

Active and Passive Transparency*

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January, 2020

Abstract

Audits and freedom of information (FOI) laws have independently been the subject of many transparency studies, but they are rarely implemented in isolation. I address this gap in the literature by developing the first simultaneous analysis of audits (active) and FOI laws (passive) transparency policies. Using a unique *quasi*-experimental, concurrent implementation of these policies in Brazil, I find that joint transparency improves municipal human development index (HDI) by 10.7 percentage points. Surprisingly, passive transparency has a larger effect than active transparency on HDI and other municipal governance indicators. This result suggests that FOI laws are better at improving governance levels than top-down auditing.

Keywords: government performance; transparency; accountability; corruption; governance.

JEL classification: D73; K42; P48; H83.

*I am grateful to the insightful feedback from Brigitte Seim, Scott Desposato, George Avelino, Ciro Biderman, Ashu Handa, Tricia Sullivan, Doug MacKay. I acknowledge financial support from the Institute for Humane Studies (IHS) and the UNC-Chapel Hill Department of Public Policy. All remaining errors are my own.

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1 Introduction

Institutional scholarship often claims that government transparency is a key factor for good governance and economic development (Kaufmann et al., 1999; Bo Rothstein, 2012). When governments make their business public, they increase the scrutiny and oversight of actions taken by elected officials and civil servants. In many countries, for instance, citizens can check the use of public resources by accessing expense reports filed by politicians and, if unhappy, demand proper use of government funds. Institutional transparency thus creates an accountability mechanism aligning the interests of agents and principals, further supporting economic and social progress. In this study, I contribute to this literature by investigating the simultaneous effects of two transparency policies on municipal governance in Brazil.

Beyond transparency, recent debates in the institutional scholarship highlight the need for a more in-depth understanding of how exactly institutions promote development. For instance, what qualifies a institution as strong? Is it stability or the enforcement of the rule of law? (Levitsky and Murillo, 2009) Alternatively, is institutional quality the same within a certain country? A comparison of Departments of Motor Vehicles (DMV) across the United States and the Federal Bureau of Investigation (FBI) would anecdotally suggest vertical variation (across levels of government) and horizontal variation (across government offices) of institutional quality. Institutions are also endogenous (Acemoglu et al., 2005; Dal Bo et al., 2010), such that similar rules, norms, or policies can yield different social outcomes depending on their context. Though the United Kingdom and Brazil both have national public health systems, health care quality differs greatly between the two countries.

Transparency analyses particularly suffer from these limitations. While there is substantial evidence on the power of public audits (a form of enforcement) in reducing corruption (Olken, 2007; Ferraz and Finan, 2008; Bobonis et al., 2016), we do not know why corruption practices are so durable, even in countries where enforcement mechanisms are strong. There is mixed evidence on whether cultural and social norms are responsible for the unexplained persistence of corruption (Fisman and Miguel, 2007; Barr and Serra, 2010; Serra and Wantchekon, 2012), so investigating the mechanisms behind the durability of corruption remain as an interesting research agenda. In addition, scholars have mostly analyzed transparency policies in isolation, but these policies are rarely implemented as such in actuality. Anti-corruption instruments such as audits and freedom of information legislation (*henceforth* FOI) have been separately featured in different studies, though they have the same objective and coexist in many jurisdictions across the world. Thus, understanding whether these initiatives are substitutes or complements in preventing corruption is another interesting research agenda.

Using Brazil as a case study, I overcome this latter limitation in the literature and present the first simultaneous analysis of *active* and *passive* transparency policies. I define active transparency as action initiated by government to release public information (such as audits) and passive transparency as action making information available only upon request (such as freedom of information requests). What differentiates each policy is whether government releases information by action

(active) or by request (passive). I take advantage of a unique policy set-up in Brazil in which these policies coexisted for a period of about fifteen years. Between 2003 and 2015, the Office of the Comptroller-General (CGU) implemented a random audit program investigating the use of federal resources by municipalities across Brazil. This program is the source of exogenous variation in active transparency across Brazilian municipalities. In 2012, Brazil also enacted its Freedom of Information Act establishing channels of information release across all government levels. This legislation provides another source of exogenous variation in passive transparency when comparing municipal outcomes before and after FOI. By overlaying audits and FOI, I artificially create a two-by-two factorial experiment where municipalities fall into one of four treatment conditions (figure 1): (i) control (unaudited municipalities before FOI); (ii) passive transparency (unaudited municipalities after FOI); (iii) active transparency (audited municipalities before FOI); (iv) active and passive transparency (audited municipalities after FOI).¹

To analyze the effects of transparency policies, I use performance, development, and sanction outcomes between 2003 and 2017. I call this the *governance* experiment because these measures form a comprehensive picture of the quality of municipal administration in Brazil. They also contribute a granular, in-depth analysis of institutional quality at the municipal-level, a significant improvement from country-wide measurements in cross-country studies. The results show that the joint implementation of active and passive transparency contributes to an improvement of 10.7 percentage points in the municipal human development index (HDI). To put this in perspective, this gain in Brazil’s country-wide HDI would move it from 72th to 36th place in the United Nations’ 2019 Human Development Index – thus a substantial improvement. Passive transparency significantly improves all three outcomes, indicating an overall improvement in institutional quality, while active transparency only improves municipal administration performance. I explore the mechanisms behind these effects in the results section.

Since these transparency programs also had evaluation components, they allow for two additional, cross-effects experiments. First, the random audits produced objective measures of corruption (extensively discussed in Ferraz and Finan, 2008, 2011; Brollo et al., 2013; Zamboni and Litschig, 2018; Avis et al., 2018), such that I can compare municipalities audited before and after FOI to measure the effect of passive transparency on corruption (*corruption* experiment). Second, CGU also collected objective, FOI compliance measures between 2015 and 2017 for a subset of municipalities, such that I can compare audited and unaudited municipalities in this subsample to measure the effect of active transparency on information release (*information* experiment). Thus, I additionally contribute to the literature the analysis of (i) the effects of FOI on corruption and (ii) the effects of audits on FOI compliance. In the corruption experiment, I show significant negative effects of passive transparency on corruption. Enacting FOI legislation reduces acts of corruption in public spending by 22.3 percent. These results are not explained by differential corruption trends over time. In the information experiment, the effect of active transparency is even

¹This *quasi*-experimental design is the same as a randomized-controlled trial that follows treatment and control units over time.

stronger. Audited municipalities almost perfectly correlates with accurate and timely responses to FOI requests. Though only passive transparency has a consistent effect on institutional quality, both policies have substantial cross-effects and help prevent corruption and improve citizen accountability mechanisms.

The remaining of this paper is organized as follows: in section 2, I discuss the institutional design that allows for the causal identification of both active and passive transparency effects; section 3 suggests the theoretical mechanisms and hypotheses of behind the relationship between transparency on institutional quality; section 4 presents the data; section 5 outlines the empirical strategy (whose results are reported in section 6); finally, section 7 concludes.

2 Transparency Policies in Brazil

Transparency policies are the responsibility of the Brazilian Office of the Comptroller-General (CGU), which was established in 2003 to oversee the use of federal resources across the country. Its mission involved investigating and guaranteeing the proper allocation of resources not only across the federal executive, but also across all levels of executive government – states and municipalities included. Over time, its attributions expanded from a purely monitoring function to rule-making and even the imposition of legal sanctions on state and municipal governments, public officials, and private parties contracted by the Brazilian government. Since its inception, CGU has been the most important anti-corruption agency in the country and, despite political changes, it has maintained its high-profile status as an autonomous oversight agency within the federal government.

CGU is responsible for a number of transparency programs. It processes FOI requests at the federal executive level; it hosts annual conferences on fighting corruption; it works jointly with other law enforcement (Federal Policy and the Office of the Prosecutor-General) to conduct investigations on misuse of public resources; it publishes civil servant wages, and etc. – just to name a few of its responsibilities. One of its most recognized programs is the random audit of municipalities, which began in 2003 and ended in 2015.² This program consisted of a short visit, generally a week or two long, to a municipality for the investigation of the use of federal resources in public services. The central CGU office provided state teams with a list of inspection orders, covering transfers from the federal government to municipalities in the previous three to four years. The state team would check this list against the records provided by municipal officials. After the visit, auditors summarized their findings in a report which was then made available on CGU’s website and forwarded to all prosecuting authorities, such as the Federal Police and local legislative branches, i.e. city councils and state legislative bodies.

The program has been successful since the beginning. In 2004, CGU fed the Federal Police evidence of a corruption scheme covering over 100 procurement contracts for the purchase of emergency vehicles in 119 municipalities between 2000 and 2002, with an estimated loss of \$7 million

²The program still exists today but, instead of randomly selecting and auditing municipalities, CGU uses an internal risk score model to assign audits to municipalities most at risk of corruption.

(in 2002 dollars). In addition, the program’s design has made it a prolific source of academic research. CGU randomly selected a set number of municipalities in each state and assigned teams of independent, highly-qualified bureaucrats to scrutinize all expenditures made by municipalities under policy programs. CGU officials are tenured civil servants who have been approved in national competitive exams and whose income is both independent of their audit findings and higher than the national average for professionals of same qualification. The audit reports contain detailed information about the program under investigation, the amount of funds that should have been spent, what goods or services should have been procurement, etc. CGU officials had a low-medium-high severity scale to classify irregularities in program spending. These reports have been extensively used in the political science and economics literature, and some of its most important studies are Ferraz and Finan (2008, 2011); Brollo et al. (2013); Zamboni and Litschig (2018). Thus, not only the random audit program is an excellent source of unbiased, objective measures of municipal corruption, but also constitutes an exogenous shock of active transparency imposed on a sample of municipalities starting in 2003.

The second institutional feature making Brazil the perfect case study for this research project is the passage of its FOI act in 2011, which came into force in May 2012. The law requires that government offices at all levels, and their affiliated agencies, set up systems of access to public information. Its provisions are similar to that of other FOIAs across the world: all information is public unless expressed and justified by the agency responsible; no agency can charge for use of government data; and any individual or company, national or foreign, can file a request for data access. The nationwide scope, the immediate effect, and the standardized, mandatory rules established by FOI make it an exogenous and uniform shock of passive transparency across Brazil starting in May 2012.

While the random audit program both creates an exogenous shock of active transparency and a rich dataset of objective measures of corruption, the same is not true of FOI – which only imposes the passive transparency shock. CGU, however, implement an evaluation of FOI called *Transparent Brazil Scale* (EBT), which is the source for objective measures of FOI compliance. The EBT evaluation program ran from 2015 to 2017 and aimed at creating a national ranking of the quality of freedom of information systems across Brazilian states and municipalities. Every year, CGU randomly selected state and municipal governments across the country and sent them four information requests to asking for progress on the implementation of FOI, and data on social, education, and health programs. The responses to these information requests were coded as binary variables indicating FOI compliance, both in terms of information accuracy and response time. I construct the FOI outcomes using a subset of the data generated by the EBT program, which I detail in section 4.³

³Multiple studies have confirmed the quality of CGU programs. Yet, many of the documents detailing the random audit and the EBT initiatives are available online for further check. For instance, CGU published detailed guides on randomization strategy and outcome measurement for both programs, an initiative that lends additional support to the unbiased and thorough evaluation and implementation of transparency programs.

3 Theory and Hypotheses

In this paper, I investigate the relationship between the implementation of transparency policies and governance, broadly defined as a set of performance, development, sanctions, corruption, and FOI compliance outcomes. I break down transparency into two subgroups, active and passive transparency, to capture different policy designs and heterogeneous effects on governance outcomes.

3.1 Active Transparency

I define active transparency as *any action initiated by government, or its affiliated entities, to release public information about government business*. Top-down monitoring of policies, governments, and officials are some ways of implementing active transparency. Monitoring can be anything from setting-up deliberative or investigative committees to auditing instruments. Though I focus on audits in this study, all of these initiatives aim at increasing the costs of illegal activities, following the criminal behavior models pioneered by Becker (1968); Becker and Stigler (1974); Rose-Ackerman (1975). According to these models, criminal behavior is the result of cost-benefit calculations of engaging in criminal activity; for instance, if governments audit the use of funds and communicate irregularities to law enforcement, the media, and the public, they increase the costs of illegal action by increasing the probability of crime detection and prosecution. Therefore, I can plausibly expect that active transparency improves governance, and results in better government performance, higher human development, and more sanctions imposed for officials' misconduct. This reasoning forms hypothesis H_{A1} .

H_{A1} : *A municipal government that has experienced an active transparency intervention (audits) should see an improvement in governance, measured by performance, development, and sanctions outcomes.*

In addition to performance, I expect that audits positively impact FOI compliance. When local governments welcome a team of auditors and have to go through their program records in order to answer inspectors' questions, it is likely that they will learn from experience and improve information storage in response to increased scrutiny. Both the time it takes to process FOI requests and the accuracy with which these requests are reported would see improvements after an audit has taken place. Hypothesis H_{A2} captures this relationship.

H_{A2} : *A municipal government that has experienced an active transparency intervention (audits) should see better FOI compliance, measured by how timely and accurate the information released is.*

3.2 Passive Transparency

There is no widely-accepted definition of passive transparency as it only recently became the subject of scholarly interest. To fill in the gap, I propose the definition of passive transparency as *as any*

action initiated by government, or its affiliated entities, in which information is made available but released only upon request. This definition focuses on the role of the government as responding to, rather than initiating, a transparency action. In actuality, passive transparency studies have mostly analyzed freedom of information legislation. FOI laws constitute dormant accountability measures which are activated when there is an explicit request from the public, the media, or any other non-governmental agent. An important concern with FOIs is whether they are inherently positive. As suggested by Prat (2005), transparency can lead to worse social outcomes if agents conform to a certain behavior that is detrimental to principals. For instance, officials can refrain from utility-maximizing behavior to avoid FOI challenges to potentially utility-increasing but risky actions. An additional concern comes from the effort required to meet FOI standards. Governments would scramble to organize their files and make sure all information is available at the expense of their core responsibilities. If, eventually, these data are not requested by anyone outside government, or if data are requested but there are no wrongdoings, then passive transparency has consumed resources and has not produced social benefits.⁴ I adopt this skeptical approach and suggest a negative relationship between passive transparency and both performance and corruption outcomes. These ideas are presented in hypotheses H_{P1} and H_{P2} .

H_{P1} : *A municipal government that has experienced a passive transparency intervention (under scrutiny of FOI law) should see worse governance levels, measured by performance, development, and sanctions outcomes.*

H_{P2} : *A municipal government that has experienced a passive transparency intervention (under scrutiny of FOI law) should see worse corruption levels, measured by the number of corruption irregularities found in federal program spending.*

3.3 Active and Passive Transparency

The joint treatment of active and passive transparency (also called double transparency in this study) occurs when a government body has been audited in the past and when FOI is in force. In this case, government information has been revealed by a monitoring agency and additional information should be revealed upon request. Since I posited in subsections 3.1 and 3.2 opposing consequences of active and passive transparency, the joint effect is ambiguous. One policy can have a stronger effect than the other or they can offset each other's effect. Suppose audits reveal corruption and make public officials wary of further investigations via FOI. In this case, they can conform to group behavior to avoid risky, utility-increasing (or to hide utility-decreasing) actions.

⁴The case where there are benefits of organizing information for active transparency is different in at least two dimensions. First, the former case is primarily concerned with the use of specific resources instead of all data on government activities. The benefits of investigating and correcting the use of funds are much more clear than that of making all municipal normative acts public; second, the costs of releasing information in active transparency are mostly borne by the external auditing agency.

Active transparency is socially beneficial but passive transparency is not. The net effect depends on the magnitude of each independent intervention, and should be calculated empirically (hypothesis H_{AP}).

H_{AP} : *The effect of a joint active and passive transparency intervention (audits and FOI law) on performance, development, and sanctions is ambiguous.*

Unfortunately, I do not observe corruption and FOI compliance for all municipalities in the sample. These outcomes have been constructed from randomized evaluations conducted by CGU on a subsample of municipalities in Brazil. I summarize all hypotheses and expected effects in table.

4 Data

The data come from various sources and span over multiple years (2003-2017). I construct a repeated cross-section dataset of Brazilian municipalities with performance, development, sanction, corruption, and information outcomes. The independent variables of interest are audit (active) treatment, FOI (passive) treatment, and double (active and passive transparency) treatment. I supplement all analyses with municipal covariates and linear time trends for all years under study.

I construct the performance, development, and sanctions measures from three sources. The performance outcome comes from the statistical profile of municipalities in Brazil, a data report published every two or three years by the National Statistics Office (IBGE). One of the information they collect is whether municipalities have approved, or updated, their municipal urban development plan (MUDP). These plans lay out land use regulations and zoning laws that support (structured) spatial growth of municipalities. Since crafting such a plan requires inputs from all areas of local government, they are good proxies of performance because they indicate whether governments are good at coordinating efforts to implement policies. I build a dataset of MUDP adoption for all waves of the statistical profile published by IBGE and match them to municipalities included in this study's sample.

The development outcome comes from the industry association FIRJAN, the second largest in the country. Its research team produces an annual report of municipal human development index (HDI) for all municipalities in Brazil, closely following the United Nations' HDI methodology. All underlying data in its municipal HDI come from the many economic and social research offices across the Brazilian government, such that there are no concerns about data quality.

The sanctions outcome comes from three datasets of law enforcement agencies in Brazil: (i) the Federal Police's/CGU's dataset on corruption crackdown operations; (ii) CGU's dataset on operations conducted to seize evidence as mandated by judicial proceedings; (iii) National Council of Justice's dataset on convictions of public officials for misuse of public office. For all municipalities in the sample and all years, I gather binary variables on whether the municipality has been the target of a corruption crackdown operation, whether municipalities have had documents seized as

evidence, and whether their public officials have been convicted for misuse of public office. I then construct a binary sanctions variable taking up value one if any of these sanctioning actions has taken place for any given municipality-year pair.

For corruption outcomes, I use CGU’s random audit evaluation program, which ran until 2015. I use the same dataset as Avis et al. (2018), which is publicly available online as a response to a freedom of information request. It contains all investigation orders for municipalities randomly selected for audits since 2006, which is when CGU developed their standardized coding of corruption and mismanagement irregularities. The corruption, mismanagement, and number of irregularities outcomes are the same as Avis et al. (2018), i.e. the (logged) number of irregularities of each type. The level of observation is the municipality-lottery pair.⁵

FOI compliance outcomes come from CGU’s FOI evaluation program EBT, which ran between 2015 and 2017. Specifically, I use four information requests sent to municipalities every year that EBT ran. These requests measured the quality of information on two dimensions: (i) whether the municipality reported back in the time mandated by LAI; (ii) whether the information provided was accurate. These four requests covered four policy areas: health, education, social, and transparency programs. For the time dimension, I compute whether the municipality has responded to any of the four requests within the deadline. For the accuracy dimension, I compute whether the municipality has provided correct answers to any of the four requests. A particularly important feature of EBT is that the information requests concerned programs whose implementation and evaluation were under CGU’s responsibility. This means that they kept program records against which they could compare all FOI responses they received, further increasing the data quality.

Municipal covariates come from the 2010 Census, so they are repeated across observations for different years. I include the share of urban population, the share of female population, the share of illiterate population, income per capita levels (logged), the Gini coefficient, the share of poor population, whether the municipality hosted a AM radio station, whether the municipal administration had set up both the health and education participatory councils, and whether the municipality was the seat of a judiciary branch unit. These variables control for observable differences in municipal conditions that could bias treatment results. I report their summary statistics in table 2.

In table 2, I show all treatment groups from figure 1 but omit the control group. For each treatment group, I report the group mean, the mean difference against all other groups, and the p -value of a t -test on the mean difference. In the bottom panel, I indicate which experiment uses each sample. According to table 2, differences across groups are small and statistically insignificant at p -value = .05. The only exception is the log of income per capita, which is statistically different between the double treatment, the active treatment, and their respective control groups. Since this is the only difference across groups, I am not concerned about baseline differences that would drive the results in this study. Nevertheless, I estimate all regressions controlling for all covariates to

⁵Between 2006 and 2015, there were between one and three lottery draws for inspection, which means that the municipality-lottery pair also fully identifies the year in which the audit took place. Therefore, all observations in our sample are measured at the municipality-year they occurred.

reduce even further the potential for bias in our parameters of interest.

5 Empirical Strategy

6 Results

7 Conclusion

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Tables and Figures

Figure 1: Experimental Conditions

	Pre-FOI	Post-FOI
No Audit	Control Group [1,950; 1,363]	Passive Treatment [3,513; 1,816]
Audit	Active Treatment [1,320; 897]	Active + Passive Treatment [366; 217]

Note: The first number in squared brackets is the total number of observations in each group; the second number is the number of unique observations in each group.

Table 1: Expected Effects of Treatments on Outcomes

<i>Outcomes:</i>	Active + Passive Transparency	Active Transparency	Passive Transparency
1. Performance, Development, Sanctions	? (H _{AP})	+ (H _{A1})	− (H _{P1})
2. FOI compliance		+ (H _{A2})	
3. Corruption			− (H _{P2})

Table 2: Summary Statistics Across Experimental Groups

	Active + Passive Transparency (<i>n</i> = 217)			Active Transparency (<i>n</i> = 897)			Passive Transparency (<i>n</i> = 1,816)		
	Mean	Diff.	<i>p</i> -value	Mean	Diff.	<i>p</i> -value	Mean	Diff.	<i>p</i> -value
Share Urban (Pop.)	.626	−.008	.585	.627	−.005	.743	.636	.005	.771
Share Female (Pop.)	.506	.001	.699	.505	.000	.895	.505	.001	.556
Share Illiterate	.183	.009	.174	.179	.007	.342	.168	−.004	.549
Income Per Capita (ln)	9.044	−.105**	.021	9.052	−.113**	.017	9.167	.002	.960
Gini Coefficient	.508	.000	.986	.512	−.004	.364	.510	−.006	.186
Share Poor (Pop.)	.265	.010	.412	.269	.003	.787	.246	−.020	.138
Presence of AM Radio	.190	−.011	.685	.201	−.009	.750	.212	.002	.945
Presence of Health Council	.787	.012	.667	.760	.032	.274	.760	.032	.299
Presence of Education Council	.958	−.010	.462	.970	−.009	.513	.972	−.007	.630
Seat of Judiciary Branch	.517	.048	.169	.488	.022	.532	.512	.046	.222
Sample Included in Experiment?	Active + Passive Transparency			Active Transparency			Passive Transparency		
Governance Experiment	Yes			Yes			Yes		
Information Experiment	-			Yes			-		
Corruption Experiment	-			-			Yes		

Note: This table displays means for all covariates for observations in each treatment condition (column 1 in each group). Column 2 is the mean difference between observations in the treatment group vs. each control group. For the active and passive transparency intervention, the control group is composed of unaudited municipalities before 2012 (*n* = 1,363); for the active transparency intervention, the control group are unaudited municipalities after 2012 (*n* = 1,816); for the passive transparency intervention, the control group are the audited municipalities before 2012 (*n* = 897). Column 3 displays the *p*-values from *t*-tests performed on these variables across samples.

Table 3: The Effect of Transparency Policies on Governance

	MUDP Adoption		Municipal Human Development Index (MDI)		Sanctions Imposed	
	(1)	(2)	(3)	(4)	(5)	(6)
Active + Passive Transparency	.419* (.236)	.323 (.246)	.093* (.054)	.107*** (.033)	-.121 (.104)	-.133 (.119)
Active Transparency	.130*** (.036)	.151*** (.036)	-.044*** (.008)	-.009 (.006)	-.015 (.016)	-.017 (.017)
Passive Transparency	.143 (.137)	.207** (.091)	.073** (.031)	.037*** (.013)	.278*** (.061)	.285*** (.078)
Time Trend Interactions	Yes	Yes	Yes	Yes	Yes	Yes
Municipal Controls	-	Yes	-	Yes	-	Yes
Observations	7,149	7,149	7,149	7,149	7,149	7,149
F-stat	44.9***	156.3***	107.2***	1037.6***	7.5***	29.1***

Note: The regressions here estimate the effect of each transparency condition on three municipal outcomes: whether the administration adopts an urban development plan, their human development score, and whether the mayor or anyone in their team has been sanctioned by law enforcement authorities. Columns 1, 3, and 5 estimate the models without covariates. Columns 2, 4, and 6 include municipal covariates and time trends interactions to control for observable differences across municipalities that could simultaneously explain the outcomes. All standard errors are clustered at the municipality level. A municipality could have been audited or sampled to form the artificial control group more than once, thus the sample size (7,149) is larger than the number of unique municipalities in the study (4,316). *p<0.1; **p<0.05; ***p<0.01.

Table 4: The Effect of Passive Transparency on Corruption

	Acts of Mismanagement (ln)		Acts of Corruption (ln)		Number of Irregularities (ln)	
	(1)	(2)	(3)	(4)	(5)	(6)
Passive Transparency	.114 (.097)	.104 (.116)	-.228*** (.057)	-.223*** (.062)	-.218*** (.054)	-.215*** (.060)
Time Trend Interactions	Yes	Yes	Yes	Yes	Yes	Yes
Municipal Controls	-	Yes	-	Yes	-	Yes
Observations	1,686	1,686	1,686	1,686	1,686	1,686
F-stat	38.7***	10.5***	10.1***	43.1***	8.7***	36.4***

Note: The regressions here estimate the effect of passive transparency (FOI laws implemented across Brazil) on three corruption outcomes: whether the municipal administration has mismanage public funds, engaged in corruption, and the number of violations to sound spending according to federal law. Columns 1, 3, and 5 estimate the models without covariates. Columns 2, 4, and 6 include municipal covariates and time trends interactions to control for observable differences across municipalities that could simultaneously explain the outcomes. All standard errors are clustered at the municipality level. A municipality could have been audited more than once, thus the sample size (1,686) is larger than the number of unique municipalities in the study (1,114). *p<0.1; **p<0.05; ***p<0.01.

Table 5: The Effect of Active Transparency on Information

	FOI Request (time)		FOI Request (accuracy)	
	(1)	(2)	(3)	(4)
Active Transparency	.943*** (.197)	.963*** (.150)	1.100*** (.201)	1.117*** (.151)
Time Trend Interactions	Yes	Yes	Yes	Yes
Municipal Controls	-	Yes	-	Yes
Observations	3,879	3,879	3,879	3,879
F-stat	45.0***	47.5***	55.1***	47.5***

Note: The regressions here estimate the effect of active transparency (random audits of public spending) on two FOI outcomes: the probability of the municipal administration responding to FOI requests in timely and accurately manner. Columns 1 and 3 estimate the models without covariates. Columns 2 and 4 include municipal covariates and time trend interactions to control for observable differences across municipalities that could simultaneously explain the outcomes. All standard errors are clustered at the municipality level. The information outcomes were collected in three waves, for the same municipalities, so the sample size (3,879) is larger than the number of unique municipalities in the study (2,033). *p<0.1; **p<0.05; ***p<0.01.

Figure 2: Performance Improvement Trends

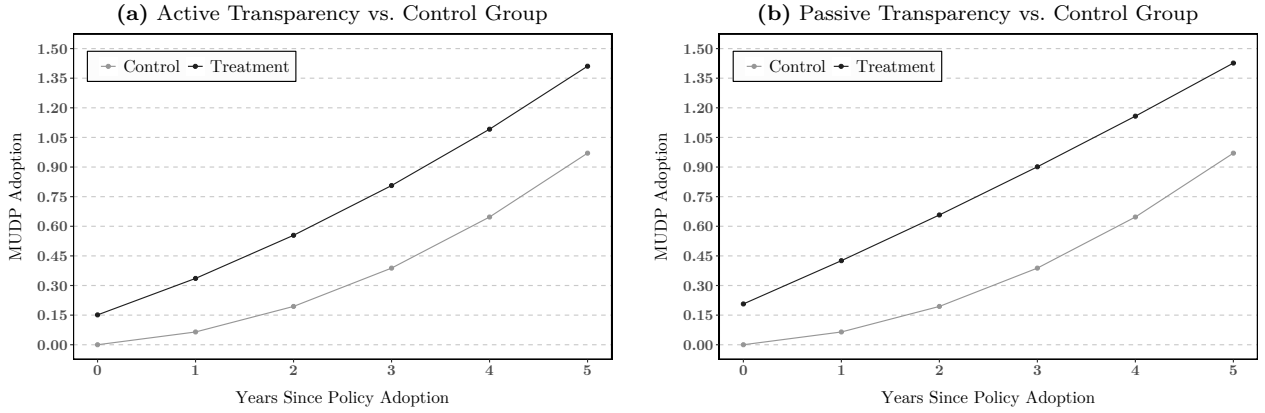


Figure 3: Development Improvement Trends

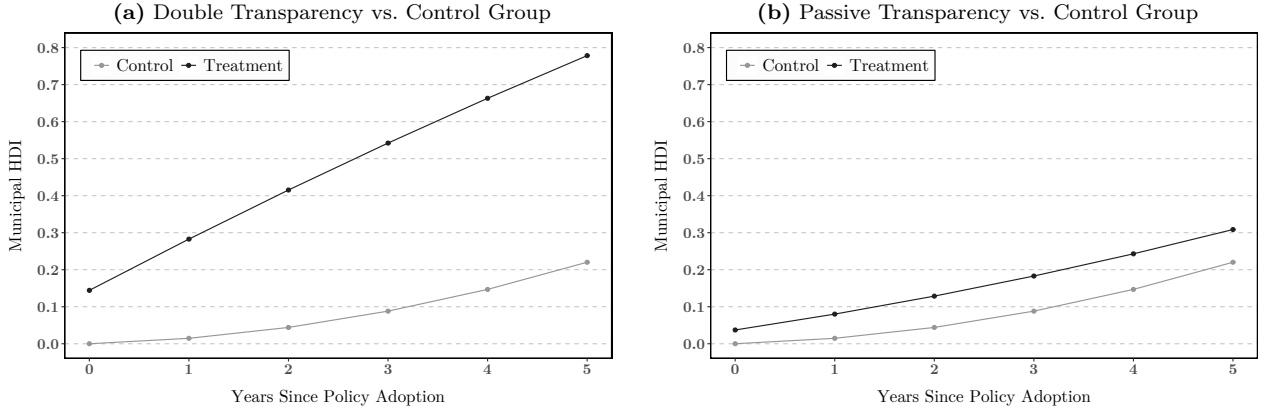


Figure 4: Corruption and Information Improvement Trends

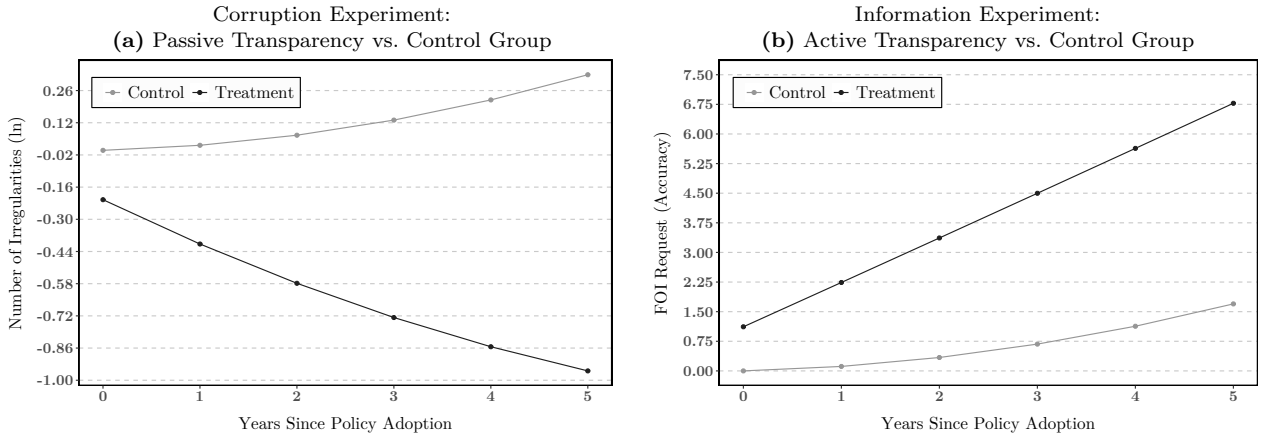


Figure 5: Figure Template