# Three Essays on Sanctions of Politicians in Brazil

A proposal submitted in partial fulfillment of the requirements for the Degree of Doctor of Philosophy in Public Policy

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## Abstract

This dissertation project will investigate the relationship between legal sanctions and politics in Brazil. In the first paper, I look at the effect of convictions for electoral infractions on electoral performance in four municipal elections between 2004 and 2016. The second paper tests whether State Court judges significantly rule in favor of politicians involved in small claim court cases. Finally, the last paper investigates whether active and passive transparency simultaneously improve government performance and increase the number of legal sanctions for government wrongdoing. These papers contribute significantly to the literature in political science, economics, and law by exploring the relationship between legal sanctions and local political dynamics in developing countries. In addition, I also contribute new data sources in the form of judicial decisions and innovative identification strategies using institutional features of Brazilian electoral and judicial systems.

**Keywords:** political economy of development; electoral politics; judicial politics; transparency; economics of crime.

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# 1 Active and Passive Transparency in Brazilian Municipalities

## 1.1 Introduction

## 1.2 Institutional Background

## 1.3 Data

### 1.3.1 Sampling Strategy

Table 1: Descriptive Statistics by Treatment Condition

| | Active Transparency | | | Passive Transparency | | | Active and Passive Transparency | | |
|---|---|---|---|---|---|---|---|---|---|
| | Control (1) | Treatment (2) | Diff. (3) | Control (1) | Treatment (2) | Diff. (3) | Control (1) | Treatment (2) | Diff. (3) |
| Share Urban (Pop.) | 0.632 | 0.626 | 0.006 | 0.625 | 0.632 | -0.007 | 0.630 | 0.629 | 0.001 |
| | | | (0.415) | | | (0.398) | | | (0.944) |
| Share Female (Pop.) | 0.505 | 0.505 | 0.000 | 0.505 | 0.505 | -0.001 | 0.505 | 0.506 | -0.001 |
| | | | (0.443) | | | (0.173) | | | (0.292) |
| Illiteracy Rate | 0.170 | 0.181 | -0.011 | 0.179 | 0.171 | 0.008 | 0.172 | 0.192 | -0.020 |
| | | | (0.001) | | | (0.038) | | | (0.002) |
| Income Per Capita (ln) | 9.150 | 9.041 | 0.109 | 9.052 | 9.142 | -0.09 | 9.132 | 8.995 | 0.136 |
| | | | (0.000) | | | (0.000) | | | (0.003) |
| Gini Coefficient | 0.510 | 0.514 | -0.004 | 0.512 | 0.510 | 0.002 | 0.510 | 0.522 | -0.011 |
| | | | (0.037) | | | (0.375) | | | (0.005) |
| Human Development Index | 0.653 | 0.644 | 0.009 | 0.645 | 0.652 | -0.007 | 0.652 | 0.637 | 0.015 |
| | | | (0.000) | | | (0.008) | | | (0.001) |
| Share Poor (Pop.) | 0.249 | 0.274 | -0.024 | 0.270 | 0.251 | 0.019 | 0.253 | 0.288 | -0.035 |
| | | | (0.000) | | | (0.004) | | | (0.004) |
| Presence of AM Radio | 0.204 | 0.203 | 0.001 | 0.203 | 0.204 | -0.001 | 0.204 | 0.203 | 0.001 |
| | | | (0.929) | | | (0.944) | | | (0.960) |
| Presence of Health Council | 0.759 | 0.773 | -0.014 | 0.767 | 0.761 | 0.005 | 0.761 | 0.802 | -0.041 |
| | | | (0.304) | | | (0.725) | | | (0.131) |
| Presence of Ed. Council | 0.973 | 0.967 | 0.006 | 0.971 | 0.972 | -0.001 | 0.973 | 0.952 | 0.021 |
| | | | (0.313) | | | (0.866) | | | (0.148) |
| Seat of Judiciary Branch | 0.500 | 0.505 | -0.005 | 0.486 | 0.505 | -0.018 | 0.498 | 0.586 | -0.088 |
| | | | (0.745) | | | (0.310) | | | (0.009) |
| N | 4,177 | 1,187 | | 960 | 4,404 | | 5,137 | 227 | |

*Note:* This table displays means for all observations in each treatment arm against all other. Thus, the sum of observations is larger than the total sample size (5,364). Columns (1)-(3) are the means for the control group, the treatment group, and difference across means; $p$-values are displayed in parentheses.

Table 2: Observations by Transparency Condition

| | Passive | | |
|---|---|---|---|
| Active | Pre-LAI | Post-LAI | Total |
| Not Audited | - | 4,177 | 4,177 |
| Audited | 960 | 277 | 1,187 |
| Total | 960 | 4,404 | 5,364 |

## 1.4   Theory

## 1.5   Empirical Strategy

## 1.6   Preliminary Results

Table 3: The Effect of Passive Transparency on Corruption

| | Outcomes: | | | | | |
|---|---|---|---|---|---|---|
| | Acts of Corruption (ln) | | Acts of Mismanagement (ln) | | No. of Irregularities (ln) | |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Passive Transparency | −.082*** | −.128*** | .452*** | .457*** | −.047*** | −.088*** |
| | (.011) | (.008) | (.057) | (.057) | (.010) | (.007) |
| Municipal Controls | - | Yes | - | Yes | - | Yes |
| Observations | 1,187 | 1,187 | 1,187 | 1,187 | 1,187 | 1,187 |
| $R^2$ | .003 | .232 | .034 | .046 | .001 | .204 |
| Adjusted $R^2$ | .003 | .224 | .034 | .036 | .000 | .196 |

*Note:* This table displays the regressions measuring the effect of passive transparency (post-adoption of freedom of information act – LAI) on corruption and mismanagement of public resources for a random sample of municipalities which audited by the Office of the Comptroller-General (CGU) from 2006 to 2015. For each outcome, I display two regressions including and excluding municipal controls. The variable of interest is whether municipalities were audited after the implementation of LAI. Robust standard errors are in parentheses. *p<0.1; **p<0.05; ***p<0.01.

Table 4: The Effect of Active Transparency on Information Requests

| | Outcomes: | | | |
|---|---|---|---|---|
| | FOI Request (time) | | FOI Request (quality) | |
| | (1) | (2) | (3) | (4) |
| Active Transparency | −.073*** | −.050*** | −.085*** | −.063*** |
| | (.004) | (.003) | (.004) | (.004) |
| Municipal Controls | - | Yes | - | Yes |
| Year Fixed-Effects | - | Yes | - | Yes |
| Observations | 4,404 | 4,404 | 4,404 | 4,404 |
| $R^2$ | .002 | .122 | .002 | .123 |
| Adjusted $R^2$ | .001 | .119 | .002 | .120 |

*Note:* This table displays the regressions measuring the effect of active transparency (being audited by a team of officials from the Office of the Comptroller-General – *CGU*) on information requests for a random sample of municipalities across Brazil participating in the *Transparent Brazil* program. For each outcome, I display two regressions including and excluding municipal controls and year fixed-effects. The variable of interest is whether the municipality was audited by CGU after 2012. Robust standard errors are in parentheses. *p<0.1; **p<0.05; ***p<0.01.

## 1.7   Further Development

Table 5: The Effect of Active and Passive Transparency on Performance and Sanctions

| | Outcomes: | | | |
| | MDP Adoption | | Sanctioned | |
| | (1) | (2) | (3) | (4) |
| Active and Passive Transparency | $-.009$ | $-.026^{***}$ | $.008^{***}$ | $.010^{***}$ |
| | (.008) | (.006) | (0.000) | (0.000) |
| Municipal Controls | - | Yes | - | Yes |
| Year Fixed-Effects | - | Yes | - | Yes |
| Observations | 5,364 | 5,364 | 5,364 | 5,364 |
| $R^2$ | 0.000 | .262 | 0.000 | .049 |
| Adjusted $R^2$ | -0.000 | .259 | 0.000 | .046 |

*Note:* This table displays the regressions measuring the effect of active and passive transparency (being audited by CGU after 2012) on the adoption of municipal development plans (MDP) and on sanctions imposed to politicians and bureaucrats for a sample of random municipalities selected for audits and participation in the *Transparent Brazil* program. For each outcome, I display two regressions including and excluding municipal controls and year fixed-effects. The variable of interest is whether the municipality was audited by CGU after 2012. Robust standard errors are in parentheses. *p<0.1; **p<0.05; ***p<0.01.