

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 (Schedler, 1999; Bovens, 2007). 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 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 (policy outcomes and corruption) and sanctions applied to public officials and companies found guilty of wrongdoing.

1.2 Main Research Question

Do passive transparency measures contribute anything more than active transparency to improve government performance and increase 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

For all groups:

1. Performance:
2. Sanctions:
 - (a) whether municipality had any public official convicted/fired for wrongdoing.
 - (b) whether local companies have been entered blacklist of government providers.
 - (c) whether municipality was target of corruption crackdowns carried out by Federal Police.

For treated groups:

1. Corruption:
 - (a) corruption findings by municipalities out of total investigations;
 - (b) amount potentially lost to corruption over total amount investigated.
2. Transparency:

1.5 Identification Strategy

Natural experiment coming from the combination of randomized audits (active transparency) plus the nationwide implementation of the freedom of information act (FOIA) in 2012 (passive transparency). Municipalities fall into one of three treatments or one control group: audits after FOIA (active and passive transparency), audits 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 ingenious research design.