends to suffer from selection on the dependent variable (Geddes 1990). Because it concentrates on a single country and office, existing research can only speak to incumbency advantage *or* disadvantage; it cannot make sense of why holding office has disparate electoral effects across political settings. For example, canonical research on the US argues that members of Congress enjoy an incumbency advantage because their office gives them privileged access to material and administrative resources with which to engage in constituency service. Yet, this argument raises the question of why other well-resourced incumbents with policymaking authority – such as Brazilian and Peruvian mayors – suffer from an incumbency disadvantage. This book compares the electoral returns to office across three Latin American democracies and offers a unified theory of incumbency advantage and disadvantage.

Third, the book examines why incumbency bias varies by *type*. It can be *personal*, and affect whether the sitting candidate wins or loses an election, or *partisan*, and influence the incumbent party's electoral success once the sitting candidate is no longer on the ballot. The type of bias has important consequences for the party system. While personal incumbency bias may not transcend an individual candidate's tenure in office, the partisan variety may persist over time and limit the scope of electoral competition. My theory highlights that party organizations condition the type of incumbency bias by shaping citizens' incentives to transfer the returns to office from candidates to parties.

Lastly, this book sheds light on the consequences of incumbency bias for democracy. A common refrain in the literature is that politicians in the developing world know the outcome of democratic elections before a single ballot has been cast. Javier Corrales and Michael Penfold-Becerra summarize the standard interpretation: "When the safest bet is that an incumbent running for reelection will win the race, we have to ask whether a key tenet of democracy – that there should be significant 'uncertainty' about electoral outcomes – has been compromised" (2014, 96). Incumbency disadvantage is also considered problematic for democracy. Prior scholarship suggests it may generate a trap of "pessimistic expectations," in which incumbents expect to be ousted and therefore do not bother to faithfully represent their constituents. This, in turn,

fuels greater voter discontent and further weakens incentives for good representation (Svolik 2013).[2]

To address these four core questions about incumbency bias, I gather evidence from multiple offices in Argentina, Brazil, and Chile. Using this comparative approach, I systematically examine how holding office influences the electoral success of candidates and parties and how citizens form their preferences for incumbents and challengers. I offer a novel theory that argues that incumbency bias emerges and varies because of how institutions condition the alignment between citizen expectations and incumbents' capacity to deliver on these expectations. One of this book's key contributions is a more nuanced interpretation of the relationship between incumbency bias and democratic representation that stresses citizens' demands for good governance, rather than clientelistic or corrupt elites compromising accountability.

1.1 ARGUMENT IN BRIEF: BOUNDED ACCOUNTABILITY AND INCUMBENCY BIAS

I argue that incumbency bias emerges because citizens often engage in what I call "bounded accountability." Figure 1.2 outlines my argument. Comparative political behavior research has established that the information environment strongly conditions how citizens vote. In high-information environments, where parties are strong and programmatic, party labels reliably inform citizens about candidates' policy preferences, past performance, and other attributes. This wealth of information allows citizens to *select* candidates based on intrinsic quality differentials rather than incumbency status. This implies, as the left-hand side of Figure 1.2 shows, that incumbency bias will not emerge in settings with programmatic party labels. Low-information environments bound how citizens engage in electoral accountability. In many developing countries, where political parties tend to lack strong organizations and credible programmatic reputations, party labels do not provide reliable information about candidate policy preferences. Citizens thus have incentives to vote

[2] Influential analyst Andrés Oppenheimer applied this interpretation to the late 2000s anti-incumbent wave in Latin America: "Voters in Argentina, Venezuela and Bolivia have delivered defeats to populist presidents in their countries, despite the rules being biased in favor of incumbents … [T]he people are becoming fed up with rampant governmental corruption." April 24, 2009, *La Nación*.

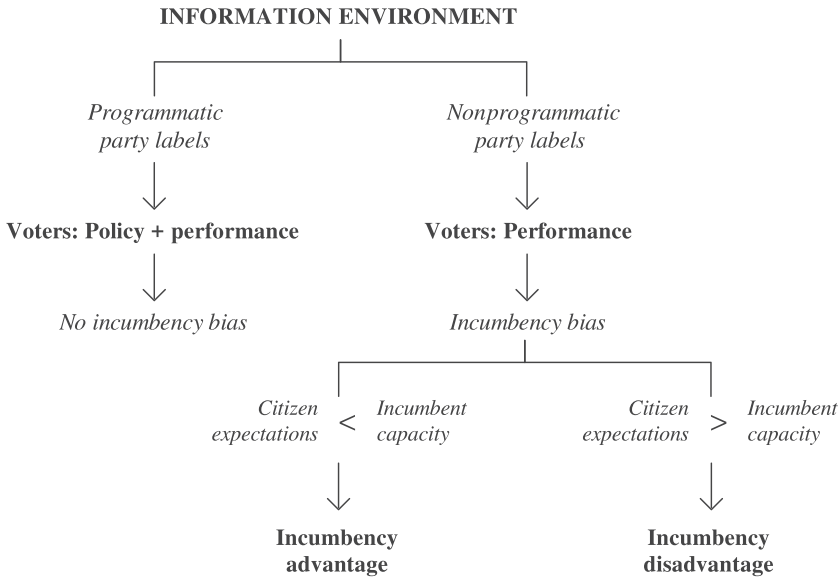

FIGURE 1.2 Bounded accountability and incumbency bias.

based on incumbent performance. This retrospective voting is simple yet efficient: Performance in office provides useful information for citizens to learn about an incumbent's competence. Citizens evaluate an incumbent's record against an ex ante expectation of what a good performance looks like. Yet, external factors systematically influence incumbents' capacity to meet citizen expectations.

Incumbency bias emerges, I argue, due to the frequent mismatch between citizen *performance expectations* and *incumbent capacity* to meet these expectations. This implies – as the bottom-right-hand side of Figure 1.2 illustrates – that the nature of the mismatch between citizen expectations and incumbents' capacity explains why the direction of incumbency bias varies. My theory of incumbency bias can be summarized as follows: *When citizens expect more (less) than what incumbents can deliver, they will negatively (positively) evaluate the average incumbent; thus, the political system as a whole will exhibit an incumbency disadvantage (advantage).*

Institutions shape the mismatch between citizen expectations and incumbent capacity. *Political* institutions influence citizen expectations by defining the incumbent's policy scope – the range of responsibilities of the office the incumbent occupies. Citizens tend to hold officeholders

responsible for policy areas that they believe are under their purview. Expectations are thus higher for officeholders with a broader policy scope. *Fiscal* institutions shape incumbents' capacity to meet citizen expectations. All else equal, politicians are more likely to perform well when their office provides sufficient resources to deliver on their policy scope. Differing levels of fiscal dependence on upper levels of government and discretion over how to spend available funds shape incumbent capacity. Given these fixed institutional constraints, exogenous shocks condition whether an incumbent has access to the resources they need to meet citizen expectations.

Bounded accountability also sheds light on the conditions under which incumbency bias is personal or partisan. If citizens' performance evaluations drive the electoral returns to office, the type of incumbency bias will depend on citizens' incentives to attribute these evaluations to either candidates or parties. The nature of party organizations shapes these incentives. When parties are strong, citizens use party affiliation to signal competence and policy preferences, and therefore attribute credit and blame to both the party and the candidate for their performance in office. Both incumbency advantage and disadvantage will be partisan as well as personal. Weak parties, by contrast, center citizen attention on the incumbent candidate, making any electoral return to office personal.

1.2 BUILDING BLOCKS

My argument proposes the first general theory of the emergence of and variation in incumbency bias. I build on and expand upon canonical explanations of incumbency advantage in the United States and incumbency disadvantage in the developing world. While these accounts identify crucial political and institutional features that shape the electoral fortunes of incumbents vis-à-vis challengers in particular countries, they cannot explain cross-country variation in electoral returns to office. Building on recent theoretical and empirical research on electoral accountability, the book's theory integrates these insights into a general account of incumbency bias. Below, I discuss the relationship between my argument and previous explanations of incumbency advantage and disadvantage and describe how I build on and expand upon this work to develop a general explanation of incumbency bias.[3]

[3] While I focus on work on developing countries, there has also been increased attention to incumbency bias in advanced democracies other than the US, such as Germany (Freier

Incumbency Advantage in the US

One of the book's contributions is to bridge the gap between explanations of incumbency advantage in the US and more recent work on the developing world. Despite their prominence and sophistication, US-based explanations have had little influence on studies of developing countries. This lack of dialogue is unfortunate because these accounts offer valuable lessons for a comparative theory of incumbency bias.

I build on the US literature on incumbency advantage in two ways. First, the core mechanism in my theory is citizens' evaluations of incumbents' good governance. Good governance is also central to the dominant explanation of incumbency advantage in the US, which emphasizes constituency service as the primary tool through which members of Congress defeat challengers (inter alia Mayhew 1974*a*; Cain, Ferejohn, and Fiorina 1987; Ansolabehere and Snyder, Jr. 2002). Constituency service, according to Fenno (1978, 51), entails "providing help to individuals, groups, and localities in coping with the federal government." While constituency service, like clientelism, is targeted, it is not a form of bad governance.[4] It is a form of distribution that allocates resources to citizens in a fashion that is unconditional – preventing incumbents from coercing citizens – and rooted in public and legal parliamentary appropriations, which makes it transparent and lawful. By contrast, clientelism is conditional and hidden from the public eye (and is frequently illegal), thus making it a form of bad governance.

My argument also draws on two complementary explanations of the US incumbency advantage first put forward by Mayhew (1974*a*). The first explanation, cue substitution, maintains that incumbency has a larger electoral effect when citizens pay less attention to party labels as an information shortcut. As Mayhew explains, "Voters dissatisfied with party cues could be reaching for any other cues that are available in deciding how to vote. The incumbency cue is readily at hand" (1974*a*, 313).[5] The second explanation, "perks of office," stresses that resource asymmetries

2015), the UK (Eggers and Spirling 2017), Denmark (Fouirnaies 2021), Italy (Golden and Picci 2015), and Spain (Llaudet 2013).

[4] For a thoughtful discussion of the relationship between constituency service and bad governance in the form of (non)programmatic politics, see Stokes et al. (2013, 14).

[5] Empirical tests of this conjecture in the US can be found in Ferejohn (1977); Krehbiel and Wright (1983); Goidel and Shields (1994); Shields, Goidel, and Tadlock (1995); Ansolabehere, Hirano, Snyder Jr., and Ueda (2006).

associated with the office allow incumbents to systematically outpoll challengers (Mayhew 1974*a*).[6]

I depart from US-based accounts of the incumbency advantage in two important ways. First, I relax the assumption that the resources associated with the office are sufficient to produce an incumbency advantage in any political setting. I argue that fiscal institutions determine incumbents' access to resources (what I call incumbent capacity) and that political institutions determine whether these resources are commensurate to an incumbent's policy scope, thus shaping citizen expectations. My theory adopts a comparative perspective and highlights that the US Congress represents an outlier: Not only do incumbents have access to vastly more resources than their opponents, they also occupy an office that lacks a well-defined policy scope, thus inducing citizens to form low expectations of performance. Viewed through the lens of good governance, the experience of the developing world calls attention to incumbents who may often lack a material advantage vis-à-vis challengers and who may occupy offices that have a wide policy scope and attract high levels of public scrutiny. This difference in the alignment of incumbent capacity and citizen expectations goes a long way toward explaining why incumbency is an advantage in the US and a disadvantage in many developing countries.

Second, my explanation also goes beyond the US literature by analyzing partisan as well as personal incumbency bias.[7] This perspective is appropriate for the personalized electoral connection prevalent in the US Congress (see, e.g., Mayhew 1974*b*; Cain, Ferejohn, and Fiorina 1987).[8] But it also hinders our understanding of partisan incumbency bias – that is, when nonincumbent candidates obtain an electoral premium from belonging to the incumbent party. My argument expands the scope of prior explanations by stressing that party organizational strength determines the type of incumbency bias by creating differential incentives for citizens to attribute responsibility to parties.

[6] Mayhew identifies several perks, such as name recognition, opportunities for pork barreling, and administrative resources, including the franking privilege and dedicated staff (Mayhew 1974*a*, 311–12).

[7] As Mayhew (2008) has noted, Americanists have focused on personal incumbency advantage: "By convention, the term incumbency advantage has come to refer to an electoral edge enjoyed by in-office persons, not by in-office parties. That much is clear."

[8] Fowler and Hall (2014) show that the incumbency advantage is strictly personal in elections to US state assemblies by documenting that it disappears in term-limited elections where any return to office can only accrue to parties.

Incumbency Disadvantage in the Developing World

My argument also builds on the literature on incumbency disadvantage in developing countries, particularly Klašnja and Titiunik's (2017) path-breaking work on Latin America. Using a principal–agent model, these authors demonstrate that incumbent parties can suffer from a partisan incumbency disadvantage when institutions create incentives for incumbent elites to shirk from delivering good representation. Weak parties are one such institution: By depriving politicians of opportunities to advance within the party, they prevent party leaders from disciplining incumbents for performing poorly. Term limits, another institution emphasized by Klašnja and Titiunik, also weaken incumbent discipline but in relation to voters: When officeholders cannot run for reelection, they lack the motivation to please voters and therefore tend to underperform. Klašnja and Titiunik (2017) present compelling evidence to support their argument: Using a close-election regression discontinuity design, they establish that incumbency jeopardizes the electoral chances of weak parties in term-limited Brazilian mayoral elections.[9]

A series of important articles extends this logic of incumbent shirking from partisan to personal incumbency disadvantage. Using a formal model, Klašnja (2016) demonstrates that ousting incumbents is a rational strategy for citizens in high-corruption environments because incumbents are expected to increase their rent extraction if they are reelected. Consistent with this prediction, he finds that Romanian mayors' incumbency disadvantage increases when the costs of corruption are lower and the gains of corruption increase over time. Weaver (2021) provides compelling micro-level evidence of this preemptive incumbency disadvantage from Peru. Using a conjoint survey experiment, Weaver demonstrates that corruption expectations induce citizens to oust even well-evaluated mayors.

My theory builds on and expands upon the literature on incumbency disadvantage in developing countries in several ways. I draw on the core intuition from Klašnja and Titiunik (2017) that weak organizations and term limits can compromise the electoral success of incumbent parties. However, my theory presents a different mechanism. While Klašnja and Titiunik and Weaver argue that elite incentives for shirking – and sometimes bad governance – drive incumbency bias, I focus on citizens'

[9] The metaphor "curse" as electoral misfortune is also inspired by these authors and others such as Brollo and Nannicini (2012) and Campello and Zucco (2020).

performance evaluations of *good* governance. In addition, I extend the analytical focus of research on incumbency bias by documenting and offering an explanation for its direction (incumbency advantage and disadvantage) and type (partisan or personal). This is important because, as I will show in subsequent chapters, incumbents in Brazilian municipalities – the focus of Klašnja and Titiunik – also suffer from personal incumbency disadvantage, and in some periods even enjoy an incumbency advantage. I rely on a wide variety of evidence that covers four different offices across three countries and includes multiple data sources – such as extensive fieldwork, multiple administrative datasets, three original surveys, and several natural experiments.

Citizen Rationality and Electoral Accountability

I draw on recent theoretical and empirical research on electoral accountability to develop a general explanation of incumbency bias. On the theory side, my argument builds on the emerging consensus around a model of electoral accountability rooted in citizens who (i) are instrumentally rational, (ii) use the ballot as a selection tool, but (iii) possess incomplete information (Fearon 1999; Ashworth 2012). I also build on recent work on comparative electoral behavior that emphasizes how features of the political context bound the electoral choices of otherwise rational citizens (Powell and Whitten 1993; Duch and Stevenson 2008; Carlin and Singh 2015).

The first contextual variable I stress is the institutional environment. My argument is influenced by the literature on voting in multilevel systems (Arceneaux 2005, 2006; Anderson 2006; Rodden and Wibbels 2011; Niedzwiecki 2018). I contend that political institutions influence citizen performance expectations by allocating policy scope differently across offices and political systems, and that fiscal institutions determine incumbent capacity by shaping both their dependence on external resources and their discretion when spending resources. Since institutions are largely fixed, they explain why we observe such stable differences in the returns to office across countries, with some exhibiting an incumbency advantage and others an incumbency disadvantage. For example, while the incumbency advantage in the US Congress has decreased over time, the bias has almost invariably operated as an advantage (Jacobson 2015).

A skeptical reader may reasonably observe that this seemingly persistent incumbency bias contradicts my assumption of instrumental rationality. If (largely fixed) institutions *do* drive incumbency bias,

wouldn't rational citizens change their performance expectations based on past performance, thus leading to more variability in the direction of incumbency bias? I argue that since political institutions anchor citizen expectations at high or low levels, incumbency bias will be fairly stable within countries and offices. However, my argument anticipates that changes in incumbent capacity generate variation in the returns to office across space and time within countries. To make sense of these changes in incumbent capacity, my argument emphasizes another contextual variable: exogenous shocks.

An influential body of scholarship documents that external forces largely out of incumbents' control – such as exogenous shocks – drive electoral outcomes around the world (Healy and Malhotra 2009; Gasper and Reeves 2011; Achen and Bartels 2017). In their seminal work on Latin America, Campello and Zucco (2020) establish that changes in commodity prices and international interest rates affect presidential popularity. As Ashworth, Bueno de Mesquita, and Friedenberg (2018) show, this behavior is rational in low-information environments. In the absence of reliable information shortcuts, citizens use shocks to assess incumbents' competence. In joint work with Lucas Novaes, we demonstrate that when bounded by exogenous shocks, electoral accountability leads to incumbency bias (Novaes and Schiumerini 2022). Because shocks influence citizens' evaluations of the incumbent candidate but are orthogonal to her quality, they create a systematic electoral differential based on incumbency status. Exogenous shocks can also explain changes in the direction of incumbency bias: Positive (negative) shocks increase (reduce) incumbency (dis)advantage.

1.3 COMPETING EXPLANATIONS: GOOD OR BAD GOVERNANCE?

My dual focus on citizens and good governance largely departs from the dominant paradigm for studying democratic representation in the developing world, which concentrates on elites and bad governance. This is not to suggest that familiar forms of bad governance – such as clientelism and corruption – do not exist or that citizens do not care about them.[10] Indeed,

[10] On nonprogrammatic politics see, inter alia, Brusco, Nazareno, and Stokes (2004); Giraudy (2007); Magaloni, Diaz-Cayeros, and Estévez (2007); Weitz-Shapiro (2014); Pereira and Melo (2016). On corruption, see Ferraz and Finan (2008); Brollo, Nannicini, Perotti, and Tabellini (2013); Winters and Weitz-Shapiro (2013).

officeholders have been at the center of massive corruption scandals such as Brazil's *Lava Jato* or Argentina's *Causa Cuadernos*.[11] Incumbents are even more central to exploiting public resources for political gain. Citizens have been found to disapprove of politicians who engage in these practices (Winters and Weitz-Shapiro 2013).

Yet, media outrage or citizen condemnation of bad governance cannot explain why incumbents in countries with comparable levels of clientelism and corruption – such as Argentina and Brazil, or Chile and Peru – experience very different electoral fortunes. The differences in incumbency bias *within* countries arguably represent an even greater challenge to bad governance accounts (Novaes and Schiumerini 2022).

Furthermore, a wealth of experimental research identifies political reasons why rational citizens are more sensitive to good governance than to bad governance when casting their vote (Dunning et al. 2019). In low-information environments, citizens struggle to discern the credibility of corruption allegations (Weitz-Shapiro and Winters 2017), especially when they are cross-pressured by their political affiliation (Boas, Hidalgo, and Melo 2019) and multiple candidates face corruption allegations (Pavão 2018). Recent micro-level studies also cast doubt on incumbents' ability to exploit clientelism to coerce people to vote for them in the developing world. This research indicates that citizens use targeted goods to evaluate the competence of incumbents, largely replicating how citizens engage in retrospective voting on programmatic policies in advanced democracies (Zarazaga 2016; Calvo and Murillo 2019; Auerbach and Thachil 2023).

In the empirical chapters, I systematically examine the predictions of my argument against those derived from theories of bad governance. Figure 1.3 illustrates these contrasting implications. These theories anticipate that incumbency will have a systematically negative *or* positive effect on elections. To the extent that they predict variation, it is a function of bad governance: Incumbent corruption and shirking lead to incumbency disadvantage, while clientelism and patronage generate an incumbency advantage. By contrast, my argument anticipates variation in

[11] Triggered by an isolated money-laundering episode at a small car wash in Brazil, *Lava Jato* is a massive investigation into corrupt payments tied to state-owned enterprises that involves businessmen as well as politicians (González-Ocantos, Muñoz, Pavão, and Baraybar Hidalgo 2023). *Causa Cuadernos* (the Notebook case) involves notebooks kept by the driver of a high-profile Argentine politician that detailed a large number of corrupt transactions and payments (Cabot 2018).

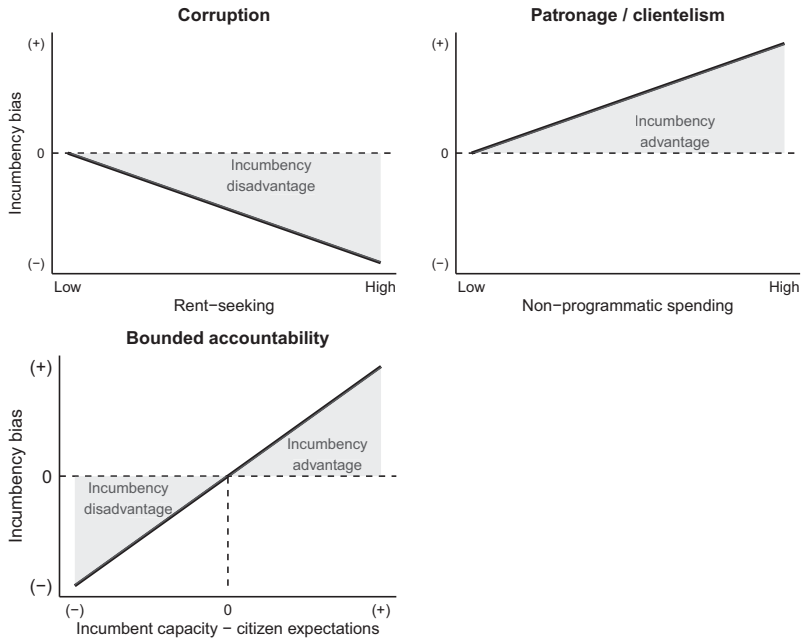

FIGURE 1.3 Direction of incumbency bias according to different theories

both the size and direction of incumbency bias within the same political system. I expect that holding office can be both an advantage and a disadvantage even within the same political system. Furthermore, I posit that this variation is a function of how institutions shape good governance.

1.4 THE EVIDENCE

This book presents the first systematic, comparative research to explain why incumbency bias emerges and differs across and within political systems. Drawing on fifteen months of fieldwork and a wide array of data sources and evidence, I employ the same empirical strategy to test my theory in Argentina, Brazil, and Chile. To examine the assumptions regarding incumbent capacity and flesh out how incumbency bias materializes in practice, I rely on over fifty interviews with incumbents, opposition politicians, party leaders, journalists, bureaucrats, and scholars. I analyze rich administrative data on public finance, commodity prices, and economic performance to assess the relationship between

incumbent capacity and incumbency bias and to evaluate alternative explanations. Whenever possible, I employ state-of-the art tools of causal inference such as regression discontinuity designs, natural experiments, and difference-in-differences (*DiD*) designs to place my findings on firmer empirical ground. I also employ two original survey experiments to investigate how citizens form their preferences for incumbents vis-à-vis challengers.

Subnational Incumbency Bias in Latin America

The book's empirical focus is subnational elections for executive offices, such as mayors and governors, in Latin America. My three case studies – Brazil, Argentina, and Chile – are located in South America, have an intermediate level of economic development, and have more than three decades of sustained democratic governance. Yet, they also face many of the structural tensions created by the practice of democracy in developing nations. They thus offer an excellent context in which to compare my theory of incumbency bias rooted in electoral accountability to alternative accounts centered on bad governance.

These three countries also exhibit useful variation in political and fiscal institutions, two key variables emphasized by my theory of incumbency bias. In terms of political institutions, Brazil and Argentina are robust federal states with high levels of political and fiscal decentralization, which give subnational incumbents a wide policy scope. But federal institutions in these countries allocate policy scope differently across subnational levels of government. While the intermediate level occupied by governors concentrates power in Argentina, a more balanced distribution prevails in Brazil, where mayors have gradually amassed more power. Chile, by contrast, is a highly centralized unitary state: Mayors, the only meaningful subnational actor, have a narrow policy scope. Fiscal institutions also vary across all three countries. In Brazil, they severely constrain incumbent capacity by strongly limiting their discretion and, in the case of mayors, introducing high fiscal dependence. In Argentina, by contrast, subnational incumbents have virtually no limits on how they spend resources, which allows them to offset resource dependence. While Chilean mayors are by no means resource-rich, their level of fiscal dependence is modest relative to their narrow policy scope, which helps them comfortably meet their spending obligations.

Subnational elections in Latin America represent an ideal theoretical and empirical laboratory. The wave of decentralization reforms of the

1990s raised the stakes of these elections by making governors and mayors responsible for the public policies that have the greatest impact on citizens' daily lives, such as health, education, transportation, and infrastructure. Subnational elections also provide powerful empirical leverage to study incumbency bias. Comparing districts within a single country makes it possible to hold constant several factors that vary across countries that could also explain why incumbents fare differently from challengers (Snyder 2001). Subnational elections also provide a large number of district-year observations, making it possible to use model- and design-based methods to separate the electoral effect of incumbency from other factors correlated with officeholding, such as candidate quality, partisanship, or the specifics of a particular electoral race (Lee 2008).

A Nested Multilevel Research Design

The book employs a nested multilevel research design that draws on within-country and cross-country comparisons. This approach allows me to balance the tradeoffs associated with single-country and cross-country studies. Single-country studies improve internal and measurement validity in two ways (Pepinsky 2019). First, leveraging subnational and temporal variation aids causal inference by holding constant national-level factors that could confound the relationship among performance, institutions, and incumbency bias (Snyder 2001). Second, this approach allows me to draw on in-depth contextual knowledge of fiscal rules and political institutions to identify natural experiments (Dunning 2012) and to inform the collection of administrative data (Pepinsky 2019).

However, I cannot use single-country case studies to examine my claims regarding the impact of national-level political and fiscal institutions (Pepinsky 2019). For this, I need to compare incumbents in different countries or offices. To expand the reach of my analysis, I nest the within-country research design within a set of paired cross-country and cross-office comparisons. In each setting, I examine the connection between (1) changes in incumbent capacity and performance and (2) incumbency bias. These combinations allow me to examine whether patterns of incumbency bias track with my theoretical predictions about the alignment of policy scope and incumbent capacity. To ensure the pairs are comparable, I contrast the same office in different countries as well as different offices in the same country.

Of course, these country–office pairs offer a limited number of *dataset* observations with which to carry out rigorous empirical testing of claims

FIGURE 1.4 Case selection

concerning differences across countries or offices.[12] To deepen the investigation of the mechanisms underpinning incumbency bias, I therefore complement these cross-case comparisons with data from elite interviews, secondary literature, and survey data. I use this mixed-methods approach to expand the study's empirical leverage through *causal process* observations.

Case Selection

I selected four country–office pairs: Brazilian mayors, Brazilian governors, Argentine governors, and Chilean mayors. As illustrated in Figure 1.4, these cases offer substantial variation in the two key factors that my theory argues drive cross-country variation in incumbency bias: citizen expectations and incumbent capacity.

Brazilian mayoral elections are the main source of evidence for my book, for both empirical and theoretical reasons. Data on Brazilian mayoral elections in 5,570 municipalities and five electoral cycles offers rich variation in incumbent capacity across space and time, allowing me to conduct the strongest possible test of my argument through a combination of natural and survey experiments, analysis of quantitative

[12] On mixed-methods research designs and the distinction between *dataset* and *causal process* observations, see Brady and Collier (2010).

observational data, and extensive fieldwork in several municipalities. I also take advantage of high-quality administrative data on fiscal, demographic, and electoral variables published by the Brazilian government.

Brazilian mayoral elections also constitute a theoretically critical case with which to evaluate competing accounts of incumbency bias. The country exhibits two important features underscored in my theory. First, centralized fiscal federalism imposes exogenous fiscal constraints on incumbent capacity. Second, Brazil's economic dependence on agricultural commodities helps me isolate the electoral impact of plausibly exogenous shocks to incumbent capacity on within-country changes in incumbency bias. Crucially, Brazilian mayoral elections constitute a hard test of my theory. Prior research has noted the importance of corruption and patronage for incumbents' electoral fortunes (Ferraz and Finan 2008; Brollo et al. 2013; Bhavnani and Lupu 2016; Klašnja and Titiunik 2017). Brazilian mayoral elections also feature term limits – an institutional variable that my theory and previous studies highlight as an important driver of partisan incumbency bias.

In addition, I devote considerable attention to three additional office–country pairs: Brazilian governors, Argentine governors, and Chilean mayors. Like its mayors, Brazil's governors also have constitutional status, exercise authority over social services, can run for a maximum of two terms, and are heavily regulated by the same rules regarding spending and debt acquisition. But Brazilian governors are less fiscally dependent than mayors, and their policy responsibilities have declined over the past thirty years. Therefore, contrasting incumbency bias in different offices in the same country provides an excellent test of explanations of incumbency bias. For example, one may reasonably argue that Brazilian mayors experience an incumbency disadvantage because corrupt politicians alienate citizens. Yet, my argument stresses that differences in incumbent capacity lead to disparate electoral fortunes for incumbent mayors vs. governors.

Argentina and Chile are also located in the Southern Cone and share important cultural and socioeconomic characteristics with Brazil. But incumbents in these countries operate in different institutional settings from their Brazilian counterparts. Chile is a highly centralized country, where mayors have a solid fiscal base relative to their narrow policy scope. Comparing Chilean and Brazilian mayors thus helps us examine whether differences in the balance between scope and capacity shape incumbency bias. Meanwhile, Argentine governors have ample authority over the delivery of public services. But unlike mayors in Brazil, they have

strong capacity rooted in a high degree of discretion and the ability to run fiscal deficits. Argentine governors are also more commonly described as using patronage and clientelism to win elections than other officeholders I study.

These four office–country cases also help me conduct a design-based analysis of the difference between personal and partisan incumbency bias. In Argentina, governors regularly alter the rules of reelection to extend their terms in office. Since the country's provincial elections feature non-programmatic yet organizationally strong parties, I can examine theoretical expectations about the type of incumbency bias. In Chile, limits to incumbent reelection were introduced in the most recent electoral cycle for mayors and national legislators. Unlike in Argentine provinces, Chilean local elections are highly personalistic; I therefore expect a decline in partisan incumbency bias in districts where the sitting mayor cannot run for reelection. In both cases, I analyze these institutional changes as natural experiments to examine my hypotheses.

1.5 CONTRIBUTIONS

This book makes important conceptual, theoretical, and empirical contributions to multiple comparative politics literatures. Its central contribution is to fill a significant gap in the comparative study of democracy. Prior scholarship has ignored the striking fact that democratic regimes differ starkly in how they reward or punish candidates and parties solely based on their institutional status as incumbent or opposition. This descriptive gap has created an explanatory gap: While we have valuable insights about why incumbency helps or hurts politicians in particular settings, we do not know why this effect is so different across and within countries. One of the book's key contributions is to coin the concept of incumbency bias, which integrates different kinds of returns to office – positive and negative, personal and partisan – under a unified theoretical framework.

Based on this novel conceptualization, this book makes a theoretical contribution to research on incumbency bias: a novel explanation of why it varies around the world. Grounded in contemporary theories on and evidence of electoral accountability, my argument underscores that the differences in the fortunes of incumbents commonly observed across the world can be traced back to how institutions systematically shape the alignment between citizen expectations of incumbents and incumbents' capacity to live up to these expectations. This theory helps

explain the puzzling patterns of incumbency bias around the world. Prior evidence of incumbency disadvantage is concentrated in offices for which citizens hold high expectations, but incumbents have low capacity – such as Brazilian and Peruvian mayors. Conversely, Chilean and Argentine mayors enjoy an incumbency advantage due to the low expectations surrounding their office and their sufficient capacity to deliver on them. My theory can also shed light on why legislative elections tend to exhibit incumbency advantage. US members of Congress, British members of Parliament, and Brazilian and Chilean national and subnational legislators are expected to do too little while wielding the tools to advertise their achievements to citizens.

The book also proposes a novel nested research design that examines variation across *and* within countries. I employ state-of-the art tools of causal inference to systematically test my theory within countries. By nesting these studies in a comparison across countries and offices, I can test how national-level institutions shape patterns of incumbency bias. Triangulating these approaches bolsters the findings' internal and external validity.

1.6 SCOPE CONDITIONS

While my theory and evidence are inspired by the experience of subnational executive incumbents, its lessons are broadly applicable. There are three important scope conditions that deserve attention. First, this book focuses on incumbency bias in democratic regimes. I stress that citizens' exercise of electoral accountability in free and fair elections is the core driver of electoral advantage or disadvantage. As such, this argument is not applicable to the type of incumbency advantage that we often observe in authoritarian elections. For example, Greene (2007) compellingly describes the hegemonic Mexican *Partido Revolucionario Institucional* as an instance of "hyper incumbency advantage." Yet, as Greene shows, this dominance was rooted in practices that violate core principles of liberal democracy – such as electoral fraud, political violence, and unfettered clientelism.

The second scope condition emanates from the focus on executive incumbents. Indeed, my theory assumes that citizens subject incumbents to performance evaluations. Yet, this is not a very stringent scope condition and, in fact, has clear implications for other offices. One of the book's main lessons is that the type of office affects the direction of incumbency

bias. Since legislatures tend to generate low citizen expectations, legislative candidates generally enjoy an incumbency advantage. By contrast, subnational offices endowed with high policy scope invite high levels of citizen scrutiny; if they lack sufficient capacity, this will very often generate an incumbency disadvantage.

The third and last scope condition concerns the focus on Latin America. Studying Argentina, Brazil, and Chile strengthens my research design because these three countries share important historical and political features but differ on institutional factors that help me test my theory of incumbency bias. However, this case selection does not limit the book's lessons to Latin America or the developing world more broadly. As explained above, my theory borrows but modifies canonical explanations of the incumbency advantage in the US and should apply to the aforementioned patterns of incumbency bias documented in other advanced democracies, such as Germany, Italy, and the UK. I also draw on recent work on electoral accountability in other developing regions, such as Africa and South Asia.

1.7 OUTLINE OF THE BOOK

Chapter 2 presents my bounded accountability theory of incumbency bias and its main empirical predictions and outlines my core empirical strategy for testing the theory across the country–office cases. After defining my typology of incumbency bias, the chapter explains how the nature of the information environment encourages performance voting and leads to the emergence of incumbency bias. Based on this general mechanism, the chapter predicts that the alignment of policy scope and fiscal institutions explains why some democracies exhibit incumbency advantage while others display an incumbency disadvantage, and demonstrates how exogenous shocks may lead to within-country changes in incumbency bias. The chapter also derives predictions about why there are differences between personal and party incumbency bias. It concludes by describing how I extend the close-election regression discontinuity design to measure incumbency bias in different political systems and document variation in direction and type within them.

Chapter 3 empirically examines the book's theory in Brazilian mayoral elections, drawing on evidence from fieldwork, secondary sources, and administrative data. Consistent with my expectations for a setting with wide scope and low capacity, Brazilian incumbent parties and candidates

suffer from a large incumbency disadvantage. While fiscal institutions structurally condition incumbent capacity and generate persistent levels of incumbency bias, exogenous shocks to capacity lead to changes in incumbency bias over time and across subnational units. Chapter 3 illustrates that changes in fiscal transfers lead to variations in incumbency bias. I also exploit Brazil's Fiscal Responsibility Law of 2000 as a natural experiment to determine how institutional shocks shape capacity. Using a *DiD* design, I find that incumbency disadvantage only emerged in municipalities running deficits – where the law had a binding effect. This effect appears to be driven by changes in public goods spending rather than changes in personnel spending – a proxy for patronage. The chapter also establishes that term limits increase incumbency disadvantage by attenuating performance voting.

Chapter 4 estimates the impact of another exogenous shock to incumbent capacity – changes in commodity prices. Brazil is one of the world's main producers of several commodities, such as coffee, bananas, oranges, and corn. Many municipal economies depend on rural agricultural production. I exploit this diversified crop portfolio to build a municipal measure of changes in commodity prices. Combining this commodity price index with electoral data, I find that commodity shocks have a strong impact on incumbency bias in rural municipalities. While negative commodity shocks deepen existing incumbency disadvantages, positive ones remove them. My findings also indicate that commodity prices do influence incumbency bias not by conditioning spending but through economic growth. This suggests that incumbency bias is partly driven by citizens' inability to attribute good or bad economic performance to particular actors.

Brazilian mayoral elections demonstrate that offices with high policy scope but low capacity tend to experience an incumbency disadvantage, but that exogenous shocks to capacity can create heterogeneity in incumbency bias. The remainder of the book considers what happens in other contexts.

Chapter 5 examines incumbency bias when incumbents have a higher capacity using evidence from gubernatorial elections in Argentina and Brazil. Though officeholders in both countries wield high levels of responsibility, they do so with far less severe fiscal restrictions than Brazilian mayors. In both cases, revenue flows are fairly stable and fund a high proportion of spending. At the same time, Argentine governors reportedly often win elections by disbursing patronage and buying votes, making them a least likely case for my theory. However, the analysis indicates that

in both cases, spending on public goods is just as effective as spending on personnel for building an incumbency advantage. The contrast between Brazil and Argentina also helps me examine my predictions regarding how party organizations affect the type of incumbency bias. While strong yet nonprogrammatic parties allow parties and candidates to benefit from incumbency advantage in Argentina, high levels of personalism restrict Brazilian candidates' incumbency advantage.

Chapter 6 investigates a setting with a narrow policy scope and low expectations. Unlike their Brazilian counterparts, Chilean mayors are not expected to implement important policies; the national government controls most public goods provision. Consistent with my theory regarding settings with low expectations, I find that mayors in Chile enjoy an incumbency advantage. I also establish that their ability to obtain a return from holding office hinges on fiscal transfers and public goods spending. Chile also offers a natural experiment for examining my expectations about the sources of personal vs. partisan incumbency bias. During the most recent electoral cycle, some mayors were subject to term limits, while others were allowed to seek reelection. I analyze the impact of this institutional change using a *DiD* design. The results suggest that Chilean mayors' incumbency advantage is strictly personal, as my theory predicts for personalistic parties.

Chapter 7 employs original survey experiments to empirically examine the assumptions of my theory of incumbency bias. The experiments were conducted in settings that display a wide variation in incumbency bias, and my experimental designs balance the tradeoff between abstraction and control. The results are broadly consistent with bounded accountability: Citizens process information about exogenous fiscal shocks in a rational fashion. In Brazil, when the hypothetical nature of the scenario deprives them of prior information about candidates, citizens only respond to information about a fiscal windfall when it is effectively deployed in their district. In Argentina, where the scenario is real and citizens thus hold prior views about incumbents, citizens react according to the predictions of rational updating – that is, improving low evaluations when they learn that incumbents have high responsibility and downgrading evaluations after being told that incumbents have access to external resources. The Brazil experiment also provides evidence that is consistent with a key assumption of bounded accountability: When given the opportunity, citizens substitute exogenously driven performance for more informative shortcuts – such as party labels and programmatic differences.

The concluding chapter summarizes the book's argument and findings and describes its key contributions. It then turns to discuss potential theoretical limitations that pertain to the strategic behavior by citizens and incumbents and potential scope conditions for the theory's ability to explain incumbency bias in presidential and legislative elections. The chapter also examines the normative implications of the book's main findings for the state of democracy in Latin America and the developing world more broadly. The chapter closes by touching on the book's policy implications. Taken together, these findings challenge the conventional wisdom that incumbency bias is a form of failed accountability in which clientelism insulates officeholders from electoral control, or corruption deprives citizens of the ability to select good representatives. The book instead suggests that incumbency bias is the natural result of properly functioning electoral accountability institutions in settings where citizens have low-quality information. While no panacea, the findings suggest that enhancing the quality of democracy requires improving institutional design and citizens' knowledge.