

# Information About Corruption and Politicians' Proposals

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## **Abstract**

This paper examines the impact of corruption disclosures on politicians' campaign proposals, using text analysis of 13,344 manifestos from the 2012 mayoral elections in Brazil. Leveraging the random assignment of municipalities to public fund audits, the study analyzes how revealing irregularities in governance influenced the content of political discourse. The results show that in high-corruption municipalities, opposition candidates increased their focus on policy areas highlighted by the audits, while incumbents strategically reduced their discussion of these areas. Additionally, opposition candidates in low-corruption municipalities moderated their use of populist and extreme language compared to their counterparts in non-audited municipalities. There is also suggestive evidence that incumbents in high-corruption municipalities adopted a more populist tone in their rhetoric, though this finding was not robust across all statistical tests. These findings provide evidence of how transparency around corruption shapes politicians' agendas and ideological strategies during electoral campaigns.

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# 1 Introduction

In electoral campaigns, politicians have the opportunity to address pressing issues and present voters with information and policy proposals that shape the future of their communities. However, these periods can also see a shift toward populist and extreme narratives, with misinformation and divisive rhetoric becoming increasingly prevalent, often with significant real-life consequences. A critical yet underexplored factor that can shape political messaging is the exposure of corruption scandals. Given their potential to alter voter perceptions and erode trust in governance, understanding how revelations of corruption influence electoral campaigns is essential for unpacking the dynamics of institutional oversight, electoral accountability, and political rhetoric.

While corruption disclosures can lead to the removal of corrupt officials and reduce future malfeasance (e.g., Avis, Ferraz, & Finan, 2018; Ferraz & Finan, 2008), the impact of these revelations on political discourse has been underexplored. When audits uncover significant corruption in a policy area, politicians may feel compelled to respond, prioritizing these issues in their platforms to align with public sentiment. Evidence suggests that politicians' messaging is highly responsive to the saliency of specific topics (Abou-Chadi, Green-Pedersen, & Mortensen, 2020; Seeberg, 2022; Williams, Seki, & Whitten, 2016). Moreover, populist politicians frequently highlight corruption issues to gain political capital (Berman, 2021; Mudde & Rovira Kaltwasser, 2018), and voters may demand populist or extremist politicians following corruption revelations (Gaspar, Giommoni, Morelli, & Nicolò, 2021).

Building on theories of political communication and reputation, this paper addresses two key questions: first, do politicians adjust their agendas by focusing on the policy areas implicated in corruption scandals? Second, how do these revelations shape the use of populism and extremism in their rhetoric? The paper goes further by examining the heterogeneity of these responses, distinguishing between incumbents and challengers and analyzing how their strategies vary depending on the level of corruption in their municipality.

To frame the expected effects of audit disclosures on political manifestos, this paper draws on existing theories about the role of information and reputational shocks in political discourse. Audits provide both new information and reputational signals to candidates, influencing their

strategic positioning and issue selection during campaigns.<sup>1</sup>

In summary, there are three main channels through which audits may shape political communication. First, audits provide new information that prompts both incumbents and challengers to adapt their agendas by focusing on areas where irregularities are revealed. This aligns with the broader literature on how information shocks, such as audits, drive electoral accountability and policy responsiveness (e.g. Abou-Chadi et al., 2020; Williams et al., 2016). Second, audits can lead to reputational shocks, which influence how candidates position themselves on the left-right ideological spectrum. For instance, a reputational boost may encourage incumbents to emphasize valence issues or policy successes (e.g. Groseclose & Milyo, 2005; Serra, 2010), while challengers may shift toward the center to attract a broader base of voters. Lastly, audits can also shape the use of populism, as heightened transparency on corruption-related issues can encourage both incumbents and challengers to adopt populist rhetoric, particularly when they aim to capitalize on public dissatisfaction with governance (e.g. Berman, 2021; Gennaro, Lecce, & Morelli, 2021).

This paper examines how the disclosure of corruption—particularly through Brazil's anti-corruption audit program—shapes politicians' communication strategies during electoral campaigns. The program, which randomly selects municipalities for financial inspections, provides a natural experiment that allows for an assessment of how candidates in municipalities with exposed corruption adjust their proposals compared to those in non-audited municipalities. Specifically, the study investigates how the revelation of corruption alters politicians' messaging, focusing on changes in both the themes and rhetoric they employ. The goal is to understand the strategic adaptations in political communication in response to corruption disclosures, shedding light on the role such revelations play in shaping electoral discourse.

Brazil offers a particularly valuable context for exploring these dynamics. In 2003, the country introduced an anti-corruption program aimed at increasing government transparency and reducing corruption, which has yielded significant results. Municipalities were randomly selected for audits through a lottery system, resulting in a steady flow of information about local governance that was made available to politicians, incumbents, candidates, and the

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<sup>1</sup>A detailed explanation of the theoretical channels through which these effects operate is provided in Appendix B, outlining how audits may affect issue selection, partisanship, and populist rhetoric.

electorate. These revelations often triggered reputational shocks, especially when high levels of corruption were uncovered, though even minor irregularities could still lead to adverse effects. The identification strategy in this study builds on Ferraz and Finan (2008), using the random variation in audit timing to compare municipalities with similar corruption levels but different levels of awareness about audit reports before the 2012 election. This variation allows for an analysis of how the timing of audit disclosures influenced political campaigns. Additionally, the requirement for mayoral candidates in Brazil to submit an electoral manifesto before the election provides a rich dataset for understanding how audit information shaped politicians' priorities and communication strategies (Cagé, Le Pennec, & Mougin, 2022; Catalinac, 2018; Le Pennec, 2022; Williams et al., 2016). This paper explores the extent to which these manifestos were influenced by the audits disclosed before the election.

The results of this paper show that unveiling corruption cases influences the content and ideological framework of political manifestos. When candidates are informed about an audit report before an election, they are more likely to incorporate terms from that report into their manifestos compared to those who learn of it afterward. However, incumbents tend to avoid or reduce discussion on areas where the audit report indicates high corruption, while challengers tend to emphasize these very areas. This pattern indicates that while audit reports guide candidates' proposals, candidates also strategically select topics they believe will strengthen their position, aligning with existing theoretical literature on strategic campaigning (Riker, 1996). Importantly, these findings are robust even after accounting for multiple hypothesis testing, particularly for challengers' behavior in response to audits. Additionally, the average effects of audits (without considering unveiled corruption) show that challengers use audit disclosures to amplify discussions on specific policy areas, while incumbents remain more cautious, likely balancing informational gains with reputational risks.

Additionally, I investigated whether the focus on health-related corruption in campaign discussions was influenced by the professional background of candidates, specifically whether they were health professionals or medical doctors. The results indicate no significant relationship between candidates' professional background and the exposure of health corruption cases. This suggests that the emphasis on health issues is not driven by candidates' expertise, but rather by the strategic importance of health-related corruption in shaping campaign narratives.

Further analysis of audit reports indicates that in municipalities with higher levels of corruption, incumbents tend to adopt a more populist stance. This shift toward populism aligns with theories on strategic rhetoric, where incumbents may use populist messaging to deflect attention from governance failures. However, this effect weakens after correcting for multiple hypothesis testing, suggesting it may be less consistent than initially observed. In contrast, in lower-corruption municipalities, the audit report—acting as a positive reputational boost for the incumbent—leads challengers to adopt a more moderate and less populist stance. This moderation in challengers' rhetoric remains robust even after multiple testing adjustments, indicating a more stable strategic response to audits.

I also examined the effect of exposing corruption in neighboring municipalities on the political rhetoric of both opposition and incumbent candidates. The analysis revealed no significant effects of neighboring corruption exposure on populism or extremism. This suggests that candidates' rhetorical adjustments are highly localized, primarily responding to corruption scandals within their own municipalities. Opposition candidates, in particular, seemed to react only when their municipality's incumbent was directly implicated, reinforcing the notion that political rhetoric is driven by local electoral incentives rather than broader regional corruption exposure.

While some "grease-the-wheels" theories propose that corruption may enhance incumbents' reputations by signaling efficient governance, existing research shows the opposite. For instance, Ferraz and Finan (2008) found that voters penalize mayors when corruption is uncovered. Consistent with this, the data in this paper weakly suggest that incumbents strategically avoid discussing corruption-related topics following such revelations, while challengers amplify these issues to critique incumbents. This underscores how the exposure of corruption reshapes electoral dynamics, compelling candidates to adapt their messaging to either mitigate reputational damage or leverage voter dissatisfaction.

Revealing corruption has a clear impact on electoral accountability and the priorities that politicians emphasize in their communication. However, politicians remain strategic in their responses, focusing on topics they believe will serve their electoral interests. The study also highlights the unintended consequences of transparency, as incumbents in high-corruption municipalities may shift toward more populist rhetoric to manage reputational risks. In sum, audits

concerning public fund use significantly shape the communication strategies of politicians, influencing both the topics they address and their ideological positioning.

This paper contributes to several strands of literature. First, it adds to studies that demonstrate how politicians react to the disclosure of information about their performance, particularly in terms of electoral choices and effort (e.g., Cavalcanti, Daniele, & Galletta, 2018; Poblete-Cazenave, 2021; Snyder Jr & Strömberg, 2010). This paper explores how reputation shocks from new information affect candidates' agendas and their political positioning.

Second, the study contributes to the growing body of research on the rise of populism and extremism. To the best of my knowledge, the effect of changes in the informational environment on populism has not been previously studied. This research shows how the supply of populism varies between high-corruption and low-corruption settings. Berman (2021) reviews the literature on the causes of the rise of populism, highlighting the role of corruption. This paper extends these findings by testing voluntarist theories that suggest populism is a deliberate choice by politicians and parties to attract votes (e.g., Gennaro et al., 2021). Regarding extremism, this paper contributes to the theoretical literature on how politicians adjust their policy positions and rhetoric in response to reputational shocks (e.g. Bernhardt, Buisseret, & Hidir, 2020; Buisseret & Van Weelden, 2022; Dragu & Fan, 2016; Serra, 2010). While Gaspar et al. (2021) focuses on how corruption shapes voter preferences, particularly driving the selection of more extreme opposition representatives who are perceived as less likely to be corrupt, my paper addresses how candidates, in turn, adjust their campaign rhetoric in response to audit disclosures. By focusing on the strategic choices politicians make in crafting their manifestos—rather than voter behavior—this study provides complementary insights into how electoral dynamics respond to corruption revelations.

Third, this paper expands on the existing literature that employs text analysis on political manifestos to address questions in political science (e.g. Cagé et al., 2022; Catalinac, 2018; Crabtree, Golder, Gschwend, & Indriason, 2020; Le Pennec, 2022; Venturelli, 2024). It introduces a new factor impacting communication strategies—information about government audits—and shows that audits influence the topics discussed in subsequent elections, particularly in cases of negative reputation shocks.

Finally, this paper builds on prior research examining the effects of disclosing government

information, particularly audits. Previous studies have shown that audits impact corruption, economic activity, and public hiring practices Avis et al. (2018); Colonnelli and Prem (2020); Ferraz and Finan (2008, 2011); Gonzales (2021); Lauletta, Rossi, and Ruzzier (2022). For example, Amorim (2022) found that transfers to the health sector from the federal government decreased in municipalities with a high number of irregularities post-audit. This study extends this body of work by examining the effects of audits on politicians' political positioning and agendas, focusing specifically on the political leaders' response to audit reports in their electoral campaigns.

The paper is structured as follows: Section 2 introduces the institutional context and data. Section 3 outlines the empirical approach. Section 4.1 empirically evaluates the impact of audits on politicians' agendas. Section 5 empirically explores the effect of audits on politicians' rhetoric. The papers' conclusions are in section 7.

## **2 Background and Data**

### **2.1 Brazilian Anti-Corruption Audit Program**

In 2003, the Brazilian Federal Government launched an anti-corruption audit program, overseen by the State Comptroller (Controladoria Geral da União; CGU), to monitor the use of public funds in municipalities. Municipalities were selected for audits through a lottery system, ensuring random assignment. Auditors from the CGU conducted inspections over 1-2 weeks, collecting documentation on public spending for the previous 3-4 years. The resulting reports were forwarded to city councils, prosecutors, and published on the CGU's website, making the findings publicly available.

All municipalities with populations under 500,000 were eligible for participation in the audit program, and selection was determined by a public lottery system. Over 40 editions of the program, 1,955 municipalities were subjected to 2,180 audits. The probability of a municipality being audited varied by state and the period of the audit (Avis et al., 2018). Both the frequency of the lotteries and the number of municipalities audited per lottery evolved over time. Between lotteries 28 and 33, smaller municipalities underwent comprehensive audits across all sectors,

while larger ones were audited in specific sectors only (see Table A.I for a breakdown of audited sectors by municipality size). After lottery 34, all municipalities were audited in predetermined sectors based on the lottery's focus at the time.<sup>2</sup>

The data from Brazil's random audit program has been widely used by researchers to explore its impact on corruption and various political and economic outcomes. Studies have shown that these audits significantly influenced election results (Ferraz & Finan, 2008) and contributed to a reduction in corruption over time (Avis et al., 2018). Other research, such as that by Ferraz and Finan (2011), Brollo and Troiano (2016), and Colonnelli and Prem (2020), has further examined the effects of these audits on governance and political behavior.

In this analysis, I use data from the CGU audits to assess how the disclosure of corruption in the use of public funds affects candidates' proposals. My focus is on municipalities audited before the 2012 election (lotteries 28 to 35), with municipalities audited after the election (lotteries 36 to 38) serving as a control group. Figure A.I shows a map of the municipalities that were audited in each period.

To measure the effect of these audits, I rely on CGU data that indicates the level of corruption identified in each audit. Following the approach of Avis et al. (2018), I categorize acts of moderate and severe corruption together as corruption cases. Additionally, I have data on the number of irregularities detected in each sector (Table 5), allowing me to analyze the impact of audits on election outcomes, taking into account the number of corruption cases.

## **2.2 2012 Municipal Elections and Municipality Characteristics**

Brazil consists of 5,568 municipalities, each responsible for providing essential services such as water, sanitation, health, and education. Data on municipal characteristics were obtained from the 2011 Pesquisa de Informações Básicas Municipais (MUNIC) survey, conducted by the Brazilian Institute of Geography and Statistics (IBGE). Mayors in these municipalities are elected every four years, with elections typically held in October alongside elections for vice-mayors and city councilors. In cities with populations exceeding 200,000, a second-round runoff is held if no candidate secures more than 50% of the valid votes in the first round.

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<sup>2</sup>For a detailed description of the audit program, see Avis et al. (2018) and Ferraz and Finan (2008).



Table 1: Descriptives: Candidates' Characteristics

	Rounds 28 - 35 (2009-2012)		Rounds 36 - 40 (2012-2015)		Other	
	Mean	SD	Mean	SD	Mean	SD
Age	48.70	10.53	48.13	10.35	48.58	13.66
% College Studies	0.55	0.50	0.58	0.49	0.56	0.50
% Women	0.14	0.35	0.13	0.34	0.13	0.34
% Same party as the President	0.10	0.30	0.11	0.32	0.12	0.32
% Same party as the Governor	0.15	0.35	0.13	0.33	0.15	0.36
Running for re-election	0.18	0.38	0.19	0.39	0.18	0.38
Number of Candidates	3.38	1.50	3.39	1.45	3.29	1.46
Observations	1129		423		11548	

Notes: This table shows means and standard deviations for candidates' characteristics according to whether the municipalities where they are running were audited or not. Only candidates for which a manifesto was retrieved are considered. Data from TSE.

The data for the 2012 municipal elections in Brazil was obtained from the Superior Electoral Court (TSE), which also provided information on candidates' characteristics. The data shows that candidates in both audited and non-audited municipalities had similar profiles. In these elections, it is common for more than two parties to compete, with national parties frequently forming coalitions to support mayoral candidates. Notably, mayors in Brazil are limited to one consecutive re-election term. Table 1 presents the means of candidates' characteristics, which are generally comparable between audited and non-audited municipalities. Thirty-one parties fielded candidates in the 2012 municipal elections, with three parties representing more than 10% of the total: the Brazilian Social-Democratic Party (PSDB) with 15%, the Workers' Party (PT) with 12.3%, and the Brazilian Democratic Movement (MDB) with 10.8%.

Table A.VI and Table 2 present the means and standard deviations for various municipal characteristics. Given the empirical design, we expect to see balance between municipalities audited before the election and the control group (municipalities not audited between 2009 and 2012). The results suggest that there are no significant differences in municipal characteristics between those audited from 2009 to 2012 and those not audited during that period (Table A.VI). Similarly, there are no significant differences between municipalities audited from 2009 to 2012 and those audited after the 2012 election but before the 39th round of lotteries (Table 2). Table A.VII and Table A.VIII further compare municipalities with low and high levels of corruption cases, respectively. While some variables show minor imbalances, F-tests indicate that these differences are not jointly significant for either high-corruption municipalities

(F-test = 0.92, p-value = .53) or low-corruption municipalities (F-test = 1.45, p-value = .17).

Table 2: Mean Comparisons between Municipalities Audited Before and After Elections

	Control	Treatment	Difference
GDP pc	11700.37 [14514.56]	10805.9 [9571.88]	-483.2 [1320.197]
Share Illiterate (%)	84.28 [8.84]	83.52 [9.33]	-0.16 [0.546]
Share Urban	0.64 [0.22]	0.63 [0.21]	0 [0.014]
Share Secondary Education and above	0.22 [0.08]	0.21 [0.08]	0 [0.005]
Share of Bureaucrats with Superior Education	0.31 [0.11]	0.3 [0.11]	-0.01 [0.009]
HDI	0.65 [0.07]	0.64 [0.07]	0 [0.004]
AM radio	0.2 [0.4]	0.2 [0.4]	0 [0.041]
Gini	0.5 [0.06]	0.51 [0.06]	0 [0.004]
Population (logs)	9.41 [1.11]	9.47 [1.1]	0.07 [0.053]
Audited Previously	0.24 [0.43]	0.26 [0.44]	0.03 [0.043]
Observations	165	478	

**Notes:** Estimates are means and standard deviations (in brackets) of various municipal characteristics by places that have been audited in round 28 to 35 (2009-2012) (Treatment) and places that have been audited in rounds 36 to 38 (control). The difference and corresponding standard error (in brackets) are computed on the basis of a regression that controls for state.

## 2.3 Party Manifestos

According to electoral law, candidates running for mayor must submit their manifestos before the election. Since 2009, this requirement applies to all mayoral, gubernatorial, and presidential candidates. Manifestos serve as an essential tool for understanding candidates' political rhetoric, priorities, and strategic responses to corruption revelations. As these documents represent the official communication of policy proposals, they offer valuable insights into how candidates adapt their messaging in response to external factors, such as audit reports. One can find the manifestos from the 2012, 2016, and 2020 municipal elections on the Electoral Authority (Tribunal Superior Eleitoral - TSE) website, various news outlets, and personal websites of each candidate.

The dataset for this study was constructed by obtaining manifesto documents in PDF format from the TSE website. For the 2012 election, 16,173 documents were uploaded, of which 13,724 were retrieved. After preprocessing, 13,344 texts from 5,140 municipalities were

available. Preprocessing involved standardizing the text by removing non-informative content, such as candidate names, or formatting errors, ensuring a cleaner dataset for text analysis. The preprocessing steps and exclusion criteria are explained in appendix C). Each manifesto was linked to the candidate data using a unique identifier obtained during data scraping. The average number of words per manifesto was 2,150 (Table 3).

### 2.3.1 Overlap Between Audit Reports and Manifestos

To assess how much of the audit report's vocabulary is reflected in each party's manifesto, I conduct a textual overlap analysis between the two. This measure captures the degree to which candidates incorporate the language of the audit findings into their electoral campaigns. For each manifesto, I generate a list of words used (excluding stop words), and the same is done for each audit report. The overlap is then calculated as the proportion of words in the audit report that also appear in the candidate's manifesto.

For each candidate  $j$ , in a municipality with an audit report  $d$ , the overlap is computed as:

$$\frac{\sum_{w \in d} \mathbb{1}[w \in d \cap j]}{m_d} \quad (1)$$

where  $w$  represents each word in the audit report of municipality  $d$ , and  $m_d$  is the total number of words in the audit report of municipality  $d$ . The numerator reflects the number of words shared between the audit report and the manifesto.

This measure provides an initial quantitative approach to evaluate the extent to which politicians incorporate the findings of audit reports into their campaign proposals. It offers an objective and transparent way to assess content utilization, helping to analyze how closely aligned the candidates' platforms are with the outcomes of the audit.

### 2.3.2 Proposals' Topics

The manifestos were organized into topics using the headings present in each document. The entire corpus consisted of 3,445,957 lines, with each line containing an average of 7.6 words. To identify the topic discussed in each line, I used a Multinomial Naive Bayes classifier to estimate the probability that a line belongs to one of ten different topics. These topics included six

policy-specific areas (Bureaucracy, Social, Health, Urban, Economics, and Crime), two general categories (Titles and Introduction/Other), and one residual category (Unrecognizable Words). Examples of headings for each topic can be found in Table A.II.

To validate the classification, a random sample of 100 manifestos (1% of the total) was manually classified into topics. The model was trained and fine-tuned using these manually classified documents following the preprocessing steps outlined in subsection C. Once trained, the model was applied to the entire corpus.

Each line in the manifesto was treated as a vector of word frequencies, with a frequency of 0 if a word did not appear in the line. The Multinomial Naive Bayes classifier was used to calculate the probability  $P(w|C_k)$  for each word  $w$  and topic  $C_k$ .<sup>3</sup> This machine learning algorithm, commonly used for text classification, applies Bayes' theorem under the assumption of feature independence. Each line  $L$  is treated as a "bag of words," where each word is a feature, and the algorithm calculates the likelihood of  $L$  belonging to topic  $C_k$  based on the presence of certain words. The likelihood is calculated as follows:

$$P(L|C_k) = \frac{\text{prior} \times \text{likelihood}}{\text{evidence}} = \frac{(\sum_{i=1}^n w_i)! \times \prod_{i=1}^n p(w_i|C_k)}{\prod_{i=1}^n w_i!} \quad (2)$$

An 80-20 train-test split was used for model validation. I calculated two types of predictions: a soft prediction and a hard prediction. The soft prediction calculates the probability of each line being assigned to each topic. After calculating  $P(L|C_K)$  for each line  $L$ , I computed  $\pi_K$  for each document  $d$  by multiplying these probabilities by the number of words in the line and dividing it by the total number of words in the document. The variable  $d_k$  represents the predicted share of the document that discusses topic  $k$ :

$$d_k = \sum_{L \in d} P(L|C_K) \times \frac{|w \in L|}{|w \in d|} \quad (3)$$

where  $| \cdot |$  indicates the cardinality of the set.

For the hard prediction, I assigned each line to the topic with the highest probability. A binary variable was created for each topic to indicate whether the line belonged to topic  $k$ .

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<sup>3</sup>Other models, such as Long Short-Term Memory networks (a deep learning algorithm) and K-Nearest Neighbors, were also tested. However, these models produced lower accuracy rates and higher log-loss values compared to the Multinomial Naive Bayes classifier.

This was then multiplied by the share of words in document  $d$  corresponding to that line:

$$\omega_k = \sum_{L \in d} \mathbb{1}[k \in \arg \max_k P(L|C_K)] \times \frac{|w \in L|}{|w \in d|} \quad (4)$$

The method achieved an accuracy rate of 62% when classifying the test set. For comparison, random assignment of topics (using the sample distribution) would have yielded an accuracy rate of 16.9%. Table A.IV shows the distribution of the share of the document dedicated to each topic.

### 2.3.3 Partisanship and Extremeness

To assess the degree of extremeness in each candidate’s manifesto, I adopt the method outlined by Le Pennec (2022), which builds on the *Wordscores* approach (Laver, Benoit, & Garry, 2003). This method calculates a left-right score for each manifesto by classifying parties as left-wing, right-wing, or center (see subsection I for classification details). The score indicates the manifesto’s position on the political spectrum, with values ranging from 1 (representing an average right-wing document) to -1 (representing an average left-wing document). Extremeness is defined as the absolute value of this score, reflecting the distance from the center. For further details on the computation, see subsection D.

For partisanship, I calculate how closely a manifesto aligns with other manifestos from the same party, based on word usage frequencies. Instead of using broad ideological categories, I compute a score specific to each party. The full procedure for calculating partisanship is described in subsection D.

### 2.3.4 Populism

To measure the share of populist content in each document, I applied a dictionary-based approach following Gennaro et al. (2021)<sup>4</sup> and Mendes (2021). Populism, in this context, refers to discourse that frames the people as a homogeneous and pure entity (e.g., “people”), juxtaposed against the elite as a corrupt and homogeneous group (e.g., “establishment”, “corruption”). It emphasizes the antagonistic relationship between these two groups (e.g., “arrogant”, “be-

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<sup>4</sup>Gennaro et al. (2021) discuss how their dictionary effectively captures the people-vs-elite rhetoric, a core feature of populism and the most commonly used dimension in empirical studies to measure populism.

tray”), and stresses the need to return power to the people (e.g., “direct”, “referendum”).

An example of this type of populist rhetoric can be found in the manifesto of Jesus dos Passos Vaz, where he states: “It is a summarized and serious platform that I present to the people from Serrano, who wish to see true progress in our municipality, coming to put an end to the excesses, corruption, and dishonesty of politicians who have no commitment to the people from Serrano.”

For this study, I translated the dictionary from Gennaro et al. (2021) into Portuguese to account for the context and language. The final dictionary used for coding populist content is provided in subsection E.

I calculated the presence of populist rhetoric in each document by first computing the term frequency-inverse document frequency (tf-idf) matrix, which accounts for the frequency of words while reducing the weight of words that appear frequently across multiple documents. I then summed the tf-idf values of the words found in the populism dictionary.<sup>5</sup>

## 2.4 Descriptives

The average number of words per manifesto is 2,150, with a median of 1,446, as shown in Table 3. Social policy issues are the most frequently discussed topic, which is expected given the broad range of subjects that fall under this category. It is important to note that the scores for extremism, partisanship, and populism do not have a straightforward interpretation. For the left-right (L-R) score, which underpins the extremeness measure, the median document’s score aligns closely with that of the reference document on the right. A score of 0 falls at the 36th percentile.

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<sup>5</sup>To validate the results in the Brazilian context, I applied the same method to the manifestos of candidates from the 2022 Brazilian presidential election. The outcomes align with broader political analyses that classify Jair Bolsonaro and Luiz Inácio Lula da Silva as populist leaders, while Simone Tebet is generally not considered populist Kopittke (2022); Lima-de Sousa, Gómez-Iniesta, and Herranz-de-la Casa (2023). This consistency supports the validity of my scoring approach in capturing populist rhetoric within Brazil. Additionally, as shown in subsubsection II, this measure weakly correlates with ideology, with left-wing manifestos showing slightly higher populism scores, a pattern also noted by Venturelli (2024) using a similar methodology.

Table 3: Descriptives: Issues and Ideological Content

	<b>Mean</b>	<b>p50</b>	<b>p90</b>	<b>se</b>	<b>N</b>
Bureaucracy	0.08	0.07	0.13	0.04	13344
Social	0.36	0.36	0.47	0.09	13344
Health	0.10	0.10	0.16	0.05	13344
Urban	0.12	0.11	0.19	0.06	13344
Economic	0.15	0.15	0.23	0.06	13344
Crime	0.02	0.02	0.04	0.02	13344
Overlap	0.11	0.10	0.19	0.07	1554
Populism	0.05	0.04	0.12	0.06	13706
Extremeness	2.47	2.14	4.77	2.18	13322
Count	2150	1446	4472	2578	13344

*Notes:* This table presents the means, medians, 90th percentiles, standard deviations, and the number of observations for the share of manifestos dedicated to each topic (as described in Equation 3). It also includes scores for extremeness, partisanship, left-right positioning, the tf-idf populism score for each document, and word count.

Figure 1 shows the distribution of the left-right score for the groups of parties on the left, right, and center of the ideological spectrum. In the appendix, Figure A.III and Figure A.IV show the distribution for parties with more candidates on the left and right, respectively. Figure A.II demonstrates variation across municipalities and over time (2012 and 2020) in how many parties use populist vocabulary in their manifestos.

### 3 Empirical Method

#### 3.1 The Impact of Revealing the Audits

This paper investigates the causal impact of information about irregularities in public fund usage on political discourse and campaign proposals. To account for the differential effects of audit results, it is important to consider the level of corruption found in the audits when analyzing their influence on political communication. This provides a more nuanced understanding of how government audits affect the political discourse.

Following Ferraz and Finan (2008), I exploit the timing of the audits to examine these differential effects. Some municipalities were audited close to the election date (October 2012), with the audit covering the mayor's term from 2008 to 2012. However, the results of these audits were not made available before the election. I use these municipalities as the control group, comparing them to municipalities audited before the election, where the results were disclosed prior to voting. The treatment group includes municipalities audited between

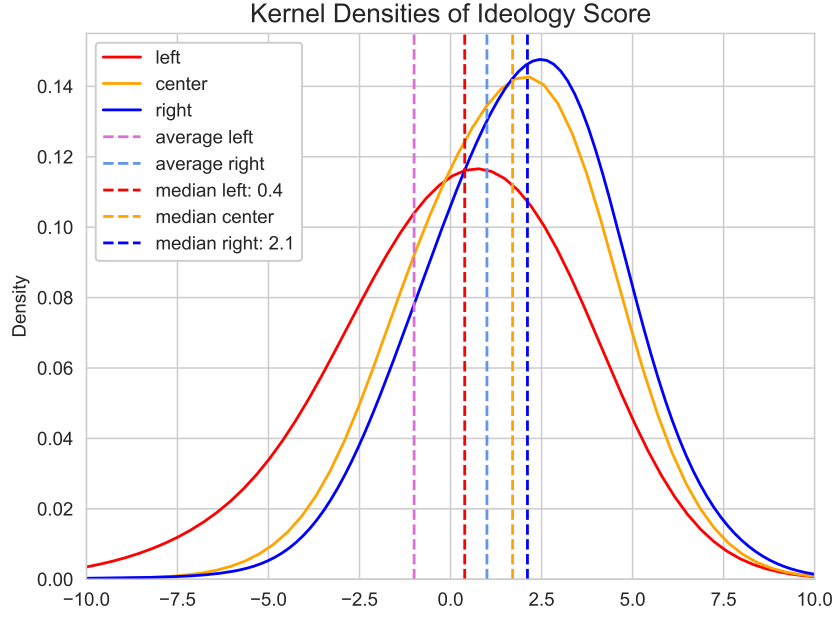


Figure 1: Distribution of Ideological Scores for Left, Center, and Right-Wing Parties. This figure shows the densities of the ideological scores for parties grouped as left, center, or right based on the calculated left-right spectrum.

**Notes:** The left-right (L-R) score for each manifesto was calculated using the *Wordscores* method (Laver et al., 2003), following the approach of Le Pennec (2022). Each word in the manifestos was assigned a score based on its relative frequency in left-wing and right-wing documents. The overall L-R score for a manifesto is the weighted average of the individual word scores, where words more frequently associated with right-wing parties received positive values, and words associated with left-wing parties received negative values. The extremeness score is defined as the absolute value of the L-R score, reflecting the manifesto's distance from the center of the ideological spectrum.

the 28th and 35th lottery rounds, while the control group comprises those audited between the 36th and 38th rounds. This strategy helps estimate the impact of audit disclosure on political discourse, conditional on the level of corruption found.<sup>6</sup>

The claim about estimating the causal effect of an audit comes from the fact that municipalities were randomly drawn into being audited just before or after the election. Before showing the model to estimate, As shown in Table 2, Table A.VII and Table A.VIII show oobservable characteristics between the treatment and control groups are balanced, as expected.

To estimate the effects for both incumbents and challengers, I use the following model:

$$Outcome_{imst} = \alpha + \beta_0 Disclosure_{mst} + \beta_1 Disclosure_{mst} \times High - Corruption + \quad (5)$$

<sup>6</sup>Some municipalities were audited 71 days before the election, raising concerns that their results were delayed for political reasons. However, audits from 2009 to 2012 show that the average time for results to be disclosed was 217 days (median: 209.5 days; minimum: 178 days), which suggests that the timeline followed established patterns rather than political motivations.



$$+\beta_2 High - Corruption + \gamma Controls_{imst} + \nu_s + \varepsilon_{imst}$$

where  $Outcome_{imst}$  is the dependent variable for candidate  $i$  in municipality  $m$  in state  $s$  at time  $t$ .  $Disclosure_{mst}$  is a binary variable indicating whether the audit results were disclosed before the election, and  $High - Corruption$  is a binary variable representing whether the number of corruption cases was higher than the median.  $Controls_{imst}$  includes a set of municipal controls such as GDP per capita (log), literacy rate, urbanization rate, presence of an AM radio station, Gini index, population dummies, number of mayoral candidates, previous audits, and document word count (log). State fixed effects  $\nu_s$  are included, and standard errors are clustered at the state level.

The dependent variables include the share of the manifesto dedicated to each topic, populist rhetoric usage, an extremeness index, and a partisanship index.  $\beta_1$  represents the causal impact of the audit conditional on low corruption, while  $\beta_1 + \beta_2$  captures the effect for high-corruption municipalities.

## 3.2 Multiple Hypothesis Testing

Given that this analysis examines the effects of treatment on seven different outcomes, it is necessary to adjust for the risk of false positives that may arise from multiple hypothesis testing. To address this, I apply the methodology of Anderson (2008), which adjusts p-values to control for the family-wise error rate across the hypotheses. This ensures the robustness and reliability of the results, even when testing multiple outcomes.

I apply this correction separately for incumbents (Group A) and challengers (Group B), recognizing that their distinct roles in the electoral process may lead to different treatment effects. Incumbents and challengers face different incentives, political strategies, and voter bases, which justify treating them as separate groups.

For each of the main estimations in this paper (seven in total, for both challengers and incumbents), I report the p-values adjusted for multiple hypothesis testing using Anderson's approach. This conservative adjustment helps reduce the likelihood of Type I errors, ensuring that the statistical significance reported across the seven outcomes is more reliable.

## **4 Impact of the information about irregularities on the content of the manifesto**

In this section, I explore whether political candidates adjust their campaign proposals in response to the revelation of corruption information in their respective municipalities.

### **4.1 Incorporation of Corruption Information into Proposals**

When corruption cases are publicly revealed, they bring attention to governance issues that need to be addressed at the municipal level. It is reasonable to expect that politicians would incorporate this information into their campaigns. This subsection examines whether candidates adopt terms or topics from the corruption reports released before the election in their campaign manifestos. Specifically, I investigate whether candidates in municipalities where corruption reports were disclosed prior to the election are more likely to use language from those reports compared to candidates in municipalities where the reports were not released.

Table 4 presents the results derived from estimating Equation 5, focusing on the frequency with which candidates incorporate language from municipal corruption reports into their campaign manifestos. Columns 1 and 2 of Table 4 show the impact of releasing a corruption report before an election on both opposition candidates and incumbents, while Columns 3 and 4 analyze the effect of the report in municipalities with high and low levels of reported irregularities. To account for potential confounding factors, the regressions control for the number of service orders (as a proxy for report length) and the length of the campaign proposals (both in logs).

Table 4: Does the Disclosure of the Audit Report inform Manifestos?

<b>Outcome:</b> Overlap Between the Audit-Report and the Manifesto (% of Words on the Audit-Report)				
	(1)	(2)	(3)	(4)
Disclosure	0.010*** (0.003)	0.014** (0.005)	0.009** (0.004) [.09]	0.012* (0.007) [.189]
High-Corruption x Disclosure			0.006 (0.006)	0.005 (0.011)
High-Corruption			-0.021*** (0.005)	-0.018 (0.013)
Candidate	Challengers	Incumbents	Challengers	Incumbents
Observations	459	248	459	248
R-squared	0.850	0.841	0.856	0.846
Mean of DV	0.110	0.108	0.110	0.108
$\beta_0 + \beta_1$			0.0155	0.0172
p-value			0.000605	0.0270
Adj. p-value			[.001]	[.133]
Controls	Yes	Yes	Yes	Yes

**Notes:** Estimates are derived from Equation 5 for columns 3 and 4 using separate regressions for incumbents and challengers. In columns 1 and 2, no interaction with *High – Corruption* is included. Dependent Variable is a count of all the words in the audit report that are also in the manifesto, divided by the total number of words in the audit report. Only municipalities audited after 2008 are considered (rounds 28-38). Disclosure is a binary variable indicating whether a municipality was audited between 2009 and 2012 and whether the report was made public before the election (rounds 28-35). High-Corruption is a binary variable defined based on the total number of irregularities found during the audit of the municipality, compared to the median number of irregularities identified. Incumbents refers to candidates running for re-election, while challengers are opposition candidates running in a municipality where an incumbent is also contesting. I exclude candidates with manifestos containing fewer than 100 words. All regressions include state fixed-effects. Control variables at the municipality level encompass GDP per capita (in logs), share of illiteracy, share of urban population, Gini index, and indicator variables for populations below 20,000, between 20,000 and 50,000, between 50,000 and 100,000, and above 100,000. There are also binary variables representing whether the candidate belongs to the President's party, the Governor's party, whether the municipality was audited before 2009, and whether there is an AM radio station in the municipality. Numbers in squared brackets represent p-values adjusted for multiple hypothesis testing following Anderson (2008). Clusters are defined at the state level. Significance levels are denoted by \*  $p < 0.10$ , \*\*  $p < 0.05$ , and \*\*\*  $p < 0.01$ .

The results in Columns 1 and 2 indicate that both opposition candidates and incumbents tend to incorporate more content from the corruption reports into their campaign promises when the reports are released before an election. Specifically, opposition candidates show a 9% increase, while incumbents exhibit a 13% increase in the use of terms from the reports. These percentages are calculated by taking the coefficient from the regression and expressing it as a percentage of the mean of the dependent variable.

In Columns 3 and 4, the analysis explores whether the effects differ based on the level of irregularities reported in the municipality. The results in Column 3, which focuses on opposition candidates, remain significant even after adjusting for multiple hypothesis testing. This suggests that the release of corruption reports consistently shapes how opposition candidates craft their campaign proposals, regardless of the number of irregularities revealed.

However, the results in Column 4, which examines the effect for incumbents in municipalities with both high and low levels of reported corruption, are not statistically significant after adjusting for multiple hypothesis testing. This could be due to the smaller sample size in these regressions, which may reduce statistical power. Although there is a notable trend where incumbents in both high and low corruption municipalities tend to incorporate more content from the reports, this effect does not reach statistical significance in the adjusted results.

In summary, while the release of corruption reports appears to influence the campaign content of both opposition candidates and incumbents, the effect is more robust and statistically significant for opposition candidates. The findings suggest that candidates, particularly those in the opposition, view these reports as valuable information for shaping their campaign narratives, potentially because they believe that their constituents find this information salient.

## **4.2 Topics in Candidates' Agenda**

The evidence so far suggests that candidates integrate corruption-related information into their campaign discourse. However, the exposure of such corruption cases may also lead candidates to adjust their focus on specific policy areas where irregularities were observed. If certain irregularities make a particular policy issue more urgent, candidates might choose to emphasize it more in their campaign. On the other hand, incumbents may avoid discussing those areas, especially if the irregularities reflect poorly on their past performance and effectiveness in governance.

Table 5 presents the results estimated from Equation 5, assessing the impact of audit report disclosures on the frequency of manifesto content related to health policies (columns 1 and 4), education policies (columns 2 and 5), and economic policies (columns 3 and 6). Columns 1-3 focus on the effects of these disclosures on challengers, while columns 4-6 focus on incumbents. Each model includes an interaction with a binary variable indicating whether the proportion of irregularities related to a given policy area exceeds or falls below the median across municipalities. This approach helps isolate the effect of report disclosures on manifesto content, particularly in cities with a significant concentration of irregularities in specific policy areas.

Table 5: Do irregularities on a topic influence the extent to which it is discussed?

<b>Outcome:</b> Share of Topic on Manifestos (% of Words on the Manifesto)						
	(1)	(2)	(3)	(4)	(5)	(6)
	Social	Health	Economy	Social	Health	Economy
Disclosure	0.007 (0.016) [.401]	0.012* (0.006) [.098]	0.011 (0.008) [.168]	-0.014 (0.025) [.455]	-0.009 (0.011) [.383]	-0.002 (0.015) [.773]
High-Corruption x Disclosure	0.012 (0.019)	0.011 (0.014)	0.012 (0.013)	-0.021 (0.029)	-0.012 (0.014)	-0.053*** (0.013)
High-Corruption	-0.018 (0.016)	-0.001 (0.012)	0.003 (0.012)	0.024 (0.028)	0.014 (0.011)	0.052*** (0.011)
Candidate	Challengers	Challengers	Challengers	Incumbents	Incumbents	Incumbents
Observations	474	474	474	257	257	257
R-squared	0.14	0.21	0.14	0.16	0.22	0.21
$\beta_0 + \beta_1$	0.02	0.02	0.02	-0.04	-0.02	-0.06
pval	0.18	0.04	0.04	0.04	0.12	0.00
Adj. pval	[.168]	[.098]	[.098]	[.133]	[.199]	[.004]
Mean of DV	0.36	0.11	0.15	0.38	0.11	0.15
Controls	Yes	Yes	Yes	Yes	Yes	Yes

**Notes:** Estimates are derived from Equation 5. Dependent Variable is the share of each manifesto dedicated to each topic (measured in number of words). Only municipalities audited after 2008 are considered (rounds 28-38). Disclosure is a binary variable indicating whether a municipality was audited between 2009 and 2012 and whether the report was made public before the election (rounds 28-35). High-Corruption is a binary variable defined based on the total number of irregularities found during the audit of the municipality, compared to the median number of irregularities identified. Incumbents refers to candidates running for re-election, while challengers are opposition candidates running in a municipality where an incumbent is also contesting. I exclude candidates with manifestos containing fewer than 100 words. All regressions include state fixed-effects. Control variables at the municipality level encompass GDP per capita (in logs), share of illiteracy, share of urban population, Gini index, and indicator variables for populations below 20,000, between 20,000 and 50,000, between 50,000 and 100,000, and above 100,000. There are also binary variables representing whether the candidate belongs to the President's party, the Governor's party, whether the municipality was audited before 2009, and whether there is an AM radio station in the municipality. Numbers in squared brackets represent p-values adjusted for multiple hypothesis testing following Anderson (2008). Clusters are defined at the state level. Significance levels are denoted by \*  $p < 0.10$ , \*\*  $p < 0.05$ , and \*\*\*  $p < 0.01$ .

Columns 1-3 indicate that challengers in cities with notable irregularities in a particular policy area tend to allocate more manifesto space to those topics. The effect is especially significant in columns 2 and 3, where there is a 22% increase in the share of manifesto content dedicated to health policy and a 16% increase for economic issues. These coefficients remain significant at the 10% confidence level, even after adjusting for multiple hypothesis testing, indicating robust effects for challengers when addressing these areas.

Conversely, columns 4-6 show that incumbents in cities with significant irregularities are less likely to address those specific policy areas in their manifestos. While the reduction in economic policy focus (column 6) remains significant at the 10% level after multiple hypothesis testing, the results for health policy (column 4) lose significance after this adjustment. This suggests that while incumbents may strategically downplay economic issues, the observed reduction in

attention to health policy may not be as consistently significant.

While all candidates appear to draw on audit report data, the effect of the disclosures diverges in how they shape the overall discourse. Opposition candidates tend to focus more on areas with identified irregularities, likely seeing this as an opportunity to appeal to voters by promising reform or greater oversight. In contrast, incumbents are more hesitant to highlight these areas, likely attempting to minimize potential electoral damage by steering clear of topics that reflect poorly on their past performance.

This behavior aligns with the strategic predictions of Riker (1996). When irregularities concentrate in a particular policy area, they can tarnish perceptions of the incumbent's effectiveness, leading them to avoid discussing these subjects. On the other hand, challengers see an opportunity to differentiate themselves and intensify their focus on these areas, hoping to gain an electoral advantage.

Additionally, I examined whether the exposure of audit results before the election influenced the professional backgrounds of candidates, particularly in terms of whether they were health professionals or medical doctors (subsection H). By focusing on municipalities with high and low shares of health-related corruption and analyzing the likelihood of candidates with these professions running for office, I found no significant effect of audit exposure on the likelihood of candidates being health professionals or medical doctors. This suggests that the revelation of corruption in the health sector did not significantly alter the professional profile of candidates, indicating that the focus on health corruption in electoral campaigns is driven by the broader political context rather than by the emergence of health-sector experts as candidates.

### **4.3 The Average Effects of an Audit**

An alternative approach to understanding the implications of disclosed audit reports is to compare the effects of audit disclosures in municipalities where spending in a specific policy domain was scrutinized to those where spending in that domain was not evaluated. The outcome of an audit could reflect unfavorably on an incumbent or not, depending on the findings. As such, predicting the precise impact of an audit on the incumbent is challenging, since reputational and informational effects might work in opposite directions, potentially canceling each other out. In contrast, the effect on challengers is more predictable. For challengers, both infor-

mational and reputational factors align, suggesting that an audit focused on a specific topic should encourage them to amplify discussions on that issue.

This analysis leverages the fact that all small municipalities underwent comprehensive expenditure audits, while many larger municipalities with populations exceeding 50,000 were rarely audited on health expenditures. If health policy discussions were to increase in municipalities not audited on health expenditures, it could indicate that other external factors, rather than the audit content itself, were driving the political agenda.

Table 6 presents the effects of health expenditure audits on both challengers and incumbents. The control group consists of municipalities that were not audited at all. Columns 1 and 2 display the effects on challengers, while columns 3 and 4 focus on incumbents. Columns 1 and 3 examine municipalities that were audited on health expenditures, while Columns 2 and 4 evaluate municipalities that were not audited in this domain.

Table 6: Do audits on Health Expenditures influence the extent to which Health Policies are discussed?

<b>Outcome:</b> Share of Health Policies on Manifestos (% of Words on the Manifesto)				
	(1)	(2)	(3)	(4)
Audited	0.009*** (0.003)	0.002 (0.007)	0.001 (0.004)	0.011 (0.017)
Candidate	Challengers	Challengers	Incumbents	Incumbents
Population	Below 50K	Above 100K	Below 50K	Above 100K
Observations	3,283	325	2,053	110
R-squared	0.063	0.140	0.053	0.413
Mean of DV	0.106	0.0875	0.111	0.0900

**Notes:** Estimates are derived from Equation 5 without interacting with High-Corruption. Dependent Variable is the share of each manifesto dedicated to Health Policies (measured in number of words). Audited is a binary variable indicating whether a municipality was audited between 2009 and 2012 and whether the report was made public before the election (rounds 28-35). All municipalities are considered to estimate these models. Columns 1 and 3 only look at municipalities with a population below 50,000. Columns 2 and 4 show results for municipalities with a population above 100, excluding those audited on rounds 30, 33 and 35. Incumbents refers to candidates running for re-election, while challengers are opposition candidates running in a municipality where an incumbent is also contesting. I exclude candidates with manifestos containing fewer than 100 words. All regressions include state fixed-effects. Control variables at the municipality level encompass GDP per capita (in logs), share of illiteracy, share of urban population, Gini index, and indicator variables for populations below 20,000, between 20,000 and 50,000, between 50,000 and 100,000, and above 100,000. There are also binary variables representing whether the candidate belongs to the President's party, the Governor's party, whether the municipality was audited before 2009, and whether there is an AM radio station in the municipality. Clusters are defined at the state level. Significance levels are denoted by \*  $p < 0.10$ , \*\*  $p < 0.05$ , and \*\*\*  $p < 0.01$ .

The results in Column 1 show that health expenditure audits significantly increase the discussion of health policy among challengers. In contrast, Column 2 reveals no such effect in municipalities that were not audited on health expenditures—a logical outcome given the ab-

sence of new information or electoral incentive to emphasize health policy. For incumbents, neither set of municipalities shows a significant change in discourse (Columns 3 and 4), suggesting that incumbents may be less responsive to audit information when it comes to health policy.

This divergence from earlier findings—where challengers often intensify discussions on irregularity-heavy topics, while incumbents avoid them—can be attributed to the dual nature of an audit as both a reputational and informational signal. On average, opposition candidates leverage audit reports to strengthen their discussions on audited topics, as supported by earlier results in subsection 4.1. When irregularities are revealed, challengers use this information to frame their campaigns around these issues. Thus, a health-specific audit naturally leads to a greater focus on health policy by challengers. However, for incumbents, the informational and reputational effects of the audit may pull in opposing directions. This could explain why a general audit, without a high count of irregularities (as discussed in subsection 4.2), does not significantly shift their discourse.

In conclusion, these findings reinforce the idea that the specific content and focus of audit reports influence how politicians prioritize various topics in their campaigns. The opposition tends to use audit disclosures to amplify their critique, especially when irregularities are involved, while incumbents are more cautious, potentially due to the reputational risks audits pose.

## **5 Impact of audits on the use of ideological rhetoric**

Revealing corruption may induce significant shifts in candidates' ideological stances. Specifically, such disclosures might prompt candidates to adopt more extreme, partisan, or populist positions in their campaign proposals. Scores are assigned to each manifesto to measure extremism and partisanship, as outlined in subsubsection 2.3.3, while populism is measured using the methodology described in subsubsection 2.3.4.



Table 7: Do irregularities on a topic influence the ideological framework?

<b>Outcome: Score for each dimension on Manifestos</b>						
<b>Panel A: Challengers</b>						
	(1) Populism	(2) Extremeness	(3) Partisanship	(4) Populism	(5) Extremeness	(6) Partisanship
Disclosure	0.002 (0.046)	-0.183* (0.096)	-0.055 (0.087)	-0.301** (0.138) [.098]	-0.661** (0.244) [.09]	-0.254 (0.266) [.326]
High-Corruption x Disclosure				0.387** (0.154)	0.348 (0.465)	0.194 (0.611)
High-Corruption				-0.279** (0.110)	-0.026 (0.368)	0.105 (0.630)
Observations	3,948	3,946	3,489	474	474	422
R-squared	0.111	0.058	0.025	0.134	0.154	0.126
Mean of DV	0.0800	2.248	-0.0933	0.130	2.185	-0.191
$\beta_0 + \beta_1$				0.0861	-0.313	-0.0599
p-value				0.569	0.546	0.894
Adj. pval				[.401]	[.47]	[.401]
<b>Panel B: Incumbents</b>						
	(1) Populism	(2) Extremeness	(3) Partisanship	(4) Populism	(5) Extremeness	(6) Partisanship
Disclosure	-0.023 (0.058)	0.212 (0.250)	0.073 (0.214)	0.063 (0.096) [.437]	0.914* (0.520) [.189]	0.781 (0.657) [.303]
High-Corruption x Disclosure				0.273 (0.170)	-1.466* (0.721)	-1.881* (1.048)
High-Corruption				-0.322 (0.206)	1.233* (0.628)	1.067 (1.092)
Observations	2,298	2,261	2,181	257	254	238
R-squared	0.15	0.05	0.03	0.28	0.16	0.15
Mean of DV	-0.18	2.13	-0.04	-0.18	2.24	-0.06
$\beta_0 + \beta_1$				0.34	-0.55	-1.10
p-value				0.03	0.43	0.30
Adj. pval				[.133]	[.383]	[.307]

**Notes:** Estimates are derived from Equation 5. Dependent Variable in columns 1 and 4 is the share of each manifesto dedicated to words associated with populism (weighted by tf-idf). Dependent Variable in columns 2 and 5 are Ideological Extremeness Score and in 3 and 6 are Partisanship scores. For columns 1-3 all municipalities are considered. For columns 3-6 only municipalities audited after 2008 are considered (rounds 28-38). Disclosure is a binary variable indicating whether a municipality was audited between 2009 and 2012 and whether the report was made public before the election (rounds 28-35). High-Corruption is a binary variable defined based on the total number of irregularities found during the audit of the municipality, compared to the median number of irregularities identified. Incumbents refers to candidates running for re-election, while challengers are opposition candidates running in a municipality where an incumbent is also contesting. I exclude candidates with manifestos containing fewer than 100 words. All regressions include state fixed-effects. Control variables at the municipality level encompass GDP per capita (in logs), share of illiteracy, share of urban population, Gini index, and indicator variables for populations below 20,000, between 20,000 and 50,000, between 50,000 and 100,000, and above 100,000. There are also binary variables representing whether the candidate belongs to the President's party, the Governor's party, whether the municipality was audited before 2009, and whether there is an AM radio station in the municipality. Numbers in squared brackets represent p-values adjusted for multiple hypothesis testing following Anderson (2008). Clusters are defined at the state level. Significance levels are denoted by \*  $p < 0.10$ , \*\*  $p < 0.05$ , and \*\*\*  $p < 0.01$ .

Table 7 displays the relationship between corruption disclosures and these ideological indi-

cators. Columns 1-3 of Table 7 present the average effects of audit disclosures on challengers and incumbents, compared to non-audited municipalities. Columns 4-6 introduce an interaction with a binary variable that indicates whether the number of irregularities is above or below the median, allowing for an examination of divergent effects in municipalities with high or low levels of corruption.

In Columns 1-3 (Panels A and B), the audit's influence on candidates' ideological orientations appears modest. There is a slight moderation in the rhetoric of opposition candidates following the audit, with some distancing from extreme positions. However, the conditional effects of corruption levels reveal a clearer trend.

First, in Panel A (Columns 4 and 5), opposition candidates in municipalities with fewer corruption issues tend to moderate their positions, particularly by distancing themselves from populist rhetoric. This shift represents a reduction of 0.3 standard deviations in populism relative to the sample of all candidates. Additionally, ideological extremism declines by 0.67 points, a 30% reduction from the average, indicating that the moderation observed in Column 2 is driven primarily by candidates in municipalities with lower corruption levels. These results remain robust even after adjusting for multiple hypothesis testing.

Second, as shown in Panel B (Column 4), incumbents in municipalities with above-median levels of corruption show a tendency to adopt a more populist discourse after the audit. However, this effect is not robust to multiple hypothesis correction, suggesting that the shift toward populism may not be as consistently significant for incumbents. In contrast, no significant changes are observed in the partisanship dimension (Columns 3 and 6), indicating that incumbents do not necessarily become more partisan, even when they shift toward populist messaging.

These results underscore the nuanced impact of audits on the ideological content of campaigns, with differing effects for incumbents and challengers. The effect depends significantly on whether the candidate is campaigning in a municipality with low or high corruption levels.

Finally, the broader regional context seems to play a limited role in shaping candidates' rhetorical strategies (subsection G). The analysis of neighboring municipalities shows that exposure to high or low corruption in adjacent regions does not significantly affect the populism or extremeness of candidates' manifestos. This suggests that electoral dynamics are largely

localized, with candidates focusing their rhetorical adjustments on the corruption disclosures within their own municipalities. This localized focus is reinforced by the fact that opposition candidates adjust their rhetoric only when they can directly challenge the incumbents in their municipality. In other words, candidates do not appear to react to broader regional corruption scandals, further highlighting that political messaging is primarily driven by direct electoral incentives at the local level.

## **6 Discussion of the Results**

The results offer compelling evidence that government audits significantly shape political discourse during electoral campaigns. Both incumbents and challengers appear to incorporate language from audit reports into their campaign narratives, reflecting the influence of the informational channel, even when reputational risks for incumbents are present. Notably, the strong impact on challengers, especially in low-corruption municipalities, underscores how the availability of information directly informs and drives electoral discourse.

Reputation plays a pivotal role in determining which broader topics candidates choose to emphasize. The evidence shows that audit disclosures, particularly when released pre-election, prompt incumbents to shy away from discussing areas plagued by irregularities. Conversely, challengers seize these issues, amplifying them in their campaigns. This aligns with theoretical perspectives that suggest candidates prioritize issues where they perceive a reputational advantage (Riker, 1996; Seeberg, 2022).

As discussed in Appendix B, these candidate responses can be explained by the dual effects of informational and reputational shocks. When audits reveal irregularities, challengers capitalize on the informational shock, using it as a narrative tool to critique incumbents. Meanwhile, incumbents face reputational shocks, discouraging them from addressing topics where they are perceived as vulnerable. This dynamic explains why challengers tend to spotlight problematic areas, while incumbents strategically avoid them to mitigate reputational damage.

The impact of audits extends beyond content selection to the ideological rhetoric employed by candidates. In municipalities with substantial irregularities, incumbents show a tendency toward more populist rhetoric, although these findings are not robust after accounting for

multiple hypothesis testing. This shift suggests incumbents may use populist narratives as a strategy to rally their base and deflect attention from policy failures. An exploratory analysis (see Table A.IX) reveals that this shift in rhetoric is not driven by increased mentions of specific terms like "corruption" or "transparency," but rather reflects a broader populist approach aimed at reframing their message in the face of reputational shocks.

Challengers, in contrast, display a more nuanced response. In high-corruption municipalities, where direct attacks on the incumbent might be expected, they do not significantly escalate populist rhetoric. However, in municipalities with lower levels of corruption, where the information disclosed does not directly harm the incumbent, challengers often moderate their rhetoric and avoid strong populist positions. This moderation suggests that appealing to the median voter becomes crucial in less polarized, less competitive electoral environments.

A potential explanation for this moderation is that challengers in low-corruption municipalities may shift their focus from broad ideological themes to more localized issues. This strategic shift from generalized populist rhetoric to specific local concerns (e.g., promises like "build a school" instead of broader, national-level appeals) indicates that candidates may be responding to the specific electoral context rather than simply reacting to the corruption disclosures. If the rhetoric were solely driven by corruption cases, incumbents would likely exhibit similar patterns. The observed moderation by challengers, therefore, could signal a more strategic, localized campaign focus, potentially reflecting a more constructive political environment for voters in these regions.

Although "grease-the-wheels" theories suggest corruption might benefit incumbents by signaling effective deal-making or governance, empirical evidence from this paper points in the opposite direction. Ferraz and Finan (2011) shows that mayors are penalized by voters when corruption is exposed. In line with this, the findings here show that incumbents tend to avoid discussing areas affected by corruption or shift toward populist rhetoric to deflect attention. Challengers, on the other hand, leverage these scandals to attack incumbents, suggesting that corruption revelations tend to harm rather than help the reputations of those in power.

In sum, these findings emphasize that revelations of corruption have far-reaching consequences on political discourse and campaign strategies. Candidates, particularly challengers, use this information to recalibrate their narratives, while incumbents navigate a delicate balance

between addressing or avoiding key issues. The variation in responses underscores the complex interplay between information, reputation, and strategy in shaping the political landscape during campaigns.

## 7 Conclusions

In this comprehensive analysis of 13,344 manifestos from Brazil's 2012 municipal election, I explored how the exposure of corruption through audit reports influences the content and ideological tone of candidates' proposals. The findings demonstrate that corruption disclosures play a pivotal role in shaping electoral discourse, with effects that vary depending on the level of corruption and whether a candidate is an incumbent or a challenger.

Politicians adjust their agendas in response to corruption revelations, incorporating audit findings into their manifestos, particularly when the issues are highly salient to voters. This aligns with the broader expectation that candidates will prioritize issues that resonate with public sentiment and highlight governance failures. Challengers, in particular, tend to seize upon areas with significant irregularities, emphasizing these issues in their campaigns, while incumbents strategically avoid topics that could damage their reputations. This behavior reflects the complex dynamics of electoral accountability, where information on governance failures informs, but also constrains, political messaging.

Interestingly, while corruption disclosures prompt incumbents to distance themselves from problematic policy areas, they also seem to encourage a shift toward populist rhetoric in high-corruption municipalities. This finding challenges the conventional wisdom that populism is the domain of political outsiders; instead, incumbents can also embrace populist narratives as a strategic response to reputational threats. By appealing to anti-elite and anti-corruption sentiments, incumbents may seek to deflect attention from their governance failures and solidify their base of support. In contrast, challengers in low-corruption municipalities tend to moderate their rhetoric, avoiding extreme or populist positions and appealing to more centrist voters.

These findings extend the existing literature on electoral accountability and populism, showing that transparency not only shapes the policy content of campaigns but also influences the ideological tone of political discourse. Previous studies have documented the role of audits in

curbing corruption and affecting electoral outcomes (Avis et al., 2018; Ferraz & Finan, 2008). This study adds another dimension by demonstrating that the revelations of corruption also shape how candidates frame their messages, pushing some toward more populist or extreme rhetoric while others adopt a more moderate stance.

Future research should continue to explore how different sources and qualities of information affect political communication. While this study focused on government audits, it raises important questions about how media-driven corruption allegations might alter candidates' strategies. Moreover, understanding whether shifts in ideological rhetoric are a direct response to electoral incentives or an effort to mitigate reputational damage offers an avenue for further inquiry. Ultimately, this research highlights the broader implications of transparency and corruption disclosures for the integrity and content of electoral campaigns, demonstrating how information shapes not just voter behavior but the very language of politics.

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# Appendix

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## A Figures and Tables

### I Figures

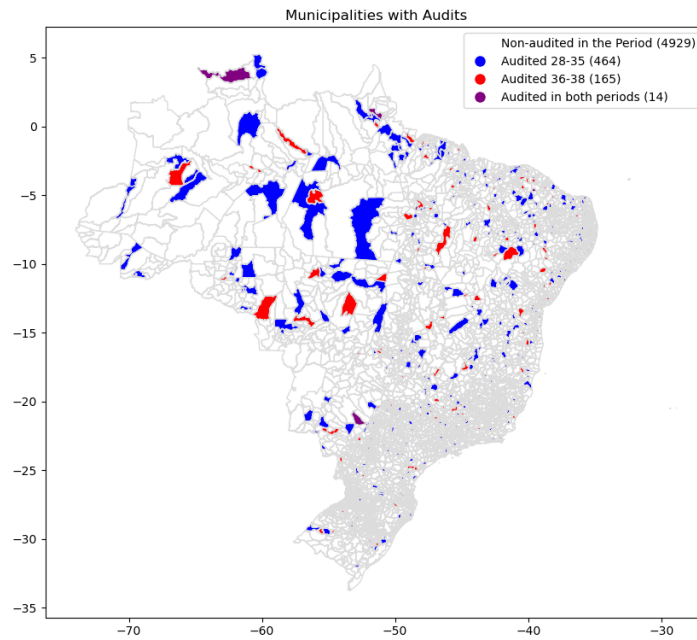
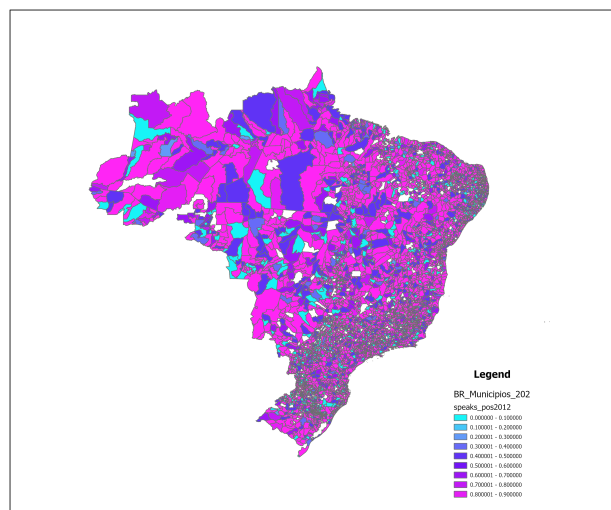


Figure A.I: Audited Municipalities in the Period of Analysis

2012



2020

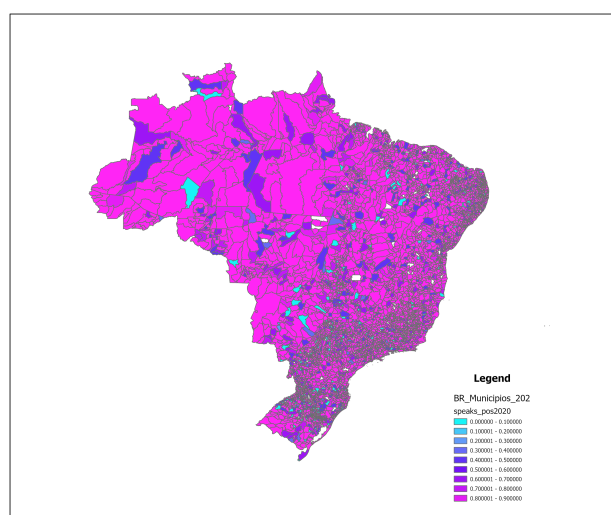


Figure A.II: Percentage of local party manifestos in each municipality that include a populist word

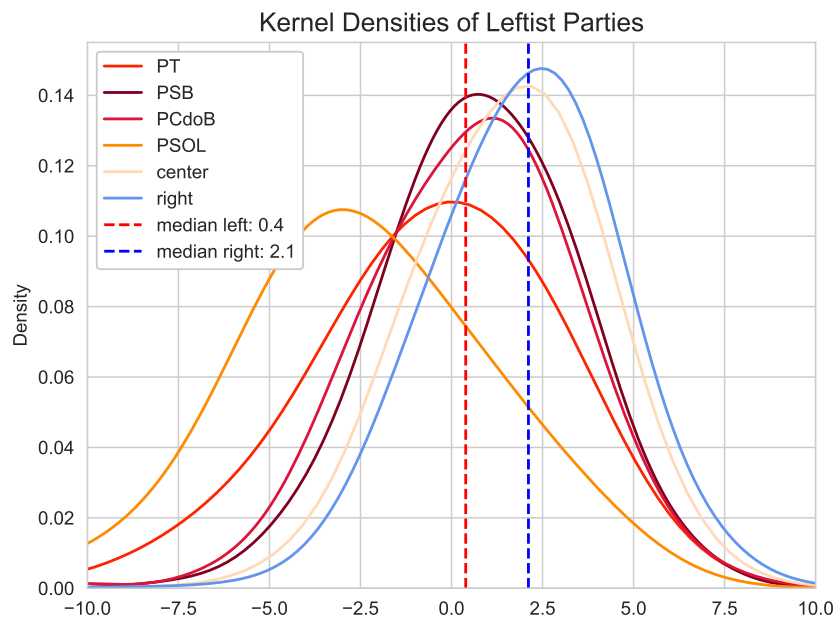


Figure A.III: Ideological Scores' Densities for selected Left-wing parties

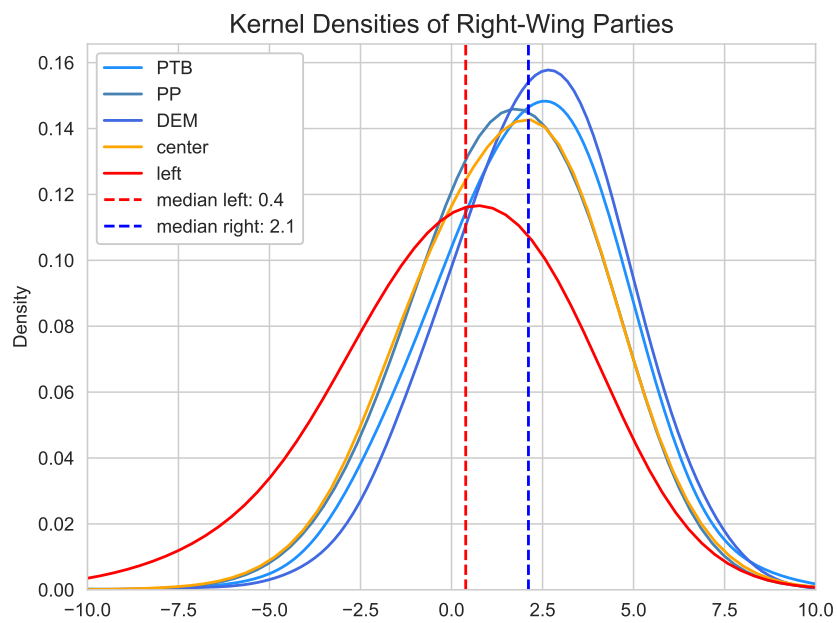


Figure A.IV: Ideological Scores' Densities for selected Right-wing parties

## II Tables

Table A.I: Topics covered by the audits in each lottery

Topic by CGU	Topic	Population Ranges(thousands)	Lotteries									
			28	29	30	31	32	33	34	35	36	
Agriculture	Econ	20<x<50		X			X					
		50<x<100		X		X						
		x>100		X		X						
Commerce	Econ	20<x<50		X			X					
		50<x<100		X		X						
		x>100		X		X						
Crime	Crime	20<x<50			X	X		X				
		50<x<100			X	X		X				
		x>100			X	X		X				
Culture	Social	20<x<50		X			X					
		50<x<100		X			X					
		x>100		X			X					
Education	Social	20<x<50	X	X	X	X	X	X	X	X		
		50<x<100	X	X	X	X	X	X	X	X		
		x>100	X			X			X	X		
Health	Health	20<x<50	X	X	X	X	X	X	X	X		
		50<x<100	X	X	X	X	X	X		X		
		x>100			X			X		X		
Housing	Urban	20<x<50	X									
		50<x<100	X									
		x>100	X									
Industry	Econ	20<x<50			X	X		X				
		50<x<100			X	X		X				
		x>100			X	X		X				
Sanitation	Urban	20<x<50	X									
		50<x<100	X									
		x>100	X									
Science and Technology	Social	20<x<50			X	X		X				
		50<x<100			X	X		X				
		x>100			X	X		X				
Services	Bureau/Urban	20<x<50		X			X					
		50<x<100		X			X					
		x>100		X			X					
Social Assistance	Social	20<x<50	X	X	X	X	X	X				
		50<x<100	X	X	X	X	X	X				
		x>100		X			X					
Social Development	Social	20<x<50							X	X		
		50<x<100							X	X		
		x>100							X	X		
Urban Planning	Urban	20<x<50	X									
		50<x<100	X									
		x>100	X									

Table A.II: Examples of Headings for Each Topic

Introduction	Administrative Bureaucracy	/	Social	Health	Urban	Economics	Crime	Other
Concluding Remarks	Administration		Childhood and Elders	Health	Cleaning	Agriculture	Crime	Communication
General Comments	Administration	and	Culture		Cleaning and Environ- ment	Agriculture and Envi- ronment		Events Center
Introduction	Participation		Culture and Sport		Housing	Development		Funerals
	Government Management		Culture and Sports		Infrastructure	Economic Develop- ment		Religion
	Participation		Culture and Tourism		Infrastructure and Ser- vices	Economic Develop- ment and Sustainable Development		
	Public Finance		Culture, sport and tourism		Infrastructure and transport	Employment		
	Public Servers		Disability		Street lights	Employment and In- come		
			Education		Natural Disasters	Environment		
			Education and Culture		Sanitation	Environment and Agri- culture		
			Education and Sports		Sanitation and Envi- ronment	Industry and Com- merce		
			Education, Culture and Sports		Streets	Production		
			Elders		Transit	Rural		
			Gender		Transport	Solidarity Economy		
			Social		Urban	Sustainable Develop- ment		
			Social Assistance		Urban and housing			
			Social Development		Urban Development			
			Social Policies		Water			
			Social Policy					
			Sports					
			Sports and Culture					
			Sports and Tourism					
			Sports and Youth					
			Sports, culture, youth and tourism					
			Tourism					
			Tourism, Culture and Sports					
			Youth					
			Youth, Gender and El- ders					

Table A.III: Number of Irregularities per Policy Area

Policy Area	N	Percentage
Bureaucracy	58	0.2%
Crime	138	0.4%
Economics	1,494	4.1%
Health	10,207	28.2%
Social	21,644	59.8%
Urban	1,818	5.0%
Other	811	2.2%

**Notes:** Percentages refer to the percentage of total cases in lotteries between the 28th and the 38th.

Source: TSE.

Table A.IV: Distribution of Topics in the Corpus

Outcome: Share of Topic on Manifestos (% of Words on the Manifesto)		
	Sample	Soft Prediction
Titles	2.9	2.1
Introduction & Other topics	14.9	15.8
Administrative / Bureaucracy	8.3	8.7
Social	31.3	35.4
Health	9.5	8.7
Urban	10.6	9.6
Economics	13.9	10.7
Crime	2.5	2.2
Unrecognizable characters	6.2	1.0

**Notes:** Column 1 represents the topic distribution in the sample of 100 manifestos used to tune the model. Column 2 represents the topic distribution using the soft measure described in section 2.

Table A.V: Words with the lowest (left-wing) and highest (right-wing) scores

Leftist Words		Right-wing Words	
cidasc	<sup>a</sup>	democratas	democrats
petista	<sup>b</sup>	cristao	Christian (masc)
capitalista	capitalist	crista	Christian (fem)
petistas	<sup>b</sup>	democrata	democrat
socialismo	socialism	republicano	republican
inverter	reverse	farei	will do
deliberativos	deliberative	indeb	<sup>c</sup>
desiguais	unequal	renova	renew
socialistas	socialists	equoterapia	equine therapy
dominante	dominant	grafias	spellings

**Notes:**

<sup>a</sup> *cidasc*: Companhia Integrada de Desenvolvimento Agrícola do Estado de Santa Catarina (Cidasc). This is an agropecuarian policy in Santa Catarina.

<sup>b</sup> *petista*: Member of the Workers Party (PT)

<sup>c</sup> *indeb*: Basic Education Development Index (Indeb)

Table A.VI: Mean Comparisons between Audited and Nonaudited Municipalities

	Control	Treatment	Difference
GDP pc	12886.52 [14487.15]	10805.9 [9571.88]	-819.3 [569.971]
Share Illiterate (%)	85.3472 [8.86]	83.51522 [9.33]	-0.0758 [0.258]
Share Urban	0.6374198 [0.22]	0.6262824 [0.21]	0.00446 [0.007]
Share Secondary Education and above	0.2156972 [0.08]	0.2083799 [0.08]	0.000671 [0.003]
Share of Bureaucrats with Superior Education	0.3069009 [0.11]	0.2967605 [0.11]	-0.00219 [0.004]
HDI	0.6598012 [0.07]	0.6443488 [0.07]	-0.00108 [0.002]
AM radio	0.2092931 [0.41]	0.1987315 [0.4]	-0.00137 [0.025]
Gini	0.5013802 [0.07]	0.5095829 [0.06]	-0.0014 [0.002]
Population (logs)	9.377024 [1.09]	9.470213 [1.1]	0.00526 [0.032]
Audited Previously	0.2499018 [0.43]	0.2635983 [0.44]	-0.0113 [0.021]
Observations	5090	478	

**Notes:** Estimates are means and standard deviations (in brackets) of various municipal characteristics by places that have been audited in the period 2009-2012 (Treatment) and places that have not been audited in that period (control). The difference and corresponding standard error (in brackets) are computed on the basis of a regression that controls for state.

Table A.VII: Mean Comparisons between Audited and Nonaudited Municipalities (High Corruption)

	Control	Treatment	Difference
GDP pc	6082.53 [4420.41]	9279.5 [9042.16]	2142.9* [1142.474]
Share Illiterate (%)	78 [7.98]	81.04 [9.21]	1.33 [1.211]
Share Urban	0.55 [0.2]	0.61 [0.21]	0.05 [0.039]
Share Secondary Education and above	0.18 [0.06]	0.2 [0.08]	0.02 [0.013]
Share of Bureaucrats with Superior Education	0.29 [0.12]	0.29 [0.12]	-0.01 [0.029]
HDI	0.6 [0.06]	0.62 [0.07]	0.01 [0.009]
AM radio	0.14 [0.36]	0.2 [0.4]	0.09 [0.091]
Gini	0.53 [0.04]	0.53 [0.05]	0.0191* [0.010]
Population (logs)	9.5 [0.86]	9.66 [1.02]	0.34 [0.210]
Audited Previously	0.29 [0.46]	0.29 [0.46]	-0.01 [0.103]
Observations	21	131	

**Notes:** Estimates are means and standard deviations (in brackets) of various municipal characteristics by places that have been audited in round 28 to 35 (2009-2012) and places that have been audited in rounds 36 to 38 with a high level of corruption (defined by the median of irregularities found). The difference and corresponding standard error (in brackets) are computed on the basis of a regression that controls for state.



Table A.VIII: Mean Comparisons between Audited and Nonaudited Municipalities (Low Corruption)

	Control	Treatment	Difference
GDP pc	17136.57 [24649.26]	13572.12 [12166.64]	-1596.1 [3520.809]
Share Illiterate (%)	87 [8.65]	87.39 [8.02]	1.371* [0.731]
Share Urban	0.64 [0.25]	0.66 [0.21]	0.0245 [0.034]
Share Secondary Education and above	0.22 [0.08]	0.22 [0.09]	0.0141 [0.012]
Share of Bureaucrats with Superior Education	0.32 [0.14]	0.3 [0.1]	-0.0118 [0.026]
HDI	0.68 [0.06]	0.67 [0.07]	0.00408 [0.007]
AM radio	0.25 [0.44]	0.19 [0.4]	-0.00734 [0.092]
Gini	0.49 [0.07]	0.5 [0.06]	0.00901 [0.011]
Population (logs)	9.4 [1.28]	9.33 [1.17]	0.101 [0.197]
Audited Previously	0.2 [0.41]	0.27 [0.45]	0.131* [0.074]
Observations	44	108	

**Notes:** Estimates are means and standard deviations (in brackets) of various municipal characteristics by places that have been audited in round 28 to 35 (2009-2012) and places that have been audited in rounds 36 to 38 with a low level of corruption (defined by the median of irregularities found). The difference and corresponding standard error (in brackets) are computed on the basis of a regression that controls for state.

Table A.IX: Do irregularities on a topic influence the frequency of specific words?

<b>Outcome:</b> Frequency of words on Manifestos (% of Words on the Manifesto)				
Panel A: Challengers				
	(1) Corruption	(2) Transparency	(3) Corruption	(4) Transparency
Disclosure	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)
High-Corruption x Disclosure			0.000 (0.000)	0.000 (0.000)
High-Corruption			0.000 (0.000)	-0.001* (0.000)
Observations	3,948	3,948	474	474
R-squared	0.027	0.069	0.130	0.107
Mean of DV	5.46e-05	0.00200	6.14e-05	0.00181
$\beta_0 + \beta_1$			-4.81e-05	0.000499
p-value			0.605	0.261
Panel B: Incumbents				
	(1) Corruption	(2) Transparency	(3) Corruption	(4) Transparency
Disclosure	-0.000* (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
High-Corruption x Disclosure			-0.000 (0.000)	0.000 (0.000)
High-Corruption			0.000 (0.000)	-0.000 (0.000)
Observations	2,298	2,298	257	257
R-squared	0.010	0.056	0.093	0.254
Mean of DV	2.03e-05	0.00185	1.01e-05	0.00173
$\beta_0 + \beta_1$			-3.13e-05	0.000276
p-value			0.556	0.419

**Notes:** Estimates are derived from Equation 5. Dependent Variable in columns 1 and 3 is the share of each manifesto dedicated that start with 'corrup'. Dependent Variable in columns 2 and 4 is the share of each manifesto dedicated that start with 'transp'. For columns 1-2 all municipalities are considered. For columns 3-4 only municipalities audited after 2008 are considered (rounds 28-38). Disclosure is a binary variable indicating whether a municipality was audited between 2009 and 2012 and whether the report was made public before the election (rounds 28-35). High-Corruption is a binary variable defined based on the total number of irregularities found during the audit of the municipality, compared to the median number of irregularities identified. Incumbents refers to candidates running for re-election, while challengers are opposition candidates running in a municipality where an incumbent is also contesting. I exclude candidates with manifestos containing fewer than 100 words. All regressions include state fixed-effects. Control variables at the municipality level encompass GDP per capita (in logs), share of illiteracy, share of urban population, Gini index, and indicator variables for populations below 20,000, between 20,000 and 50,000, between 50,000 and 100,000, and above 100,000. There are also binary variables representing whether the candidate belongs to the President's party, the Governor's party, whether the municipality was audited before 2009, and whether there is an AM radio station in the municipality. Clusters are defined at the state level. Significance levels are denoted by \*  $p < 0.10$ , \*\*  $p < 0.05$ , and \*\*\*  $p < 0.01$ .

## **B Information about Corruption and Manifestos**

This section aims to provide a brief explanation of why there is an expected effect of the availability of information about irregularities in the government on the proposals outlined in political candidate manifestos. Past audits serve as a proxy for increased knowledge about government actions and irregularities in using public funds in local governments. The effect of the audits could be synthesized through two main channels.

First, the increasing amount of information could have an effect in and of itself (an information shock) by informing the public about government issues (e.g., how much the local government spends on hospital wages). Politicians have responded to audits by changing their practices in government through political selection and a disciplining effect (Avis et al., 2018; Gonzales, 2021; Lauletta et al., 2022). This paper analyzes whether the audit information could affect how candidates frame their proposals and communicate with voters.

Second, in a municipality with a high (low) corruption level, the audit could lead to a negative (positive) reputation shock for the mayor. I look at these effects on the agenda (how much of each policy issue is discussed), and in the ideological content of the language employed. Studies have investigated the impact of an audit's reputational shock on election outcomes (Cavalcanti et al., 2018; Ferraz & Finan, 2008; Poblete-Cazenave, 2021).

### **I Information about Corruption on Issue Selection**

Each manifesto line addresses a specific policy issue, determining the candidate's emphasis on each topic. The distribution of issues in a manifesto likely aims to increase the relevance of those topics in the campaign and influence voters when determining their preferences. There are at least two ways that information about government actions can impact a candidate's agenda.

First, from an electoral accountability perspective, auditing can raise awareness of bureaucratic, administrative, and governance issues among voters, which could prompt candidates to address these issues in their campaigns if the results of the audit were negative. This could also lead to changes in what voters and politicians consider as optimal policies in each area, causing politicians to describe their proposals in greater detail for these issues (Abou-Chadi et al., 2020; Williams et al., 2016). Both incumbent and challenger may address the issue (Seeberg, 2022). This could happen even if there is not a negative reputation shock, and it only provides new information that affects their policy views and voters' demands (e.g. Gagliarducci, Paserman, & Patacchini, 2019). Candidates may also want to reproduce this information in their campaigns to raise awareness among voters. This highlights the role that auditing plays in shaping the policy debate and determining the issues that are discussed during election cycles. This means that audits that find a high number of irregularities in specific areas could lead to candidates discussing these topics more.

Second, the literature on issue selection also addresses the relationship between reputation, electoral advantage, and issue selection. Following Riker (1996), a candidate will appeal to a specific issue only if they dominate the other candidates in terms of persuasion. A reputational shock resulting from the audit could be seen as affecting the perceived advantage on that policy area. However, Aragonès, Castanheira, and Giani (2015) and Dragu and Fan (2016) show that in specific contexts, parties with a disadvantage in a topic could choose to discuss it more.

In conclusion, the availability of information about government activities, as indicated by audits, can have a significant impact on the distribution of policy issues discussed in political candidate manifestos. The information provided by audits can serve as a source of new policies for candidates and highlight problems that need attention. This may lead to an increase in

the attention given to certain topics by all candidates. However, reputational shocks can also influence the extent to which a candidate addresses certain issues in their manifesto. In a setting where corruption cases shape reputation, a positive (negative) reputation shock can result in an increase (decrease) in the attention given to a specific issue by the incumbent candidate, while the opposite is true for their challenger.

## **II Information about Corruption on Partisanship and Extremeness**

Manifestos are placed on the left-right political axis based on their national party affiliation, which allows for the calculation of two measures: partisanship and extremeness. There is a body of literature that examines how changes in reputation can affect policy positioning. An increase or decrease in reputation can lead to a shift toward the center or towards extremism.

Starting from a similar reputation level, an increase in reputation can result from a positive shock for an incumbent or a negative shock for a challenger. If a candidate experiences an increase in reputation, they are likely to adopt a policy closer to their preferred stance, while their opponent moves towards the center (e.g. Serra, 2010). However, after the reputation has increased, the candidate may choose to emphasize this valence advantage to win (Groseclose & Milyo, 2005). As a result, they may converge on their policy position.

This paper is relevant to the context of Bernhardt et al. (2020), as the candidates for the mayor position are running simultaneously with the city council candidates. Even if the mayoral candidates lose, they aim to retain as many votes as possible. If the popularity advantage is small, they adopt a policy the median voter prefers. For moderate advantages, the disadvantaged candidate adopts a policy closer to its core supporters to retain as many seats as possible, while the advantaged candidate does not move towards the other candidate unless the popularity advantage is substantial.

It is important to note that candidates and parties do not always propose their ideal policies and often move towards the center, which can result in a bias towards the center in national party positioning. Therefore, any movement after an audit will also affect partisanship.

In conclusion, the policy choices made by candidates, as measured by their manifestos, may be influenced by reputational shocks, but the direction of this influence can vary. Nevertheless, the results of audits are expected to impact these choices.

## **III Information about Corruption on Populism**

Several papers have reviewed the determinants of populism (Berman, 2021; Guriev & Papaioannou, 2022). They show that different mechanisms can explain the rise of populism.

For example, corruption is often a topic that is associated with populist rhetoric (Berman, 2021). This paper, populism is measured using a dictionary that focuses on how populist politicians use the rhetoric of “us vs. the elite.” Audits can make corruption and transparency issues more prominent, leading politicians to respond strategically by incorporating populist rhetoric. This is because we know that politicians supply populist rhetoric based on the demands of their audience (Gennaro et al., 2021). As a result, increasing public awareness of corruption in government may result in an increase in the strategic use of populist rhetoric, particularly by the opposition. However, even the incumbent mayor could increase the usage of this language if the irregularities disclosed are not their responsibility.

Another effect could be through electoral competitiveness. Studies show that negative reputational shocks on the incumbent can lead to increased electoral competitiveness Poblote-Cazenave (2021). In this context, using populist language could serve as a way to differentiate.

Finally, releasing more accurate information to the public may also decrease the use of populist language if it helps prevent the spread of false news (Guriev & Papaioannou, 2022).

This is particularly relevant in a municipality with low levels of corruption, where the audit could make it difficult for opposition candidates to accuse the incumbent of being part of the “corrupt elite” (Guriev & Papaioannou, 2022).

## C Preprocessing Manifestos

The preprocessing steps were:

- Converted each pdf files into a json format.
- Any empty json files was removed.
- For the topic analysis, the next step was transforming each entry in the json file into a line in the pdf.
- Stop words were removed from each line. The stop words used for the topic analysis were those included in nltk for the Portuguese language.  
For the analysis where I looked at the frequency of the populist words, I also excluded the parties names, the state names, and the names of each candidates. This was done to reduce the total count of words and imbalances that could be generated by the use of these removed terms.
- The tokenization process was then performed and punctuation signs were removed. In all cases 1-word n-grams where used.

## D Extremeness and Partisanship

The methodology used to calculate extremeness and partisanship in this study is based on the approach developed by Le Pennec (2022), which builds upon the *Wordscores* method introduced by Laver et al. (2003). The *Wordscores* technique assigns scores to documents based on the frequency of words in manifestos, allowing for the positioning of each document on the political spectrum. By classifying parties as left-wing, right-wing, or center, I follow this established method to calculate partisan scores for each manifesto. These scores are then used to derive a measure of extremeness, which reflects the absolute distance from the center, and partisanship, which evaluates how closely a candidate's manifesto aligns with others from the same party.

### I Extremeness Calculation

The extremeness measure is derived from the partisan scores of each manifesto. Each word  $w$  in the manifestos is assigned a score based on its frequency in left-wing and right-wing manifestos, calculated as:

$$s_w = \frac{p_w^R}{p_w^R + p_w^L} - \frac{p_w^L}{p_w^R + p_w^L}$$

A word used only by right-wing parties gets a score of 1, while a word used only by left-wing parties receives a score of -1. The overall score of a manifesto  $j$  is calculated by:

$$S_j = \frac{\sum_w p_{wj} \times s_w}{S_R}$$

Extremeness is then measured as  $|S_j|$ , the absolute value of this score.  $S_R$  is the score of the aggregation of all the manifestos of the right-wing group.

### II Partisanship Calculation

For the partisanship calculation, I assign a unique score for each party. For each word  $w$ , the score for party  $t$  is computed as:

$$s_w = \frac{p_w^t}{p_w^t + p_w^{-t}} - \frac{p_w^{-t}}{p_w^t + p_w^{-t}}$$

Where  $p_w^t$  and  $p_w^{-t}$  are the word frequencies in the manifestos of party  $t$  and all other parties, respectively. The manifesto score for party  $T$  is then:

$$S_{j \in T} = \frac{\sum_w p_{wj} \times s_w^T}{S^T}$$

I excluded parties with less than 1.5% of the candidates to avoid distortion in the word scores.

## E Populism Detection

### I Dictionary

The dictionary that was used is a translation of the one described in the appendix of (Gennaro et al., 2021). I translated that dictionary into Portuguese. The dictionary they used is one of stemmed words. Thus, I had to look at all the possible words that have a similar stem.

- 'casta', 'classe', 'classes', 'elite', 'elites', 'elitista', 'elitistas', 'elitismo', 'elitização', 'elitizado', 'establishment', 'estabelecimento', 'estabelecimentos', 'corrup', 'corrupta', 'corrupto', 'corruptor', 'corruptos', 'corrupção', 'corrupções', 'corruptas', 'corruptores', 'corrupça', 'corrompe', 'regime', 'regimentais', 'regimento', 'regimentos', 'regimes', 'propaganda', 'propagandas', 'proeminente', 'proeminentes', 'arrogância', 'arrogante', 'trair', 'traição', 'trais', 'promessa', 'promessas', 'promessasmas', 'vergonha', 'vergonhosa', 'vergonhoso', 'vergonhosos', 'vergonhosamente', 'vergonhosas', 'desavergonhado', 'descarado', 'descarada', 'absurdamente', 'absurdas', 'absurdo', 'absurdos', 'absurda', 'disparatado', 'referendo', 'referendum', 'referenda', 'referendada', 'referendado', 'referendadas', 'referendados', 'referendos', 'povo', 'gente', 'povos', 'tradição', 'tradicioalista', 'tradicionalis', 'tradicional', 'tradicionalismo', 'tradicionalista', 'tradicionalistas', 'tradicionalmente', 'tradições', 'tradições', 'direta', 'políticos', 'estadista', 'governar', 'antidemocrata', 'engano', 'fraude', 'dolo'.

I also incorporated some words that were available in the dictionary described by Mendes (2021). This is a dictionary in portuguese to identify populism speeches:

- 'voz', 'verdade', 'verdadeira', 'verdadeiramente', 'verdadeiras', 'verdadeiro', 'verdadeiros', 'verdades', 'verdadeiros', 'mentira', 'mentiras', 'oligarquia', 'oligarquias', 'clientelismo'.

### II Does Populism correlates with Ideology?

In my analysis of Brazilian election manifestos, I found a weak relationship between populism and ideology, as illustrated by the scatter plot in Figure E.V. The plot shows a slight negative correlation, where populism is marginally more prevalent in left-wing manifestos (represented by negative values on the x-axis), but overall the correlation is quite weak.

This finding is consistent with what has been observed in previous literature, such as Venturelli (2024), which also found that populism is not strongly correlated with ideological positioning in Brazil. Venturelli's study demonstrated that populism tends to be concentrated within a few political parties, particularly on the radical left, but is not widespread across the political spectrum. My results align with this, suggesting that while there is a slight tendency for populism to be more common in left-wing parties, it is not a defining characteristic of any particular ideology in Brazil.



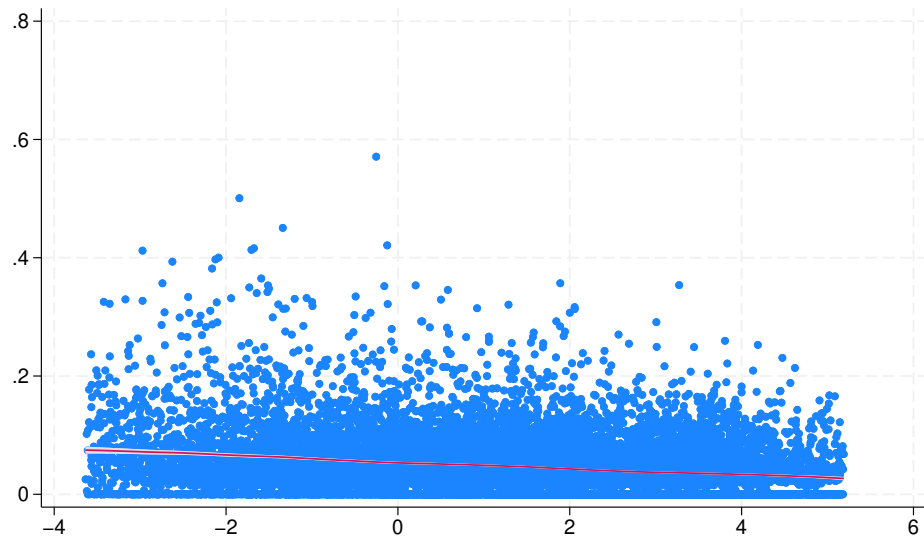


Figure E.V: Scatter plot showing the relationship between populism scores and ideology scores (computed following (Le Pennec, 2022)). Negative values on the x-axis represent left-wing ideologies, and positive values represent right-wing ideologies.

## F Party Classification

### I Parties

I follow the classification made by Tarouco and Madeira (2015). They surveyed Brazilian experts to get the ideological positioning of the parties. They do not classify parties as left, right or center. I decided to group all parties between 1 and 4 as left-wing, and all parties between 5 and 7 as right. The remaining are classified as center parties.

Table F.X: Parties in the 2012 Election and How They Are Labeled to Measure Extremeness

Left	Center	Right
PCO	MDB	PTB
PSTU	Avante	SDD
PSOL	PMN	Podemos
PCB	PHS	PRTB
PCdoB	PSDB	PRB
PT	PSD*	PTC
PSB		PRP
PDT		PR
PV		PSL
PPS		PSC
UP*		DC
PPL*		Progre DEM

<sup>a</sup> **Notes:** This table shows the distribution of parties in the left, center, and right-wing groups following Tarouco and Madeira (2015). They are ordered from left (above) to right (below).

\* Parties classified using Bolognesi, Ribeiro, and Codato (2022).

## G Effect of Exposing High-Corruption in Neighboring Municipalities

In this section, I examine the effects of exposing corruption in neighboring municipalities on the political rhetoric of opposition and incumbent candidates. Specifically, I estimate the impact of exposure to both high- and low-corruption in neighboring municipalities on two dependent variables: populism and extremeness in the political manifestos of candidates. The analysis distinguishes between opposition candidates and incumbents. Figure G.VI and Figure G.VII show the neighboring municipalities to the audited ones before and after the election respectively.

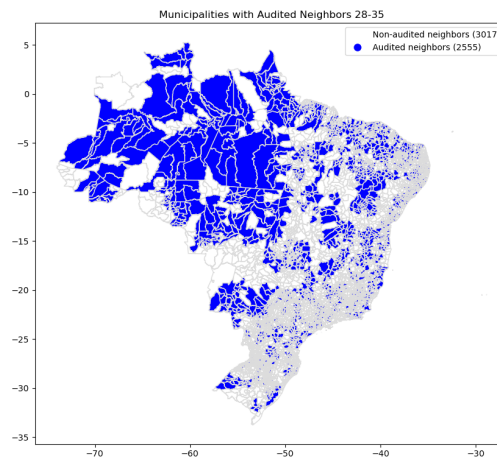


Figure G.VI: Audited Municipalities and their neighbors in round 28 to 35

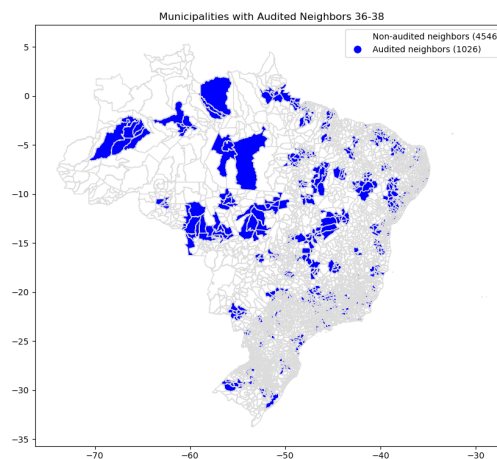


Figure G.VII: Audited Municipalities and their neighbors in round 36 to 38

The results reveal no significant effects of neighboring corruption exposure, either high or low, on populism or extremeness, for both opposition and incumbent candidates. As shown in

Figure G.VIII, the coefficients for exposure of corruption in neighboring municipalities are small and statistically insignificant.

These results suggest that candidates' rhetorical adjustments are largely confined to municipalities directly affected by corruption scandals rather than a broader response to regional exposure. Notably, opposition candidates only appear to react when incumbents in their municipality are directly exposed, indicating that the effect is driven by electoral concerns, rather than societal outrage at the scandal. This reinforces the hypothesis that politicians strategically adjust their rhetoric in response to local electoral incentives, rather than broader, region-wide reactions to corruption scandals.

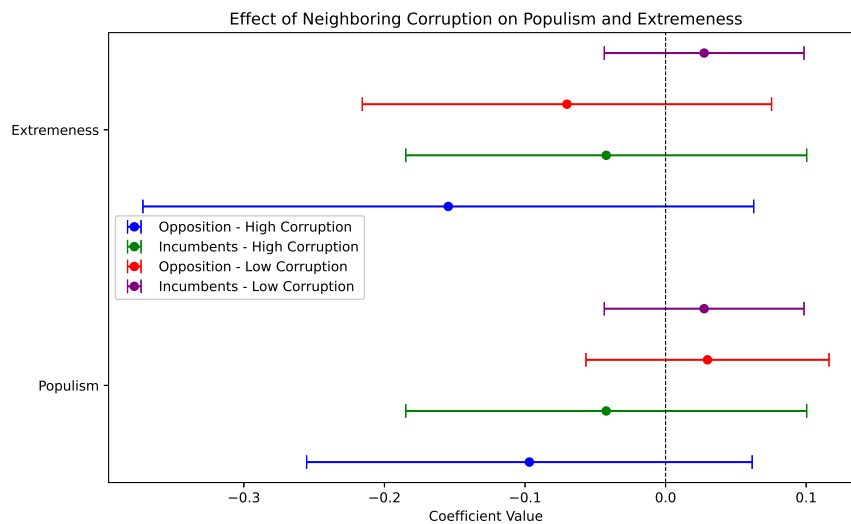


Figure G.VIII: Effect of Neighboring Corruption on Populism and Extremeness

**Note:** This figure shows the coefficients for the effect of neighboring corruption exposure (both high and low) on populism and extremeness for opposition and incumbent candidates. The coefficients and 95% confidence intervals are displayed. Blue dots represent opposition candidates in high-corruption municipalities, green dots represent incumbents in high-corruption municipalities, red dots represent opposition candidates in low-corruption municipalities, and purple dots represent incumbents in low-corruption municipalities. The vertical line at 0 represents no effect. The sample sizes for the regressions are 1,436 for opposition (both for Populism and Extremeness), and 803 and 815 for incumbents when analyzing Populism and Extremeness respectively.

## H The Role of Candidate Profession in Health-Related Discussions

I further investigate whether the observed focus on health-related corruption cases is driven by the professional background of candidates, specifically whether they are health professionals or medical doctors. I run two separate regressions with the dependent variables indicating if the candidate is a health professional or a medical doctor, respectively. The key independent variable remains the share of corruption cases in the health sector and whether the audit results were exposed before or after the election.

The coefficient plot in Figure H.IX compares municipalities with high and low shares of health corruption cases, with results for candidates who are health professionals and those who are medical doctors. In both cases, the null hypothesis cannot be rejected, indicating that the likelihood of a candidate being a health professional or a medical doctor is not significantly related to the exposure of a high share of health corruption cases in the municipality.

This finding suggests that the increased focus on health issues in municipalities with high levels of health-related corruption is not driven by the candidates' professional background but rather by the salience of health-related corruption in these contexts. The results are consistent across both health professionals and medical doctors, further supporting the conclusion that the focus on health is a strategic political decision rather than being tied to candidates' expertise.

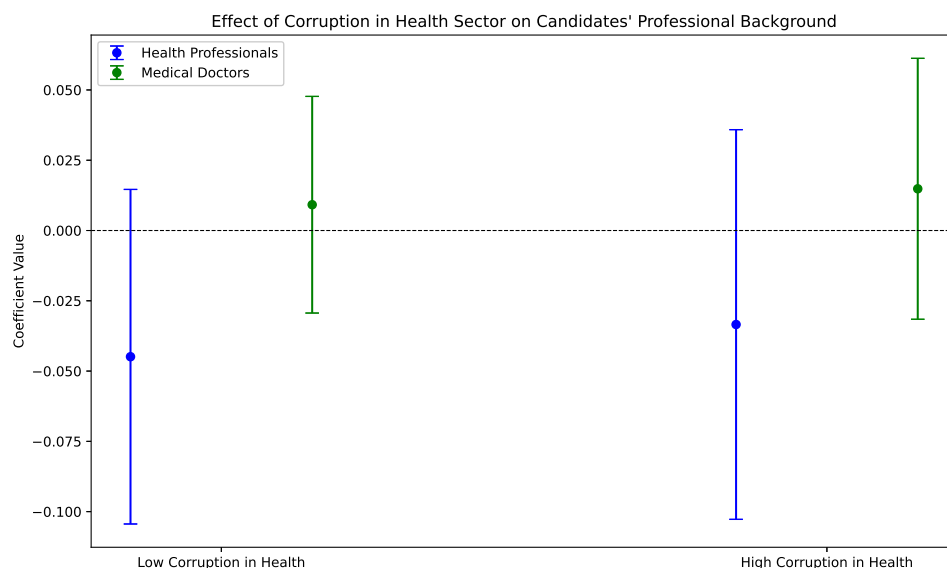


Figure H.IX: Effect of Corruption in Health Sector on Candidates' Professional Background

**Note:** This figure compares the coefficients and 95% confidence intervals for the likelihood of candidates being health professionals or medical doctors. The analysis examines municipalities with high and low shares of health-related corruption, with results exposed before the election vs. after the elections. Blue dots represent the results for all health professionals, and green dots represent the results for medical doctors. The vertical line at 0 represents no effect.