1 Active and Passive Transparency in Brazilian Municipalities

1.1 Summary

An important part of government accountability is the obligation of public officials to inform and explain their actions [@SchedlerConceptualizingAccountability2012;@BovensAnalysingAssessingAccountability2007]. 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.

1.2 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?

1.3 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.

1.4 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.

1.5   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).

1.6   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).

1.7   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.