Three Essays on Sanctions of Politicians in Brazil

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Summary

This dissertation project investigates 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 court claims. Finally, the last paper investigates whether active and passive transparency simultaneously improve government performance and increase the number of legal sanctions for government wrongdoing. Besides novel research questions, this project also uses new data sources and innovative research methods to advance the literature tying law, political science, and economics.

1 Electoral Crimes under Democratic Rule: Evidence from Brazil

1.1 Summary

Office-seeking politicians employ various tactics to get elected, including actions banned by electoral oversight agencies. Using a unique dataset on candidate eligibility constructed from judicial decisions of the Brazilian Electoral Court (TSE), I estimate the impact of electoral code violations on performance at municipal elections between 2004-2016. I recover causal effects of violations using a unique feature from Brazil's electoral system in which candidates run for office, and can be voted on election day, even if the Electoral Court has not issued a final ruling on whether their candidacies met all code requirements.

1.2 Main Research Question

Do politicians who violate electoral code perform better at the ballot than those who do not?

1.3 Hypotheses

1. Candidates who are cleared of electoral violations will perform better at municipal elections than candidates who are found guilty.

2. Conviction-free candidates will performance proportionately better when there are more convicted politicians in the same race.

3. The electoral punishment for electoral infractions is increasing in their severity (e.g. corruption, abuse of power, vote buying, unauthorized marketing, etc).

1.4 Outcomes

1. Whether candidate was the most voted for in mayor elections (majoritarian system) or the last most voted for in city council elections (proportional system) – equivalent to being elected had they all been cleared of accusations.

2. Vote share.

3. Vote distance to elected candidates.

1.5 Identification Strategy

IV where the instrumented (explanatory) variable is the candidacy ruling issued by the Electoral Court before the elections (trial stage) and the instrument is the decision issued after the elections (appeals stage) for all politicians whose candidacy authorization had been appealed but had not yet been tried by the appellate panel on election day.

1.6 Data

Election results, candidate, judge, and municipal controls for municipal elections in Brazil between 2004-2016. All available at various Electoral Court (TSE) websites and the National Statistics Office (IBGE).

1.7 Contribution to Literature

It is the first paper to measure the electoral punishment for electoral crimes under democratic regimes; it implements a new identification strategy using different stages of the judicial process; it uses a novel database of primary data on judicial rulings from electoral oversight authorities.

2 Judicial Favoritism of Politicians: Evidence from Small Claim Courts

2.1 Summary

Judicial favoritism has long been a subject of research in law, economics, and political science. However, scholars have mainly focused on gender and ethnicity bias but have largely ignored whether judges treat politicians in the same way as ordinary citizens. I use a unique dataset of judicial decisions in small claims courts in the state of São Paulo, Brazil, where cases are assigned to judges at random, to verify whether local politicians have a higher winning rate against other plaintiffs or defendants. Under judicial independence, politicians should have the same win rate at trial than any other citizen.

2.2 Main Research Question

Are politicians more likely to receive favorable rulings in small claim courts?

2.3 Hypotheses

1. Politicians have a higher winning rate at the trial stage in small court claims against their counterparts.

2. In cases where claims are of higher monetary value, politicians should see an even larger winning rate than at cases of lower value.

3. Proximity to elections increases the winning rates for politicians on the campaign trail.

2.4 Outcomes

1. Whether politicians have had the case ruled in their favor.

2. The amount awarded to (or avoided by) politicians in small claim court cases.

2.5 Identification Strategy

Natural Experiment. State Courts assign cases at random when the judicial district has more than one judge on the bench. I combine empirical strategies in Shayo & Zussman (2011), Abrams, Bertrand, & Mullainathan (2012), and Sanchez-Martinez (2018) to test random assignment and provide robustness checks against potential spurious relationships between being a politician and having a favorable court outcome.

2.6 Data

São Paulo State Court (TJ-SP) rulings involving candidates running for office in the State of São Paulo between 2010-2016 electoral cycles. Judicial district, judge and politicians' individual characteristics from the TJ-SP, Electoral Court (TSE), and the National Statistics Office (IBGE).

2.7 Contribution to Literature

It is amongst the new, few papers to investigate judicial bias for individual politicians and it contributes to the literature on the benefits of political connectedness.

3 Active and Passive Transparency in Brazilian Municipalities

3.1 Summary

An important part of government accountability is the obligation of public officials to inform and explain their actions (Bovens, 2007; Schedler, 2012). In this paper, I propose and analyze two related forms of

government accountability: *active transparency*, in which government actively reveals policy information via intra-government auditing and monitoring, and *passive transparency*, in which government passively reveals information through freedom of information (FOIA) requests. Using a natural two-by-two factorial experiment design in Brazilian municipalities between 2006 and 2017, I measure the effects of active and passive transparency on government performance, sanctions, corruption, and transparency outcomes.

3.2   Main Research Question

Does passive transparency contribute anything else beyond active transparency in improving government performance and increasing the number of sanctions applied for government wrongdoing?

3.3   Hypotheses

1. *Active transparency* measures unconditionally improve performance and increase the number of individual and company-wide sanctions.

2. *Passive transparency* only marginally improves performance and increases sanctions when *active transparency* policies are in place.

3. In the absence of *active transparency* measures, *passive transparency* has no effect on improving performance and does not increase the number of sanctions for individuals and companies found guilty of any wrongdoing.

3.4   Outcomes

1. Performance (across all groups):

    (a) number of online or in-person services available to the public.

    (b) the existence of municipal development plan.

2. Sanctions (across all groups):

    (a) whether the municipality had any public official convicted/fired for wrongdoing.

    (b) whether local companies have been entered into blacklist of government providers.

    (c) whether the municipality was targeted by Federal Police in corruption crackdowns.

3. Corruption (across passive transparency groups):

    (a) corruption findings over total investigations.

    (b) amount potentially lost to corruption over the total amount investigated.

4. Transparency (across active transparency groups):

    (a) whether the municipality responded in time to four FOIA requests.

    (b) whether the municipality provided correct answers to four FOIA requests.

3.5 Identification Strategy

Natural experiment coming from the combination of two simultaneous exogenous shocks: randomized audits (active transparency) plus the nationwide implementation of the freedom of information act in 2012 (passive transparency). Municipalities fall into one of three treatments or one control group: audit after FOIA (active and passive transparency), audit before FOIA (active transparency), non-audit after FOIA (passive transparency), and non-audit before FOIA (control).

3.6 Data

Socioeconomic factors and policy outcomes from the National Statistics Office (IBGE); Random audits and transparency measures from two programs run by the Office of the Comptroller-General (CGU); Sanctions for individuals and companies and crackdowns from CGU; Convictions from the National Council of Justice (CNJ).

3.7 Contribution and Literature

First paper providing disaggregated evidence for the effect of passive transparency (FOIA) in development settings; paper advances theory by breaking transparency into active and passive arms; new transparency dataset and innovative research design.

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