

Electoral Accountability and Local Government Efficiency: Quasi-Experimental Evidence From the Italian Health Care Sector Reforms

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This paper studies empirically the relationship between the electoral accountability of politicians and local government efficiency using a new data-set from Italian regions. The focus is on health services, which in Italy are mainly the responsibility of the regions. The efficiency of their provision at the regional level is measured in two ways, either by data envelopment analysis, or by stochastic frontier analysis. Instead electoral accountability is measured in terms of fiscal decentralization and electoral rules. The paper takes advantage of a process of reforms introduced in Italy after the financial and political crises of the early 1990s. In 1995, new regional elections were held under a new electoral law that replaced the previous proportional system by a new system based on majority rule. In 1998 two new regional taxes replaced a large amount of the intergovernmental grants that were earmarked for the health care sector.

The relationship between the new electoral system and the efficiency of regional governments is estimated in a quasi-experimental setting using the fifteen regions with normal statute as the treated group, and the six regions with special statute, that were not affected by the reform, as the control group. Final results show that the electoral reform unambiguously increased the efficiency of the regional governments by around 3%. Instead the relationship between the 1998 fiscal reform and regional governments' efficiency, that cannot be estimated with the same quasi-experimental methodology, is ambiguous.