

Tying their own hands: why politicians vote on bills that increase control against themselves?

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1. Research Question

This project seeks to understand why politicians vote on bills that will eventually increase control against themselves, facilitating investigations and/or prosecution. In other words, why politicians tie their own hands. Different researchers have looked into similar questions. Nevertheless, most of them focus on why politicians transition from clientelistic systems, where they have higher discretion over the distribution of goods, to more programmatic policies (Asunka, 2017; Diaz-Cayeros et al., 2016). My main focus is in a different aspect. In the past two decades, in Latin America, politicians have voted on bills that increased the control against themselves. Recently, for instance, Colombia's Senate unanimously approved an anti-corruption referendum which will ask citizens to determine among seven measures aimed at reducing graft. Mainly, I am interested in looking this question regarding political actors who would run for executive offices but had experience in the Legislative. The idea is to mimic political actors known for their ability to distribute goods, bringing projects using budgetary amendments (Finan, 2004; Bertholini et al., 2018). For instance, federal deputies reward municipalities based on political support. Particularly, I am interested in two questions:

Question 1: Do voters punish politicians who vote against those laws?

Question 2: Does the pressure of organized interest groups, mainly from the business community, influence the vote on those bills?

These are two different questions - and not necessarily mutually exclusive - that I believe are testable empirically. Below I present the motivation for

the project and two designs to address these questions. Thus, I am not trying to adjudicate between these two hypotheses. In other words, I am not asking what causes Y, but if these Xs cause Y.

2. Motivation

On April 5 2018, the Brazilian Supreme Court voted 6-5 to decide that the former President Luiz Inacio Lula da Silva (Lula) should to immediately start serving a 12-year sentence for corruption and money-laundering conviction for receiving a bribe from a construction company during his 2003-2010 presidency. In 2010, near the end of his second term, Lula enjoyed an approval rating of 87% ¹, making him one of the most popular politicians in the world. Most observers of Brazilian politics would agree that the investigation and eventual prosecution of Lula was only possible due only to a series of new laws approved during Lula's own administration and that of his political heir and successor, Dilma Rousseff (2010-2016) (Nunes and Melo, 2017).

Lula is not the only politician who supported these laws only to run afoul of them. The same corruption scandal that felled Lula has also implicated more than two hundred current and former governors, mayors, federal deputies, and senators. These cases are based heavily on different types of evidence, but perhaps the most important has been testimony induced by plea bargains, a prosecutorial tool that was not allowed until 2013, when a new anticorruption law was passed (Lorenzon, 2017).

The 2013 act was the latest in a series of important anti-corruption laws enacted since the end of the 1990s, the collective impact of which has been to increase transparency and weaken politicians' protections against corruption charges. Before that, in 2001, a constitutional change allowed federal politicians to be investigated. Since 1824, the Constitution granted formal immunity for deputies and senators. This immunity determined that deputies and senators could not be criminally tried without the permission of the respective House of Congress (Toffoli, 2016). But in 2001 the Constitutional Amendment No. 35, approved by Senators and deputies, altered this in such a way that it the permission was no longer necessary. According to Supreme Court Justices, with this constitutional reform, investigations have moved forward on a regular basis and criminal activities have been judged. Between 1988 ² and 2016, 628 criminal suits were processed at the Supreme Court,

¹President Barack Obama once called Lula the most popular politician of the world. For more: <http://www.newsweek.com/brazils-former-president-loses-appeal-clouds-presidential-bid-790190>

²This was the year when the new Constitution was approved after the military dicta-

with 622 of them being initiated after passage of Constitutional Amendment No. 35/2001.

Evidence suggest that corruption in Brazil is a source of personal wealth for politicians (Geddes and Neto, 1992). But corruption in Brazilian politics is not merely aimed at personal wealth - it is in, at least in part, a consequence of the high cost of running for (and keeping) public office, and of getting things done in a highly fragmented governmental structure (Jucá et al., 2016). The current scandal at Brazil's state-owned oil company, Petrobras, revolves around nearly US\$3 billion in bribes that contractors paid to Petrobras officials to secure construction and service contracts. Hundreds of millions of these dollars were diverted to the ruling Workers' Party and virtually all the parties in the country, which used the money to finance its political campaigns (Fisman and Golden, 2018). The case is known as Operation Carwash. If money is the key to political survival and effectiveness, why have politicians repeatedly chosen to tie their own hands, putting at risk their careers? This is the puzzle of this project.

3. Theory

After conducting interviews with Brazilian politicians, bureaucrats, judges, and lawyers, I have come to believe variations in political support for anti-corruption laws might be a function of changes in the expected electoral costs of voting against those measures. Of course, politicians may vote for these laws because they do not fully understand their consequences or do not think that they are actually going to be harmed by them. However, for different observers of Brazilian politics this does not seem to be the case. It is possible that politicians voted this way because they were afraid of being punished by voters for appearing to oppose anti-corruption measures. Thus, they could have calculated that the downstream possibility of being prosecuted under the new law was not as important as the short-term need to win re-election. This is different from voters punishing politicians for corrupt acts (Ferraz and Finan, 2009; Winters and Weitz-Shapiro, 2013). According to this theory, politicians would prefer, in the short-term, to vote for these laws that are able to hurt them in the long term exactly because they seek the short-term reelection.

The first theory can be summarized as the representation theory (Przeworski et al., 1999). A common (and reliable) assumption posits that politicians have one primary goal: to get elected and reelected (Mayhew, 1974). One problem with this literature is that, many times, it assumes the politi-

torship that ruled Brazil for three decades

cal system of the United States, with its single-seat electoral districts as the background for the interaction between politicians and potential supporters (Geddes and Neto, 1992). But different institutions create diverse outcomes. For instance, in Brazil, the electoral districts are the country's 27 federal units (26 states plus the federal district of Brasilia), and they elect between 8 and 70 representatives. A recent survey with 5003 respondents found out that 79% of Brazilian voters do not remember for whom they voted for federal deputy in the last election, in 2014 (Moura 2018). If voters do not know who represents them in Congress, can they hold representatives accountable?

However, even if voters cannot remember the name of their representatives, federal deputies might worry that voting against an anti-corruption law might put them on the spot, harming their electoral prospects. To investigate that, it is important to check if voters are aware of those laws. In that sense, the capacity of holding politicians accountable is conditional on having information about the anti-corruption law.

An alternative theory states that politicians actually vote on these laws when organized interest groups lobby for them. In 2013, Brazilians took over the street to protest against corruption. But the plea-bargaining law was a very exoteric topic. Groups of prosecutors and police officers organized to lobby for the bill. In certain situations, nevertheless, there might be an incentive for certain companies to migrate from a high corruption equilibrium to a low corruption equilibrium (Fisman and Golden, 2018). Companies might pressure for some laws of this type when they are left out of corruption schemes. For instance, since 2003, Brazil invested in a model of national champions, where a small number of private companies received a large amount of state subsidies (Musacchio and Lazzarini 2014). Only 10 private Brazilian companies, for instance, concentrated 60% of the government subsidies from the development bank, including five construction companies involved in the Carwash scandal. According to different models, this type of state intervention by choosing national champions increases corruption (Ades and Di Tella, 2012). Companies chosen to be the national champions may be expected to enjoy rents in excess over their free markets equilibrium values, while other companies are left out of the corruption scheme. Ades and Di Tella evidence show that an active industrial policy is correlated with higher levels of corruption in the cross-section results for 32 countries.

The 2013 anticorruption law, for instance, was required by the Organization for Economic Cooperation and Development (OECD). While not a member, Brazil was a party to the OECD's Anti-Bribery Convention and had been asked since 2007 to speed up steps to make companies directly liable for bribing foreign officials. At the same time, local construction companies lobbied to try to block the new law (Sassine and Maltchick 2012).

As stated by Fisman and Golden: "As we write this in the autumn of 2016, almost all members of Brazil's political elite have been exposed as deeply involved in large-scale corruption, as the world watches, astonished, by the daily revelations of the so-called Petrobras scandal. The country is in the midst of the largest corruption scandal ever to beset a democratic nation. After decades during which corruption was business as usual, there is the sudden threat of legal and political retribution."

4. Observable implications

To summarize, there are two testable implications derived from the theories:

Hypothesis 1: Voters will declare to vote less on politicians who voted against anti-corruption laws

Hypothesis 2: Politicians will vote for transparency or anti-corruption laws when pressured by interest groups

5. Empirical Strategy 1: Survey Experiment

I will first address the strategy to test the representation hypothesis. Brazil has a general election this year, which will be held in October. A month before the election, I will include two questions in a national-representative survey with 2002 voters, conducted by Ibope (one of the two largest survey company in the country). Ibope has worked previously with other researchers (Weitz-Shapiro and Winters 2016).

The proposal is to conduct a conjoint experiment, based on Hainmueller, Hopkins, and Yamamoto (2013). For instance, a recent survey shows that the main characteristics that Brazilian voters are looking for in a candidate for the Congress are honesty, transparency and not being involved in the Petrobras scandal (Carwash Operation). However, this survey does not ask about the anti-corruption laws that allowed the investigations or randomize any treatment.

The idea of the conjoint experiment is to try to isolate the effect of informing voters that the politician voted against the plea-bargaining law. My goal is to vary three characteristics, including party, experience/capacity of delivering goods for the constituents and the main treatment variables: informing the voters if the politician voted against or for the plea-bargaining law.

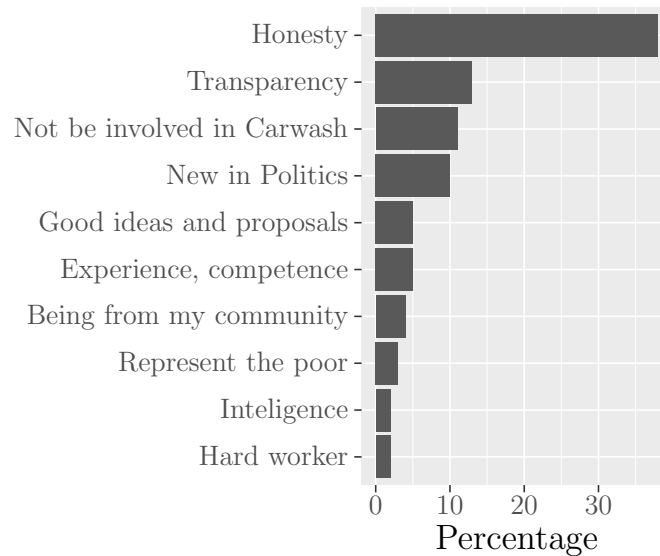


Figure 1: What do Brazilians want from Federal Deputies?

1. **Party:** PT, PSDB, PMDB, PP
2. **Promise to keep the plea-bargaining law**
3. **Promise to end the plea-bargaining law**
4. **Has experience as federal deputy, being responsible for projects of health and education to his city**
5. **Has experience as federal deputy**

These characteristics will be presented in the standard conjoint experiment way. According to the survey company, presenting the information in written messages is the best way to deliver information in Brazil, because even with less educated voters the enumerator can read the options. Also, according to Ibope, video or audio messages usually are not recommended. Bellow I present one example on how the conjoint would be presented to the voters. The experiment is set up in a way that there is no unrealistic combination to present.

In addition, since Brazilians do not recall whom they voted for Federal Deputy in the previous election, I will run the experiment with candidates for President.

In this first question, voters are asked to choose between the two candidates, a "forced-choice" design that enables to evaluate the role of each

Table 1: Imagine these are two potential candidates for President in the upcoming elections of October. Previously, they were both federal deputies. Then, please indicate which of the two candidates would you personally prefer to see as President in 2019

Candidate 1	Candidate 2
PSDB	PT
Promise to keep the plea-bargaining law	Promise to end the plea-bargaining law
Has experience as Federal Deputy	Has experience as Federal Deputy, being responsible for projects on health and education to his city

attribute value in the assessment of one profile relative to another. After that, I will ask an extra question: *On a scale from 0 to 5, where 0 is no knowledge and 5 profound knowledge, how much do you know about the plea-bargaining law?* The goal is to check the effect of being in favor or against the plea-bargaining law, conditional on the knowledge of the voter.

Finally, the sample size of 2002 respondents are enough to guarantee power. Hainmueller, Hopkins, and Yamamoto have a sample size of 311 respondents for 186,624 possible profiles, when combining more characteristics than the ones I am presenting. That is why I believe the sample size of 2002 respondents would be sufficient to estimate the average marginal component effect (AMCE). According to the authors, we can obtain the estimates of the AMCEs by running a single regression of the dependent variable on the combined sets of dummies for all candidate attributes.

The average marginal component effect (AMCE) represents the marginal effect of attribute l averaged over the joint distribution of the remaining attributes. To obtain the estimates of the AMCEs I will run a single regression of candidate choice on the combined sets of dummies for all candidate attributes:

$$candidate_{ijk} = \theta + \theta_{Party} + \theta_{Experience} + \theta_{Plea} + \epsilon$$

The project will plot estimates of the effects of the randomly assigned candidates attributes on the probability of being preferred by voters. Estimates are based on the regression estimators with clustered standard errors; bars represent 95% confidence intervals.

6. Empirical Strategy 2: Field experiment in the Brazilian Congress

The second part of the project uses a field experiment to test the interest group's hypothesis. On April 17, 2018, the Brazilian Congress was expected to vote a new bill to regulate lobbying activity. This bill promises to increase transparency in the relationships between politicians and business representatives, and one of its declared goals is to increase the accountability of elected officials. For instance, it will be mandatory for deputies and senators to disclose any meetings with representatives from the private sector, expenditures related to those meetings, or presents and donations received. In fact, the first bill on regulating lobbying in the country was introduced in 1977. Since then different versions were presented by different congressmen, but the bill was never voted.

After several meetings, the NGO Movement Brazil Competitive - which assembles 51 of the largest companies in the country (such as IBM, Coca Cola, Ambev, Gerdau, among others) - has agreed to participate in the experiment. The president of the NGO supported the bill and was already lobbying politicians for that. After the meetings, we agreed that I would randomized the messages and send them. I blocked the treatment on different groups of parties. Assuming an effect of 0.11 percentage point, and using the EGAP power calculation, I would need 473 deputies of the Brazilian Congress to find an effect. Assuming an effect of 0.15 percentage point the sample necessary would be of 236 deputies out of 513. Therefore, the study seems to be underpowered. To deal with that, I have decided to send the treatment multiple times, which will be discussed below.

Brazil has almost 30 parties represented in the Congress. Blocking by parties would be virtually impossible. That is why I have blocked the deputies in three groups: government supporters, independents and opposition. The decision to block using groups of parties was made after analyzing a survey conducted with 185 deputies between February 19 and 20, 2018 ³. In the survey, 75% of the deputies said that they were in favor of the bill, but the results varied by groups of parties. Among the deputies that supported the government, 80% said they were in favor of the bill, against 79% of the independents and 69% of the opposition. At the same time, only 51% of the deputies believed that the bill was going to be approved and transformed into law. The randomization was done within each block, with the distribution presented on table 2.

³The survey was conducted by the Brazilian Political Scientist Leonardo Barreto, who gracefully shared the results

Table 2: Block Randomization

	Government	Opposition	Independent
Treated D=1	164	48	45
Control D=0	165	47	44

With IRB approval, two different messages were sent to the 513 federal deputies' cell phones. The control group received the following message:

Dear Deputy [insert his/her name], this is Claudio Gastal. The Chamber of Deputies will vote on the bill to regulate lobbying. As a citizen, I believe this is an essential measure to increase transparency in the relationship between politicians and private companies, generate higher accountability and provide more information for citizens. This is important to improve the relations between companies and politicians, especially after the recent events. I urge you to vote in favor of the bill.

The treatment group received a similar message, with a slightly different beginning:

Dear Deputy [insert his/her name], this is Claudio Gastal. I am the President of the Movement Competitive Brazil, NGO that reunites 51 of the largest companies in the country. The Chamber of Deputies will vote on the bill to regulate lobbying. As a citizen, I believe this is an essential measure to increase transparency in the relationship between politicians and private companies, generate higher accountability and provide more information for citizens. This is important to improve the relations between companies and politicians, especially after the recent events. I urge you to vote in favor of the bill. Here a little bit more about our governance and performance.

In April, the messages were sent for the first time. In the treatment group, 81.5% of the deputies received the messages on their phones. In the control group, 78.8% of the deputies received the message.

However, the deputies never actually voted on the bill. Thus, I was not able to collect the outcome. After the discussion and the beginning of the session, the opposition was able to filibuster (they were protesting against the imprisonment of former president Lula) and the speaker of the house cancelled the voting. Now, there is no date for a new voting. Nevertheless, the bill is still with urgency call in Congress.

To keep the experiment, I will send the same message once a month to the deputies' cellphones. In addition, I will send a letter with the same messages

to the control and treatment groups. The difference is that the treatment group will have in the letter the official stamp of the NGO, with the logos of all the companies.

To collect the outcome, I will wait for the bill to be voted. In addition, I will survey all the 513 deputies in June, after sending the treatment twice, and November, after sending the treatment at least four times (April, June, August, October). I will not send the treatment in September, the month all the deputies are actively campaigning for reelection.

During the week of June 25 2018, deputies are expected to be in Brasilia, the capital city, to vote on important bills before the beginning of the official campaign. The Lobbying bill might be among them - but the expectation is that it will not be voted. On the 25th, I will send the messages. In the next three days, a team of researchers will conduct a survey in the Congress. I will include the question for the main outcome: Are you in favor of the bill for regulating lobbying activity?

After that, I will send the treatment at least two other times. The goal is to survey deputies again in November. Finally, the idea is to collect the results of voting when they vote on the bill.

Following the law of experimental design (Analyze as You Randomize), the main estimator of interest is the Average Treatment Effect by block. In other words, to identify causal effects, the researcher needs only compare across conditions that are randomized. Because I have block randomized, I have to analyze only within blocks (average over blocks). The model is:

$$vote_{ijk} = \theta + \theta_{Treatment} + \theta_{Block} + \epsilon$$

6. Declare Design

To test the implications of these two designs, I present bellow a model in declare design (Blair et al 2018). The code has the goal to simulate the results that would be obtained by running the experiment with the 513 deputies in the Brazilian Congress. Declare Design is a new tool presented by the authors. The simulation produced an effect around 1.5 percentual point in the treatment group. However, the program presented some errors. This will be fixed in the following version of this pre-analisis plan, before the analisis of the real data. In the next page, I present the code for the simulation, considering the three blocks that were used in the randomization process.

Table 3: Declare design for field experiment

```

set.seed(1:8)
population <- declare_population(
  block = level(N = 513,
  block_size = sample(c(329, 95,89), N, TRUE),
  block_effect = rnorm(N, block_size / 100, .1)
),
individual = level(N = block_size,
noise = rnorm(N))),potential_outcomes <-

declare_potential_outcomes(formula = Y ~block_effect * Z + noise)
sampling <- declare_sampling(clust_var = block)

assignment <- declare_assignment(block_var = block)

estimand <- declare_estimand(ATE = mean(Y_Z_1 - Y_Z_0))

dim <- declare_estimator(Y ~Z,
model = lm_robust,
label = "DIM",
estimand = estimand),bfe <- declare_estimator(Y ~Z + block,
model = lm_robust,
label = "BFE",
estimand = estimand),ipw_bfe <- declare_estimator(Y ~Z + block,
model = lm_robust,
label = "IPW-BFE",
weights = 1 / Z_cond_prob,
estimand = my_estimand)

design <- declare_design(
population, potential_outcomes, my_estimand, sampling, assignment,
reveal_outcomes,
dim, bfe, ipw_bfe)

set.seed(1:7)
diagnosis <- diagnose_design(design, sims = 1000, bootstrap = FALSE)

```

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