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2 May 2007

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It has been argued that greater transparency is needed to reduce corruption. One way of increasing transparency is through the adoption of Freedom of Information (FOI) laws. This paper uses the introduction of FOI laws as a natural experiment to determine their effect on corruption. Using a sample of democratic countries and two different corruption indices, I find that countries that adopted FOI laws saw an increase in corruption. Results are robust throughout different specifications. Moreover, I find that countries with plurality systems potentially experienced a decrease in corruption following the adoption of FOI legislation. Having a parliamentary system, however, had no impact on the effect of the reform.

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1. Introduction

Recently, corruption has become a major preoccupation among economists and policymakers.[1] Previous studies have found that corruption curbs growth and investment (Mauro, 1995), along with the provision of public services (Mauro, 1998), in addition to increasing inequality (Li et al., 2000). As a result, the World Bank has supported hundreds of anticorruption efforts developed by its member countries since 1996.[2] Furthermore, in 2003, the General Assembly adopted the United Nations Convention against Corruption, which entered into force in December 2005, with the purpose of preventing and combating corruption.[3] Clearly understanding the causes of corruption is important in developing ways to prevent it.

A major problem that has allowed corruption to flourish in some countries is lack of accountability. Lederman et al. (2005), for example, find that greater political accountability, in the form of democracy and freedom of the press, reduce corruption. But corruption is not a phenomenon restricted to autocratic countries with a government-controlled press. In fact, although more democratic countries are less corrupt (see Treisman, 2000), there are still differences in the levels of corruption among those countries that have democratic systems. This paper, then, focuses on democratic countries to explore the effect of an increase in accountability, in the form of greater access to information, on corruption.

Accountability, however, is not enough to curb corruption if citizens are unable to monitor officials. A free press is then essential to investigate and divulge abuses of power to the public, thus reducing the cost of obtaining information (see Djankov et al. (2003) and Brunetti

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[1] A search on Google Scholar for articles on corruption in 2006 yielded 258 articles or books with the word corruption in the title.
[2] The World Bank's Anti-Corruption Section.
[3] http://www.unodc.org/unodc/crime_convention_corruption.html

Electronic copy available at: http://ssrn.com/abstract=984891

and Weder (2003), for instance).[4] Nevertheless, there is only so much that a free press can do to observe the activities of politicians if there is no legislation providing citizens the right to access information. And if information on government behavior cannot be obtained, then elected officials will not have the threat of being voted out of office due to a misuse of public office as a deterrent. As a result, whether or not a country has a Freedom of Information (FOI) law can have an important impact on a country's level of corruption.

And yet even if the press is unbiased, greater transparency may not necessarily lead to lower corruption. Bac (2001) argues that greater transparency also leads to better information about whom to bribe. If the incentive to establish a connection with the relevant official is greater than the probability of detection, corruption may actually increase. Furthermore, Sutter (2006) finds that greater media scrutiny my actually decrease the quality of politicians, as it creates privacy and reputational costs. This means that an FOI law may not necessarily decrease corruption.

The type of electoral system may also play a role in determining the impact of greater transparency on corruption. Persson and Tabellini (2003), for instance, find that proportional representation systems are more prone to corruption than majoritarian systems.[5] This is because in majoritarian systems, voters are choosing among individual candidates, which creates an incentive for incumbents to perform well. In PR systems, on the other hand, voters are choosing among party lists, so that a politician's chance of reelection is based not on performance, but on his or her rank on the list. Myerson (1993), on the other hand, moves away from this

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[4] A free press, however, does not mean an unbiased press. A biased press may report on corruption cases involving one party but not another. See Strömberg (2004), DellaVigna and Kaplan (2006), Besley and Prat (2006), and Larcinese et al. (2006) for details.
[5] Kunicova and Rose-Ackerman (2005) reach the same conclusion with regards to PR systems being more corrupt than majoritarian systems. Unlike Persson and Tabellini, however, the authors find that presidential systems, especially in a closed list PR system, are more corrupt than parliamentary systems.

transparency argument to suggest that plurality systems are more corrupt, since the resulting barriers to entry allow for corruption profits. In PR systems, on the other hand, competition drives corruption to zero. Other authors have found support for this barriers-to-entry argument, though in the context of district magnitude. In particular, Persson and Tabellini (2003), as well as Persson et al. (2003) find that the lower the district magnitude (defined as the number of seats per district), the higher is corruption.

The type of executive also affects accountability. Lederman et al. (2005) argue that in presidential systems, the executive is more independent and hence less subject to accountability from the other branches of government. Their empirical analysis confirms that parliamentary systems are in fact associated with lower corruption levels.

Several democratic countries have adopted an FOI law in the past decade, which provides for a natural experiment to address this issue. However, to my knowledge, no study has examined the effect of freedom of information laws on corruption. The closest is Islam (2006), who uses cross-sectional data to explore whether more transparency, in the form of greater information access, affects governance. She finds that countries with greater transparency, measured in one case as having FOI legislation, do have lower corruption. This paper, however, focuses on whether enacting an FOI law reduces corruption, rather than whether countries that have such legislation have lower corruption. In addition, I explore whether the effect on corruption takes place during the first five years of the law or only during subsequent years. Furthermore, because the type of electoral system, as well as the type of executive, seem to be important determinants of corruption among democratic countries, I also examine whether the effect of FOI legislation differs between plurality and proportional representation systems, as

well as between presidential and parliamentary systems. Finally, since I rely on panel data, I am able to take care of possible spurious correlation through fixed effects.

One of the difficulties in measuring corruption, however, lies in how to distinguish between corruption and rent-seeking. The World Bank defines corruption as the misuse of public office for private gain. As Tanzi (1998) points out, corruption can take many forms, and may not necessarily involve the payment of bribes.[6] This paper uses the International Country Risk Guide (ICRG) corruption index, which has been produced annually since 1982 by Political Risk Services, a private international investment risk service, as an indicator. This index, which measures corruption at all levels of government and bureaucracy, is based on the opinion of experts, and seeks to capture the extent to which "high government officials are likely to demand special payments" and "illegal payments are generally expected throughout low levels of government" in the form of "bribes connected with import and export licenses, exchange controls, tax assessments, police protection, or loans."[7] The sample, which is restricted to democratic countries, consists of an unbalanced panel[8] of up to 70 countries from 1984 to 2005, 34 of which enacted FOI legislation during the period (see Appendix 1). In addition, and as a robustness check, I also use Transparency International's corruption perceptions index, which gives me a sample of up 72 democratic countries from 1995 to 2005, with 21 of them adopting an FOI law during the period. This allows me to use a difference-in-difference approach to examine the effects of the legislation on corruption, with the treatment effect being estimated only from within-country variation around the law. [9]

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[6] It is also difficult distinguishing between a gift and a bribe (Tanzi, 1998).
[7] http://www.icrgonline.com/page.aspx?page=icrgmethods
[8] It is an unbalanced panel because the ICRG index was not available for the entire period for some countries, and because some countries only came into existence later in the sample period.
[9] It should be noted that the concern here is only whether or not a country passed an FOI law, not whether it is effective. However, as Islam (2006) points out, an FOI law is only one step a government takes to improve

The results, described in section 4, indicate that adopting an FOI law resulted in an increase in corruption. Countries with plurality systems, however, experienced a decrease in corruption or at least a smaller increase than those with PR or mixed systems. The effect of the law on parliamentary systems did not seem to be much different from that in presidential systems. These results are robust to using different sets of control and treatment groups as a result of a different dependent variable, restricting the sample to very democratic countries, and including additional control variables.

The paper is divided as follows. Section 2 provides a description of the data, while section 3 presents the empirical specification. Section 4 examines the results and subjects them to a variety of sensitivity tests. The last section concludes.

2. Data

2.1. Corruption

There exists no objective measure of corruption, so since Mauro (1995), a number of empirical studies have employed various subjective indices that attempt to measure the perceived levels of corruption in a country. One of these indices is the International Country Risk Guide (ICRG) corruption index. The ICRG index provides an appraisal of corruption within the political system. It based on the opinion of experts, and aims to provide potential investors with an assessment of political risk.

The index varies from 0 to 6, with higher values denoting less corruption. The data are a simple average of monthly indices, which makes it continuous between 0 and 6. For ease of

governance, and even then it is not the first step. As a result, the existence of such a law can be taken as an indicator that a country is moving towards allowing greater access to information.

interpretation, I reverse the index and rescale it from 0 to 10 so that high values correspond to higher corruption levels.

One advantage of the ICRG index over other available indices is the fact that it is available for a long time period and for a large sample of countries. It is also highly correlated to other indices that have been used in the literature (see Treisman, 2000, for more details), which suggests that they are consistent despite being a subjective rating. However, as Ades and di Tella (1999) point out, some of the disadvantages of using such subjective indices include the fact that the rankings may not be uniform, so that a change from a score of 3 to 4 is different from a change from 5 to 6. Finally, there have been arguments that such corruption perception indices are more a measure of institutional quality than actual corruption. Mocan (2004), for instance, uses the United Nation's International Crime Victim Survey (ICVS) to construct a measure of actual corruption. After controlling for institutional quality, he finds that the extent of actual corruption does not have a significant effect on perceptions of corruption. The ICVS survey, however, only asks a sample of households whether "any government official asked or expected a bribe for services."[10] The ICRG index, on the other hand, is more concerned with "actual or potential corruption in form of excessive patronage, nepotism, job reservations, favor-for-favors, secret party funding, and suspiciously close ties between politics and business," in addition to financial corruption.[11] Clearly the question asked by the ICVS survey does not address these forms of corruption. Furthermore, given that such indices are used by banks and multinationals in making investment decisions, they are important in predicting a country's economic performance.

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[10] http://www.unicri.it/icvs
[11] http://www.icrgonline.com/page.aspx?page=icrgmethods

As a robustness check, I also experiment with Transparency International's corruption perceptions index (CPI).[12] The CPI is available starting in 1995 and until 2006, but country coverage varies by year. This index is a composite of other indices assessing corruption among public officials and politicians. One problem with the CPI is that year-to-year variations could result from changes in corruption perception, but also from changes in the sample of surveys included, as well the methodology used to construct the index. This means that it is difficult to say whether changes in score reflect changes in real levels of corruption, or the addition of new data or methodological differences.

The sample of countries included in the analysis, shown in Appendix 1, is restricted to include only democracies for which I could obtain scores. They include countries that already had an FOI law, those that adopted one, and those that never adopted one in the 1984-2005 period (in the case where corruption is measured using the ICRG index) or in the 1995-2005 period (when corruption is measured using the CPI).[13]

2.2. Freedom of Information Act

Information on when countries adopted Freedom of Information laws is taken from Banisar (2006), who provides a description of the legislation in different countries. From this I construct an indicator that equals 1 starting on the year a country enacted an FOI law. Some countries passed an FOI legislation in one year, only to pass another many years later to replace the previous one. For instance, the Netherlands first adopted an FOI law in 1978, only to replace it in 1991 with the Government Information (Public Access) Act. The Philippines, for its part, does not have an FOI Act per se, but it was included in the 1973 Constitution, only to be

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[12] See http://www.transparency.org

[13] Note that country fixed effects can capture whether a country always had an FOI law during the period or not.

expanded in the 1987 Constitution. In these cases, I take the year of adoption as the first year in which the country enacted legislation providing citizens the right to information. Appendix 1 lists the different laws and years of adoption.

2.3. Electoral System

The indicators for a country's electoral system, as well as for whether a country has a presidential or parliamentary system, are taken from the World Bank's Database on Political Institutions (DPI2004), as described by Keefer (2005). The database contains data on the type of system from 1976 to 2004. The variable PLURALITY takes a value of 1 if legislators are elected using a winner-take-all or first past the post rule and 0 if it is not. The variable is further coded NA if "there is no competition for seats in a one-party state or if legislators are appointed" and is left blank "if it is unclear whether there is competition in a one-party state." The variable PR, for its part, has a value of 1 if the country has a proportional representation system, and 0 otherwise, unless there is only one party, one candidate, the legislature is not elected, or there is no legislature, in which case the variable takes a value of NA.

From these indicators, I constructed the measure ELECSYS.[14] This variable takes a value of 1 if the country has a plurality system and 0 if it has a PR or mixed system.

In addition, the variable SYSTEM in the DPI2004 dataset distinguishes between direct presidential systems, strong president elected by assembly, and parliamentary system. From this

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[14] Because of inconsistencies in the DPI2004 dataset, I changed the index in the following cases, as the electoral rule given did not match that in Reynolds et al. (2005): Chile (plurality in the DPI2004 dataset, changed to PR), and Czech Republic and Guatemala (mixed in the DPI2004, changed to PR). I also coded the electoral system for Nigeria, as the DPI2004 dataset included data on district magnitude but not on the electoral system.

I generate the dummy variable PARLIAMENT, which takes a value of 1 if the country has a parliamentary system and 0 if it is a presidential system.[15]

2.4. Control

The POLITY2 indicator is taken from the POLITY IV database, which is currently available up to 2004.[16] The variable POLITY2 is a modified version of POLITY, which codes transition years so as to detect changes in regime. The POLITY variable, for its part, is a measure of the quality of democratic institutions, and varies from +10 (strongly democratic) to -10 (strongly autocratic). The sample is restricted to solely democratic countries, which are defined as having a strictly positive POLITY2 score. Still, because the degree of democracy varies from one country to another, and because the level of democracy can be taken as a proxy for press freedom,[17] I include the POLITY2 index in all regressions as a control.

3. Empirical Specification

3.1. Methodology

The effect of adopting a Freedom of Information (FOI) law is estimated using a difference-in-difference (DID) approach. In DID estimation, the outcome—in this case, the perceived level of corruption—is compared between two groups before and after a policy change—here enacting an FOI law. One group, denoted the "control," consists of countries that

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[15] Presidential systems include both direct presidential system and those with a strong president elected by an assembly.

[16] See http://www.cidcm.umd.edu/inscr/polity/index.htm.

[17] An indicator for freedom of the press is available from Freedom House. The data are available from 1980-2006. However, it is only available as a numeric index starting in 1994; in previous years, it was available only as a designation of free, partly free, or not free. See http://www.freedomhouse.org. The correlation between the POLITY2 index and the freedom of the press index is 0.6248. In addition, little statistical difference in press freedom was found between the countries that adopted an FOI law and those that did not in the CPI sample. Finally, including the freedom of the press index as a control does not alter the results.

have not undergone reform. The other group, the "treatment," in turn includes the countries that have adopted an FOI law during the period. If the two groups are very similar, then any difference in outcome can be attributed to the causal effect of the treatment. This means that the effect of the law on corruption is then estimated from the difference in outcomes for these two groups (Meyer, 1995). An advantage of DID is that it takes care of all unobserved exogenous factors that exist before and after reform, as well as unobserved endogenous factors for each country in the sample if they are fixed before and after the reform in question.

Simply comparing countries that underwent reform with those that did not, however, is problematic. For example, the set of countries that enacted FOI legislation may have been structurally different in various ways, such as culture, institutional arrangements, or constitutional tradition. Furthermore, there could be general trends that affect all countries in a similar way. If these unobserved heterogeneities are not taken into account, they could bias the results. Based on previous empirical studies on the causes of corruption, it is plausible to assume that these omitted effects are fixed in nature, rather than the outcome of a random draw.[18] Because the unobservables may contain a cross-sectional as well as a temporal dimension, I include both country- and year-specific fixed effects in the estimated equation. This means that identification is obtained out of within group variation.

The estimated equation is of the form

$$CORR_{it} = \beta_0 + \beta_1 FOI_{it} + \beta_2 Democracy_{it} + \eta_i + \nu_t + \varepsilon_{it} \tag{1}$$

where $CORR_{it}$ is the ICRG or CPI corruption index for country i at time t; FOI_{it} is an indicator for whether country i adopted an FOI law during time t; $Democracy_{it}$ is the POLITY2 index; η_i

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[18] Some of the variables that have been used in cross-sectional studies of corruption include ethnolinguistic division, an indicator for colonial origin, an indicator for legal system origin, and an indicator for federalism. See Treisman (2000).

captures the country-level fixed effects, which are assumed constant over time; ν_t is the year-specific fixed effect, which is assumed constant across countries and which allows me to obtain difference-in-difference estimates; and ε_{it} is the unobserved error term.[19] The coefficient of interest is β_1, which measures the impact of enacting FOI legislation. Because there could be a difference in the impact of an FOI law between very democratic countries and those that are not very democratic, I also experiment with including solely those countries that have a POLITY2 score of 6 or higher.

I further distinguish between the effect of the law during the first five years of adoption and subsequent years. The equation estimated in that case is

$$CORR_{it} = \beta_0 + \beta_1 NEW\_FOI\_5_{it} + \beta_2 EST\_FOI\_5_{it} + \beta_3 Democracy_{it} + \eta_i + \nu_t + \varepsilon_{it} \quad (2)$$

where $NEW\_FOI\_5_{it}$ equals 1 in the first 5 years of passing an FOI law, and $EST\_FOI\_5_{it}$ equals 1 after 5 years of adoption. The other variables are as defined above. Here the coefficients of interest are β_1 and β_2, with $\beta_1 + \beta_2$ indicating the overall effect of the reform. To allow for the fact reforms may take longer to have an impact on corruption due to the time lag before citizens become fully aware of the law, I also estimate, in the case of the ICRG sample, the equation

$$CORR_{it} = \beta_0 + \beta_1 NEW\_FOI\_10_{it} + \beta_2 EST\_FOI\_10_{it} + \beta_3 Democracy_{it} + \eta_i + \nu_t + \varepsilon_{it} \quad (3)$$

where $NEW\_FOI\_10_{it}$ equals 1 in the first 10 years of passing an FOI law, and

$EST\_FOI\_10_{it}$ equals 1 after 10 years of adoption.[20] The other variables are as defined above.

The fourth estimated equation explores whether the electoral system of a country has an impact on the effect of enacting FOI legislation. In particular,

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[19] Standard errors are heteroskedasticity-consistent unless otherwise specified. More detailed is provided in the next section.
[20] Equation (3) is not estimated for the CPI sample because less than 10 years of data are available.

$$CORR_{it} = \beta_0 + \beta_1 FOI_{it} + \beta_2 FOI_{it} * ELECSYS_{it} + \beta_3 Democracy_{it} + \eta_i + \nu_t + \varepsilon_{it} \qquad (4)$$

where $FOI_{it} * ELECSYS_{it}$ denotes the interaction between the FOI indicator and the type of

electoral system and other variables are as defined above. Here β_1 denotes the effect of reform in

PR and mixed systems, while $\beta_1 + \beta_2$ is the effect of the reform in plurality systems. An equation

similar to (2), examining the effect of newly adopting an FOI law versus having an FOI law for

more than 5 years, is also estimated.

Finally, I estimate whether the effect of the law on corruption differs in presidential

versus parliamentary systems. The estimated equation in this case is

$$CORR_{it} = \beta_0 + \beta_1 FOI_{it} + \beta_2 FOI_{it} * PARLIAM_{it} + \beta_3 Democracy_{it} + \eta_i + \nu_t + \varepsilon_{it} \qquad (5)$$

where $FOI_{it} * PARLIAM_{it}$ is the interaction between the FOI indicator and an indicator for

whether the country has a parliamentary or presidential system. The coefficient β_1 denotes the

effect of reform in presidential systems, while $\beta_1 + \beta_2$ is the effect of the reform in parliamentary

systems. Other variables are as defined above. As in the case of the electoral system, an equation

similar to (2) is also estimated.

Because there could also be factors that evolve over time in different ways across

countries, I also experiment with including the time-varying and country-specific determinants of

corruption that appeared to differ between the treatment and control group according to Table 1

as a robustness check.

Countries are defined as "treated" only if they adopted an FOI law during the period

under consideration. More specifically, "treated" countries are the ones that enacted the

legislation in the period starting from one year following the start of the sample and ending three

years before the end of the sample.[21] This is to allow for the delay between adoption and its effect on perceptions of corruption.

3.2. Identification

With DID estimation, a crucial identifying assumption is that there is no unobserved variable affecting corruption that moves systematically over time in different ways between the groups of countries that underwent reform and those that did not (see Besley and Case, 2000). This means that the two groups of countries must be similar to each other, so that any omitted variable that varies across time, such as increased globalization, cannot affect the control and treated countries differently. In other words, the only difference between the two groups of countries must be the fact that one of them underwent reform and the other did not.

Another factor that could cause the identifying assumption to be violated is if how countries are assigned to the treatment or control group is endogenous, so that the decision to adopt an FOI law is dependent on the level of corruption. This potentially could be the case here. As Banisar (2006) notes, such laws were often adopted as a result of corruption scandals. But this was the case mostly in long established democracies. For instance, in the U.S., the FOI Act only became far-reaching when it was revised in 1974 following Watergate. Similarly, Ireland passed an FOI law in 1997 as a result of a public outcry over the management of a public blood bank and the conditions in the meatpacking industry. In newer democracies, however, laws were adopted due to the demand for more open and democratic governments that resulted from the collapse of totalitarian governments, as well as the influence of international organizations. Hungary passed an FOI law in 1992 to make the previous communist regime accountable. Similarly, as a result of its experience under apartheid, South Africa included in its 1994

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[21] The choice of starting point and cutoff does not affect the results.

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constitution a provision guaranteeing the access to government information to its citizens. Finally, Estonia, Lithania, Latvia, the Czech Republic, Slovakia, Bulgaria, and Bosnia and Herzegovina, all adopted FOI legislation at the behest of the OECD. (Blanton, 2002).

Table 1, then, compares characteristics that have been used to explain corruption levels in the literature across countries that enacted FOI legislation versus those that did not, using the ICRG and the CPI samples. These variables are the size of the government, which is measured as total government expenditures as a fraction of GDP (World Bank's *World Development Indicators*); the log of GDP per capita (*World Development Indicators*); secondary school enrollment (*World Development Indicators*); fuel exports as a percentage of total exports (*World Development Indicators*), the log of population (*World Development Indicators*); ethnic fractionalization (Alesina et al., 2003); and a freedom of the press indicator (Freedom House). Tests of means do reveal some statistical difference between the two groups in both the ICRG and CPI samples, and in particular in the log of population, log of GDP per capita, and secondary school enrollment, in the case of the ICRG index; and freedom of the press in the case of the CPI. This means that additional tests must be taken to ensure the casual interpretation of the results. Furthermore, corruption, as measured by the ICRG index or CPI, differs between the two groups, but not initial corruption. This suggests that countries with more corruption are no more likely to adopt FOI laws. To further check the similarity of the groups, Appendix 2 compares the estimated probability of adopting an FOI law, conditional upon being in Africa, Asia, and Latin

America,[22] the so-called propensity score, for the control and treatment groups. Tests of means using either the ICRG sample or the CPI sample show no difference between the two groups.[23]

The fact that the control group includes countries that had an FOI law during the period under consideration helps ensure that the control and treatment countries are not much different on average. However, to further address these issues, the robustness of the results is examined in various ways. Firstly, as mentioned above, I experiment with using a different dependent variable, Transparency International's CPI index. Because the coverage varies, both in number of countries and years available, it allows me to test whether results hold with a different set of control and treatment countries. Secondly, I include an interaction term between year fixed effects and time-invariant indices classifying a country according to its region (Asia, Africa, Latin America). This again would make the different groups of countries more similar.

Finally, I add the time-varying control variables that have been used in the literature to explain corruption levels, and which were found to differ in some cases across groups. This further helps ensure that the control and various treatment groups are as similar as possible. These variables are, again, the log of population, the log of GDP per capita, secondary school enrollment, and the POLITY2 index. In the case of the CPI sample, I include the POLITY2 index and the freedom of the press indicator. The log of GDP per capita is included as a measure of economic development. More developed countries have been found to have lower corruption

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[22] I include only these regions because the most corrupt countries fall in these regions. On average, countries in Latin America and Caribbean have an ICRG score of 3.3, Africa 2.2, and Asia 2.77. In the meantime the average score for European countries is 1.56 and for North America (which here includes only the U.S. and Canada, since Mexico is classified as part of Latin America) is 0.78.

[23] When the full sample is used, substantial differences are found between the control and treatment group. Furthermore, it was found that no low income countries (as defined by the OECD) adopted FOI legislation. As a result, I have dropped all low income countries from both samples. In addition, in the case of the ICRG sample, I found that even after removing the low income countries, the estimated probability of adopting an FOI law (the propensity score) differed between the control and treatment groups. As a result, I systematically dropped countries from the sample until I could not reject the hypothesis that the propensity score was the same between the control and treatment groups. The country ultimately dropped from the ICRG sample was Guatemala. Results, however, are not sensitive to the presence of Guatemala in the sample.

levels (see Treisman, 2000, for instance). As for secondary school enrollment, countries with lower education levels are predicted to be more corrupt, as less educated people may not have much understanding of government process (see Rose-Ackerman, 1999). Finally, Ades and Wacziarg (1997) argue that large countries have smaller ratios of public service outlets per capita as a result of economies of scale in the provision of public services, so that individuals may resort to bribes in order to obtain service.[24] Fisman and Gatti (2002) also find that corruption is more widespread in larger countries. Knack and Azfar (2003), on the other hand, find that sample selection bias drives this result that smaller countries are less corrupt, as most of the available corruption perception indices include only small countries with good governance. When more countries are included in the sample, the relationship disappears. They also point out that due to the breadth of coverage, the ICRG index is less subject to this bias.

A final consideration regards the possible presence of positive serial correlation, which is common in DID estimation (see Bertrand et al., 2004). Positive serial correlation would not bias the estimated treatment effect, but it could cause standard errors to be understated. This is of particular concern in this case, as the corruption measure moves slowly over time. To correct this problem, I follow Bertrand et al. (2004), and estimate the regressions allowing residuals to be correlated within each country.

4. Results

Results are presented in Tables 2-10. All regressions include country and year fixed effects. Furthermore, in all cases, heteroskedastic-consistent standard errors are adjusted by clustering by country. Tables 2-4 present the results examining the effects of enacting an FOI law on corruption. Tables 5-7 look at whether the effect of the FOI law varies depending on the

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[24] Graeff and Mehlkop (2003), however, find that bigger governments are less corrupt.

type of electoral system, while Tables 8-10 explore whether FOI laws have different effects on corruption depending on whether the country has a presidential or parliamentary system.

4.1. FOI Law and Corruption

Tables 2-4 present the results examining the effects of enacting an FOI law on corruption. In Table 2, the overall effect of the legislation is estimated; in Table 3, I test whether the impact of the legislation in the first five years differs from its effect in subsequent years. Table 4 includes further control variables to check for the robustness of the results.

In all cases, it is seen that adopting an FOI law increases corruption. The result is robust regardless of the dependent variable. In Table 2, enacting such legislation increases corruption, whereas democracy has mostly an insignificant impact on corruption. The coefficient on FOI indicates that passing an FOI law increases the ICRG index by about 0.6-0.7 points, and the CPI index by 0.3 points. Table 3 suggests that this increase in corruption takes place in the first five years of adoption, as the coefficient on EST_FOI_5, which measures the effect of the law after the first five years of adoption, is mostly insignificant. Passing such legislation is estimated to increase the ICRG index by about 0.7 points in the first five years, and the CPI index by 0.3 points. A similar result is found when examining the impact of the reform in the first 10 years and in subsequent years. In particular, passing an FOI law increases corruption as measured by the ICRG index by 0.6-0.7 points.

Adding further controls in Table 4 to reduce the differences between the control and treatment groups does not change the conclusions. In particular, results suggest that passing an FOI law again raises the ICRG index by 0.6 points, and the CPI by 0.3 points with this increase

taking place in the first five, as well as the first ten years. The effect of the law on subsequent years, however, is insignificant, as are all the control variables.

4.2. FOI Law, Electoral System, and Corruption

Tables 5-7 explore whether the impact of an FOI law varies depending on the type of electoral system. Table 5 presents the baseline results, where the overall effect of the legislation is estimated, with an additional indicator to capture whether the impact of the law differs if the country has a plurality system. In Table 6, I test for whether the impact of the reform is in the first five years only or whether it continues on into subsequent years. Table 7 includes further control variables to check for the robustness of the results.

Table 5 shows that passing an FOI law increases corruption in PR and mixed systems. However, the coefficient on FOI*ELECSYS indicates that countries with a plurality system that enact this type of legislation may actually experience a decline in corruption, or at least a much smaller increase. The effect of the law in PR and mixed systems is to increase the ICRG index by 0.6-0.8 points and the CPI by 0.3-0.4 points. Plurality systems, however, have a decline of about 0.1 points in the ICRG scale, and an increase of 0.1 points in the CPI. Furthermore, more democratic countries have lower corruption, as expected, though again only in column 2.

Table 6 suggests that this increase in corruption in PR and mixed systems takes place mostly in the first five years of adoption, with the effect carrying on to subsequent years. The conclusions, however, are unchanged. Enacting FOI legislation raises corruption both in the first five years, as well as in subsequent years, regardless of how corruption is measured. However, in countries with plurality systems, the effect of the FOI law is to reduce the ICRG index in the first five years, with a smaller increase in subsequent years. On the other hand, the law seems to

increase the CPI index by a smaller margin during the first 5 years, only to decrease in subsequent years.

Finally, adding further controls in Table 7 does not alter the conclusions. In particular, results suggest that passing an FOI law again raises corruption, but potentially lowers it in countries with plurality systems, or at least results in a smaller increase. When comparing new versus established reforms in columns 3-4 and 7-8, it is seen that the increase in corruption in PR and mixed systems takes place both within the first five years and in subsequent years. However, in countries with plurality systems, new reforms reduce the ICRG index, while increasing the CPI index, although by less than in PR and mixed systems. Having enacted the law for more than 5 years does reduce the CPI index in plurality systems, as before.

4.3. FOI Law, Parliamentary Systems, and Corruption

Tables 8-10 examine whether having a parliamentary or presidential system affects the impact of an FOI law on corruption. Table 8 presents the overall effect of the legislation, along with its impact on parliamentary systems; in Table 9, I test whether the impact of the legislation in the first five years differs from its effect in subsequent years. Table 10 includes further control variables to check for the robustness of the results.

According to Table 8, passing an FOI law increases corruption in presidential systems, regardless of which index is used to measure it. In the case of parliamentary systems, however, the effect of the legislation is the same, as the coefficient on FOI*PARLIAM is insignificant, suggesting that the impact of an FOI law on corruption does not differ among presidential and parliamentary systems.

Table 9 suggests that the impact of the legislation when also taking into account whether the country had a parliamentary system is mostly insignificant when corruption is measured using the CPI. When the dependent variable is the ICRG index, however, it is seen that adopting an FOI law increases corruption in the first five years, followed by a further increase in the following years. Enacting this legislation in parliamentary systems, however, results in a smaller increase in corruption in subsequent years.

As a further robustness check, Table 10 adds further control variables designed to make the control and treatment groups more similar. Here it is found that passing an FOI law still raises corruption. However, parliamentary systems experience a smaller increase in corruption as measured by the ICRG index.

In sum, these results suggest that adopting an FOI law increases corruption, although countries with a plurality system are found to potentially experience a decrease in corruption. Having a parliamentary rather than a presidential system, however, does not change the effect of the law on corruption.

5. Conclusion

Corruption has recently become an issue of great concern, as it is believed to be a major obstacle preventing countries from developing. The problem of corruption has always been linked to a question of accountability. If politicians and other public officials are accountable for their behavior in office, so that there is a threat of being removed from office if they misbehave, then they have an incentive not to misuse their office for private gain. A democratic system is then fundamental in keeping politicians in check. Just as important, however, is transparency. If voters do not know that politicians are abusing their office, they cannot punish them at the polls.

A free press helps voters obtain such information. But in order for the press to monitor the government, it must be able to directly observe its actions. Freedom of Information legislation, then, serves to allow such access.

This paper used the recent move towards adopting Freedom of Information Acts as a natural experiment to determine the casual impact of FOI legislation on corruption. Using two different measures of corruption, which allowed for different control and treatment groups, I found that countries that adopted an FOI law experienced an increase in corruption, with the increase taking place mostly in the first 5 years of the legislation. Plurality systems, however, saw a potential decrease in corruption, whereas there was little difference in the impact between presidential and parliamentary systems. Results were robust throughout different specifications.

If adopting an FOI law does not decrease, but actually increases corruption, does this mean, then, that citizens should not be allowed to have access to government information? Not necessarily. Although the law provides for access to government information, there is still the problem of actually obtaining it, as disclosure comes at the discretion of the officials in charge of providing information. For instance, the FOI law in the UK makes no provision for a time limit in which officials need to consider a request. This has resulted in a backlog of over 1000 cases, so that it can take more than 12 months before a citizen is able to obtain information. In India, citizens need to pay a bribe in order to obtain access to government information (Banisar 2006). Furthermore, it could be that the full impact of these laws will not be known until many years later, as they are used more often and as the information is passed on to voters. For example, in Albania, the law is not used very often because neither government officials nor citizens are aware of its existence (Banisar 2006). However, when distinguishing the effect of new versus established reforms, it was still found that corruption became more widespread following the

passage of an FOI law. The results of this paper, then, suggest that the potential benefits of FOI laws are being marred by difficulties in actually obtaining information, which is allowing corruption to rise. This paper, however, also shows that the type of electoral system does have an impact on how effective this type of law is on curbing corruption. These effects then should be taken into account when designing strong FOI laws.

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Table 1: Characteristics of Control and Treatment Groups

	ICRG Sample			CPI Sample		
	Control	Treatment	Difference	Control	Treatment	Difference
ICRG Corruption Index	3.626	3.932	-0.306			
	(2.485)	(2.015)	(0.127)			
obs	654	599				
1984 ICRG Corruption Index	2.544	3.151	-0.607			
	(2.894)	(2.306)	(0.849)			
obs	19	19				
CPI Corruption Index				4.559	5.274	-0.715***
				(2.509)	(1.732)	(0.176)
obs				432	182	
1996 CPI Corruption Index				3.853	4.377	-0.524
				(2.467)	(2.056)	(0.766)
obs				30	11	
Polity2	8.239	8.613	-0.374***	8.595	8.533	0.062
	(2.006)	(1.971)	(0.112)	(1.778)	(1.792)	(0.158)
obs	654	599		432	182	
Log of Population	16.243	16.468	-0.226***	16.433	16.575	-0.142
	(1.461)	(1.256)	(0.077)	(1.365)	(1.377)	(0.122)
obs	640	599		422	182	
Log GDP per capita	1.591	1.839	-0.248***	1.807	1.688	0.119
	(1.300)	(0.987)	(0.065)	(1.236)	(0.965)	(0.094)
obs	639	598		421	182	
Secondary School Enrollment	80.324	88.669	-8.345***	93.358	93.934	-0.576
	(29.116)	(22.577)	(1.516)	(25.968)	(19.238)	(2.047)
obs	604	569		362	159	
Size of Government	0.164	0.165	-0.001	0.166	0.168	-0.003
	(0.064)	(0.055)	(0.003)	(0.060)	(0.053)	(0.005)
obs	616	581		386	174	
Ethnic Fractionalization	0.380	0.317	0.063	28.984	32.819	-3.835
	(0.230)	(0.210)	(0.053)	(17.508)	(26.399)	(2.130)
obs	36	34		432	182	
Free Press	29.353	30.765	-1.413	0.353	0.339	0.014*
	(17.841)	(21.590)	(1.430)	(0.225)	(0.195)	(0.053)
obs	397	375		51	21	

Note: Control and Treatment columns present the mean of each variable. The column labeled Difference presents the differences of means. Standard deviations are in parenthesis. The ICRG corruption perception index varies from 0 (least corrupt) to 6 (most corrupt), whereas the CPI corruption index varies from 0 (least corrupt) to 10 (most corrupt). The log of population, log of GDP per capita, secondary school enrollment, and size of government are taken from the *World Development Indicators*. The size of government is general government final consumption expenditure as a percentage of GDP. Ethnic fractionalization measures the probability that two randomly selected individuals in a country belonged to different groups. This was taken from Alesina et al. (2003). Free press is an indicator for freedom of the press, from Freedom House.

Table 2: Effects of Adopting an FOI Law on Corruption

	(1) ICRG	(2) ICRG	(3) ICRG	(4) ICRG	(5) CPI	(6) CPI	(7) CPI	(8) CPI
FOI	0.697**	0.580**	0.659**	0.512*	0.312***	0.273***	0.350***	0.313***
	(0.268)	(0.251)	(0.280)	(0.266)	(0.092)	(0.094)	(0.092)	(0.093)
Democracy	-0.039	-0.080	-0.064	-0.118	-0.010	-0.007	-0.126***	-0.084*
	(0.068)	(0.057)	(0.107)	(0.099)	(0.050)	(0.048)	(0.038)	(0.046)
Region-Year Interaction?		Yes		Yes		Yes		Yes
Observations	1253	1253	1136	1136	611	611	579	579
R-squared (within)	0.3382	0.4399	0.3384	0.4378	0.0665	0.1699	0.0930	0.1965

Note: Heteroskedastic-consistent standard errors, clustered by country, are in parenthesis. * significant at 10%; ** significant at 5%; *** significant at 1%. All regressions include country and time fixed effects. Region-Year Interaction refers to the interaction between the year fixed effects and dummy variables for Asia, Africa, and Latin America. In columns 1-4, the dependent variable is the ICRG corruption perception index. In columns 5-8, the dependent variable is Transparency International's corruption perception index. In columns 1-2 and 5-6, the sample includes all countries with a positive POLITY2 score; in columns 3-4 and 7-8, only those countries that scored in the 6-10 range of the POLITY2 scale are included. The FOI dummy equals 1 if country adopted an FOI law. Democracy refers to the POLITY2 index. Regressions where the CPI is the dependent variable are weighted by the inverse of the variance associated with the index.

Table 3: Effects of New versus Established FOI Law on Corruption

	(1) ICRG	(2) ICRG	(3) ICRG	(4) ICRG	(5) CPI	(6) CPI
NEW_FOI_5	0.707**	0.627**			0.312***	0.273***
	(0.274)	(0.253)			(0.091)	(0.093)
EST_FOI_5	0.661**	0.381			0.302	0.275
	(0.310)	(0.318)			(0.193)	(0.198)
NEW_FOI_10			0.698**	0.579**		
			(0.269)	(0.251)		
EST_FOI_10			0.766**	0.453		
			(0.369)	(0.424)		
Democracy	-0.039	-0.081	-0.038	-0.081	-0.010	-0.007
	(0.067)	(0.057)	(0.068)	(0.057)	(0.050)	(0.048)
Region-Year Interaction?		Yes		Yes		Yes
Observations	1253	1253	1253	1253	611	611
R-Squared (within)	0.3382	0.4416	0.3383	0.4402	0.0665	0.1699

Note: Heteroskedastic-consistent standard errors, clustered by country, are in parenthesis. * significant at 10%; ** significant at 5%; *** significant at 1%. All regressions include country and time fixed effects. Region-Year Interaction refers to the interaction between the year fixed effects and dummy variables for Asia, Africa, and Latin America. In columns 1-4, the dependent variable is the ICRG corruption perception index. In columns 5 and 6, the dependent variable is Transparency International's corruption perception index. NEW_FOI_5 equals 1 during the first 5 years a country adopted an FOI law. EST_FOI_5 equals 1 after the first 5 years of a country adopting an FOI law. NEW_FOI_10 equals 1 during the first 10 years a country adopted an FOI law. EST_FOI_10 equals 1 after the first 10 years of a country adopting an FOI law. Democracy refers to the POLITY2 index. Regressions where the CPI is the dependent variable are weighted by the inverse of the variance associated with the index.

Table 4: Robustness Check, Effects of Adopting FOI Law on Corruption

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	ICRG	ICRG	ICRG	ICRG	ICRG	ICRG	CPI	CPI	CPI	CPI
FOI	0.640**	0.597**					0.316***	0.280***		
	(0.296)	(0.285)					(0.092)	(0.094)		
NEW_FOI_5			0.667**	0.648**					0.317***	0.280***
			(0.298)	(0.285)					(0.091)	(0.092)
EST_FOI_5			0.460	0.283					0.283	0.253
			(0.372)	(0.385)					(0.202)	(0.207)
NEW_FOI_10					0.640**	0.595**				
					(0.298)	(0.286)				
EST_FOI_10					0.647	0.467				
					(0.426)	(0.481)				
Democracy	-0.047	-0.087	-0.049	-0.089	-0.047	-0.088	-0.006	-0.003	-0.006	-0.003
	(0.075)	(0.063)	(0.075)	(0.064)	(0.075)	(0.064)	(0.050)	(0.047)	(0.050)	(0.047)
Log of Population	-1.425	0.822	-1.591	0.760	-1.421	0.799				
	(1.803)	(2.391)	(1.827)	(2.406)	(1.860)	(2.397)				
Log GDP per Capita	-0.094	-0.004	-0.078	0.043	-0.093	-0.017				
	(1.025)	(0.905)	(1.030)	(0.906)	(1.025)	(0.898)				
Secondary School Enrollment	-0.003	-0.001	-0.003	-0.002	-0.003	-0.002				
	(0.005)	(0.006)	(0.006)	(0.007)	(0.005)	(0.006)				
Free Press							0.001	0.001	0.001	0.001
							(0.001)	(0.001)	(0.001)	(0.001)
Region-Year Interaction?		Yes		Yes		Yes		Yes		Yes
Observations	1172	1172	1172	1172	1172	1172	611	611	611	611
R-Squared (within)	0.3203	0.4220	0.3214	0.4254	0.3203	0.4222	0.0692	0.1729	0.0693	0.1717

Note: Heteroskedastic-consistent standard errors, clustered by country, are in parenthesis. Dependent variable is the ICRG corruption perception index. * significant at 10%; ** significant at 5%; *** significant at 1%. All regressions include country and time fixed effects. Region-Year Interaction refers to the interaction between the year fixed effects and dummy variables for Asia, Africa, and Latin America. FOI equals 1 if a country adopted an FOI law. NEW_FOI_5 equals 1 during the first 5 years a country adopted an FOI law. EST_FOI_5 equals 1 after the first 5 years of a country adopting an FOI law. NEW_FOI_10 equals 1 during the first 10 years a country adopted an FOI law. EST_FOI_10 equals 1 after the first 10 years of a country adopting an FOI law. In columns 1-6, the dependent variable is the ICRG index; in columns 7-10, it is the CPI index. Democracy refers to the POLITY2 index. The log of population, log of GDP per capita, secondary school enrollment, and log of population are taken from the *World Development Indicators*. Free press is an indicator for freedom of the press, from Freedom House. Regressions where the CPI is the dependent variable are weighted by the inverse of the variance associated with the index.

Table 5: Effect of Adopting FOI Law on Corruption, Distinguishing Electoral System

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ICRG	ICRG	ICRG	ICRG	CPI	CPI	CPI	CPI
FOI	0.789***	0.630**	0.804**	0.638**	0.362***	0.313***	0.414***	0.359***
	(0.292)	(0.273)	(0.304)	(0.290)	(0.106)	(0.106)	(0.103)	(0.102)
FOI*ELECSYS	-0.696	-0.330	-0.902**	-0.712**	-0.256**	-0.196	-0.302**	-0.216
	(0.455)	(0.401)	(0.353)	(0.312)	(0.121)	(0.142)	(0.114)	(0.148)
Democracy	-0.040	-0.088	-0.098	-0.150	-0.018	-0.014	-0.142***	-0.102**
	(0.075)	(0.060)	(0.105)	(0.096)	(0.051)	(0.048)	(0.036)	(0.044)
Region-Year Interaction?		Yes		Yes		Yes		Yes
Observations	1238	1238	1126	1126	607	607	575	575
R-Squared (within)	0.3455	0.4450	0.3478	0.4453	0.0719	0.1725	0.1043	0.2023

Note: Heteroskedastic-consistent standard errors, clustered by country, are in parenthesis. * significant at 10%; ** significant at 5%; *** significant at 1%. All regressions include country and time fixed effects. Region-Year Interaction refers to the interaction between the year fixed effects and dummy variables for Asia, Africa, and Latin America. In columns 1-4, the dependent variable is the ICRG corruption perception index. In columns 5-8, the dependent variable is Transparency International's corruption perception index. FOI dummy equals 1 if country adopted an FOI law. FOI*ELECSYS equals 1 if the country adopted an FOI law and had a plurality system. In columns 1-2 and 5-6, the sample includes all countries with a positive POLITY2 score; in columns 3-4 and 7-8, only those countries that scored in the 6-10 range of the POLITY2 scale are included. Democracy refers to the POLITY2 index. Regressions where the CPI is the dependent variable are weighted by the inverse of the variance associated with the index.

Table 6: Effect of New versus Established FOI Law on Corruption, Distinguishing Electoral System

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ICRG	ICRG	ICRG	ICRG	CPI	CPI	CPI	CPI
NEW_FOI_5	0.830***	0.708**	0.832**	0.704**	0.354***	0.305***	0.406***	0.352***
	(0.301)	(0.277)	(0.315)	(0.297)	(0.103)	(0.102)	(0.099)	(0.096)
EST_FOI_5	0.685**	0.377	0.731**	0.426	0.456*	0.403	0.508**	0.437
	(0.323)	(0.333)	(0.337)	(0.345)	(0.241)	(0.267)	(0.248)	(0.270)
NEW_FOISYS_5	-0.886*	-0.559	-1.023**	-0.882**	-0.231**	-0.173	-0.277**	-0.190
	(0.452)	(0.402)	(0.386)	(0.365)	(0.115)	(0.142)	(0.107)	(0.147)
EST_FOISYS_5	-0.087	0.404	-0.456	-0.146	-0.522**	-0.417	-0.567**	-0.447
	(0.435)	(0.438)	(0.331)	(0.364)	(0.260)	(0.296)	(0.266)	(0.305)
Democracy	-0.045	-0.094	-0.100	-0.154	-0.017	-0.013	-0.143***	-0.103**
	(0.074)	(0.059)	(0.105)	(0.096)	(0.051)	(0.048)	(0.036)	(0.044)
Region-Year Interaction?		Yes		Yes		Yes		Yes
Observations	1238	1238	1126	1126	607	607	575	575
R-Squared (within)	0.3472	0.4489	0.3488	0.4481	0.0755	0.1748	0.1081	0.2050

Note: Heteroskedastic-consistent standard errors, clustered by country, are in parenthesis. * significant at 10%; ** significant at 5%; *** significant at 1%. All regressions include country and time fixed effects. Region-Year Interaction refers to the interaction between the year fixed effects and dummy variables for Asia, Africa, and Latin America. In columns 1-4, the dependent variable is the ICRG corruption perception index. In columns 5-8, the dependent variable is Transparency International's corruption perception index. NEW_FOI_5 equals 1 during the first 5 years a country adopted an FOI law; NEW_FOISYS_5 equals 1 if NEW_FOI_5 equals 1 and the country has a plurality system. EST_FOI_5 equals 1 after the first 5 years of a country adopting an FOI law; EST_FOISYS_5 equals 1 if EST_FOI_5 equals 1 and the country has a plurality system. In columns 1-2 and 5-6, the sample includes all countries with a positive POLITY2 score; in columns 3-4 and 7-8, only those countries that scored in the 6-10 range of the POLITY2 scale are included. Democracy refers to the POLITY2 index. Regressions where the CPI is the dependent variable are weighted by the inverse of the variance associated with the index.

Table 7: Robustness Check, Effect of Adopting FOI Law on Corruption, Distinguishing Electoral System

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ICRG	ICRG	ICRG	ICRG	CPI	CPI	CPI	CPI
FOI	0.738**	0.636**			0.366***	0.321***		
	(0.316)	(0.296)			(0.106)	(0.106)		
FOI*ELECSYS	-0.684	-0.277			-0.260**	-0.203		
	(0.504)	(0.449)			(0.120)	(0.142)		
NEW_FOI_5			0.799**	0.723**			0.360***	0.313***
			(0.318)	(0.297)			(0.102)	(0.101)
EST_FOI_5			0.480	0.271			0.465*	0.409
			(0.386)	(0.391)			(0.240)	(0.268)
NEW_FOISYS_5			-0.922*	-0.516			-0.230**	-0.172
			(0.495)	(0.455)			(0.112)	(0.140)
EST_FOISYS_5			0.230	0.720*			-0.602**	-0.493
			(0.479)	(0.380)			(0.284)	(0.314)
Democracy	-0.046	-0.093	-0.052	-0.101	-0.014	-0.010	-0.012	-0.009
	(0.082)	(0.066)	(0.081)	(0.066)	(0.050)	(0.048)	(0.051)	(0.048)
Log of Population	-1.233	0.759	-1.554	0.664				
	(1.820)	(2.420)	(1.858)	(2.443)				
Log GDP per Capita	0.002	0.015	-0.038	0.015				
	(1.045)	(0.932)	(1.046)	(0.924)				
Secondary School Enrollment	-0.001	-0.000	-0.002	-0.001				
	(0.006)	(0.007)	(0.006)	(0.007)				
Free Press					0.001	0.001	0.002	0.002*
					(0.001)	(0.001)	(0.001)	(0.001)
Region-Year Interaction?		Yes		Yes		Yes		Yes
Observations	1161	1161	1161	1161	607	607	607	607
R-Squared (within)	0.3240	0.4245	0.3282	0.4309	0.0738	0.1748	0.0795	0.1787

Note: Heteroskedastic-consistent standard errors, clustered by country, are in parenthesis. Dependent variable is the ICRG corruption perception index. * significant at 10%; ** significant at 5%; *** significant at 1%. All regressions include country and time fixed effects. Region-Year Interaction refers to the interaction between the year fixed effects and dummy variables for Asia, Africa, and Latin America. FOI dummy equals 1 if country adopted an FOI law. FOI*ELECSYS equals 1 if the country adopted an FOI law and had a plurality system. In columns 1-4, the dependent variable is the ICRG index; in columns 5-8, it is the CPI index. NEW_FOI_5 equals 1 during the first 5 years a country adopted an FOI law; NEW_FOISYS_5 equals 1 if NEW_FOI_5 equals 1 and the country has a plurality system. EST_FOI_5 equals 1 after the first 5 years of a country adopting an FOI law; EST_FOISYS_5 equals 1 if EST_FOI_5 equals 1 and the country has a plurality system. Democracy refers to the POLITY2 index. The log of population, log of GDP per capita, secondary school enrollment, and the log of population are taken from the *World Development Indicators*. Free press is an indicator for freedom of the press, from Freedom House. Regressions where the CPI is the dependent variable are weighted by the inverse of the variance associated with the index.

Table 8: Effect of Adopting FOI Law,
Distinguishing Parliamentary vs. Presidential System

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ICRG	ICRG	ICRG	ICRG	CPI	CPI	CPI	CPI
FOI	0.956**	0.917**	0.967**	0.985**	0.321***	0.272**	0.375***	0.322***
	(0.461)	(0.402)	(0.447)	(0.417)	(0.114)	(0.120)	(0.110)	(0.117)
FOI*PARLIAMENT	-0.383	-0.500	-0.451	-0.682	-0.023	0.004	-0.058	-0.022
	(0.510)	(0.442)	(0.485)	(0.462)	(0.155)	(0.148)	(0.149)	(0.146)
Democracy	-0.049	-0.094	-0.103	-0.171*	-0.010	-0.007	-0.128***	-0.085*
	(0.064)	(0.060)	(0.105)	(0.093)	(0.050)	(0.047)	(0.037)	(0.046)
Region-Year Interaction?		Yes		Yes		Yes		Yes
Observations	1248	1248	1131	1131	611	611	579	579
R-Squared (within)	0.3428	0.4489	0.3444	0.4508	0.0666	0.1699	0.0936	0.1966

Note: Heteroskedastic-consistent standard errors, clustered by country, are in parenthesis. * significant at 10%; ** significant at 5%; *** significant at 1%. All regressions include country and time fixed effects. Region-Year Interaction refers to the interaction between the year fixed effects and dummy variables for Asia, Africa, and Latin America. In columns 1-4, the dependent variable is the ICRG corruption perception index. In columns 5-8, the dependent variable is Transparency International's corruption perception index. FOI dummy equals 1 if country adopted an FOI law; FOI*PARLIAMENT equals 1 if country adopted an FOI law and the country had a parliamentary system. In columns 1-2 and 5-6, the sample includes all countries with a positive POLITY2 score; in columns 3-4 and 7-8, only those countries that scored in the 6-10 range of the POLITY2 scale are included. Democracy refers to the POLITY2 index. Regressions where the CPI is the dependent variable are weighted by the inverse of the variance associated with the index.

Table 9: Effect of New versus Established FOI Law,
Distinguishing Parliamentary vs. Presidential System

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ICRG	ICRG	ICRG	ICRG	CPI	CPI	CPI	CPI
NEW_FOI	0.899*	0.837**	0.909*	0.893**	0.315***	0.271**	0.368***	0.321***
	(0.482)	(0.413)	(0.471)	(0.430)	(0.109)	(0.115)	(0.102)	(0.108)
EST_FOI	1.247***	1.306***	1.292***	1.475***	0.465	0.299	0.517	0.333
	(0.375)	(0.395)	(0.337)	(0.368)	(0.430)	(0.484)	(0.444)	(0.490)
NEW_FOIPAR	-0.288	-0.312	-0.368	-0.489	-0.011	0.005	-0.046	-0.019
	(0.542)	(0.457)	(0.526)	(0.485)	(0.150)	(0.141)	(0.142)	(0.136)
EST_FOIPAR	-0.743*	-1.186**	-0.808**	-1.422***	-0.229	-0.030	-0.258	-0.048
	(0.412)	(0.464)	(0.351)	(0.436)	(0.456)	(0.519)	(0.468)	(0.527)
Democracy	-0.050	-0.095	-0.105	-0.174*	-0.010	-0.007	-0.128***	-0.086*
	(0.064)	(0.061)	(0.105)	(0.091)	(0.050)	(0.047)	(0.037)	(0.046)
Region-Year Interaction?		Yes		Yes		Yes		Yes
Observations	1248	1248	1131	1131	611	611	579	579
R-Squared (within)	0.3439	0.4538	0.3456	0.4560	0.0683	0.1699	0.0952	0.1966

Note: Heteroskedastic-consistent standard errors, clustered by country, are in parenthesis. * significant at 10%; ** significant at 5%; *** significant at 1%. All regressions include country and time fixed effects. Region-Year Interaction refers to the interaction between the year fixed effects and dummy variables for Asia, Africa, and Latin America. In columns 1-4, the dependent variable is the ICRG corruption perception index. In columns 5-8, the dependent variable is Transparency International's corruption perception index. NEW_FOI equals 1 during the first 5 years a country adopted an FOI law; NEW_FOIPAR. EST_FOI equals 1 after the first 5 years of a country adopting an FOI law; EST_FOIPAR. In columns 1-2 and 5-6, the sample includes all countries with a positive POLITY2 score; in columns 3-4 and 7-8, only those countries that scored in the 6-10 range of the POLITY2 scale are included. Democracy refers to the POLITY2 index. Regressions where the CPI is the dependent variable are weighted by the inverse of the variance associated with the index.

Table 10: Robustness Check, Effect of Adopting FOI Law,

Distinguishing Parliamentary vs. Presidential System

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ICRG	ICRG	ICRG	ICRG	CPI	CPI	CPI	CPI
FOI	1.013**	0.943**			0.326***	0.281**		
	(0.473)	(0.413)			(0.114)	(0.120)		
FOI*PARLIAMENT	-0.571	-0.515			-0.024	-0.002		
	(0.540)	(0.473)			(0.155)	(0.147)		
NEW_FOI_5			0.972*	0.871**			0.319***	0.280**
			(0.501)	(0.428)			(0.109)	(0.114)
EST_FOI_5			1.183***	1.272***			0.472	0.306
			(0.386)	(0.451)			(0.430)	(0.485)
NEW_FOIPAR_5			-0.478	-0.334			-0.008	0.003
			(0.568)	(0.491)			(0.150)	(0.140)
EST_FOIPAR_5			-0.958*	-1.249**			-0.264	-0.066
			(0.497)	(0.541)			(0.463)	(0.526)
Democracy	-0.056	-0.099	-0.057	-0.101	-0.006	-0.003	-0.006	-0.003
	(0.073)	(0.065)	(0.074)	(0.066)	(0.049)	(0.047)	(0.050)	(0.047)
Log of population	-1.919	0.513	-2.179	0.413				
	(1.801)	(2.427)	(1.885)	(2.444)				
Log GDP per Capita	-0.075	0.031	-0.080	0.039				
	(1.048)	(0.929)	(1.067)	(0.940)				
Secondary School Enrollment	-0.002	-0.001	-0.002	-0.001				
	(0.005)	(0.007)	(0.006)	(0.007)				
Free Press					0.001	0.001	0.002	0.002
					(0.001)	(0.001)	(0.001)	(0.001)
Region-Year Interaction?		Yes		Yes		Yes		Yes
Observations	1171	1171	1171	1171	611	611	611	611
R-Squared (within)	0.3245	0.4295	0.3264	0.4360	0.0693	0.1729	0.0717	0.1731

Note: Heteroskedastic-consistent standard errors, clustered by country, are in parenthesis. Dependent variable is the ICRG corruption perception index. * significant at 10%; ** significant at 5%; *** significant at 1%. All regressions include country and time fixed effects. Region-Year Interaction refers to the interaction between the year fixed effects and dummy variables for Asia, Africa, and Latin America. In columns 1-4, the dependent variable is the ICRG index; in columns 5-8, it is the CPI index. FOI dummy equals 1 if country adopted an FOI law; FOI*PARLIAMENT equals 1 if country adopted FOI law and had a parliamentary system. Democracy refers to the POLITY2 index. The log of population, log of GDP per capita, secondary school enrollment, and the log of population are taken from the *World Development Indicators.* Free press is an indicator for freedom of the press, from Freedom House. Regressions where the CPI is the dependent variable are weighted by the inverse of the variance associated with the index.

Appendix 1: Control and Treated Countries, ICRG Index and CPI Index

Control Countries—ICRG Indes				
Australia	Dominican Republic	Indonesia	Paraguay	United States*
Bolivia	Ecuador	Iran	Philippines*	Uruguay
Botswana	El Salvador	Latvia	Russian Federation	Venezuela
Brazil	Finland	Malaysia	Sri Lanka	Yugoslavia
Canada*	France*	Namibia	Sweden*	
Chile	Germany	Netherlands*	Switzerland	
Costa Rica	Guyana	New Zealand*	Taiwan	
Cyprus	Honduras	Norway*	Ukraine*	

Treated Countries	Year	Law
Albania	1999	The Law on the Right to Information for Official Documents
Argentina	2003	Access to Public Information Regulation
Armenia	2003	Law on Freedom of Information
Austria	1987	Federal Law on the Duty to Furnish Information 1
Belgium	1994	Law on the right of access to administrative documents held by federal public authorities
Bulgaria	2000	Access to Public Information Act
Colombia	1985	Law Ordering the Publicity of Official Acts and Documents
Croatia	2003	Act on the Right of Access to Information
Czech Republic	1999	Law on Free Access to Information
Denmark	1985	Access to Public Administration Files Act
Estonia	2001	Public Information Act
Greece	1999	Code of Administrative Procedure 1999
Hungary	1992	Protection of Personal Data and Disclosure of Data of Public Interest
Ireland	1997	Freedom of Information Act
Israel	1998	Freedom of Information Law
Italy	1990	No. 241 of 7 August 1990
Jamaica	2002	Access to Information Act
Japan	1999	Law Concerning Access to Information Held by Administrative Organs
Korea, Rep.	1996	Act on Disclosure of Information by Public Agencies
Lithuania	2000	Law on the Right to Obtain Information from State and Local Government Institutions
Mexico	2002	Federal Law of Transparency and Access to Public Government Information
Panama	2001	The Law on Transparency in Public Administration
Peru	2003	The Law of Transparency and Access to Public Information
Poland	2001	Law on Access to Public Information
Portugal	1993	Law of Access to Administrative Documents
Romania	2001	Law Regarding Free Access to Information of Public Interest
Slovak Republic	2000	Act on Free Access to Information
Slovenia	2003	Access to Public Information Act
South Africa	2000	Promotion of Access to Information Act

Spain	1992	Law on Rules for Public Administration
Thailand	1997	Official Information Act
Trinidad and Tobago	1999	Freedom of Information Act
Turkey	2003	Law on the Right to Information
United Kingdom	2000	Freedom of Information Act

Control—CPI Index

Albania*	Ecuador	Latvia*	Russian Federation
Australia*	El Salvador	Macedonia	Spain*
Austria*	Finland*	Malaysia	Sri Lanka
Belgium*	France*	Mauritius	Sweden*
Bolivia	Georgia*	Namibia	Switzerland
Botswana	Germany	Netherlands*	Taiwan
Brazil	Greece*	New Zealand*	Trinidad and Tobago*
Canada*	Guatemala	Norway*	Ukraine
Chile	Honduras	Panama	United States*
Colombia*	Hungary*	Paraguay	Uruguay
Costa Rica	Indonesia	Philippines*	Venezuela
Denmark*	Italy	Portugal*	Yugoslavia
Dominican Republic			

Treated	Year	Law
Argentina	2003	Access to Public Information Regulation
Armenia	2003	Law on Freedom of Information
Bulgaria	2000	Access to Public Information Act
Croatia	2003	Act on the Right of Access to Information
Czech Republic	1999	Law on Free Access to Information
Estonia	2001	Public Information Act
Ireland	1997	Freedom of Information Act
Israel	1998	Freedom of Information Law
Jamaica	2002	Access to Information Act
Japan	1999	Law Concerning Access to Information Held by Administrative Organs
Lithuania	2000	Law on the Right to Obtain Information from State and Local Government Institutions
Mexico	2002	Federal Law of Transparency and Access to Public Government Information
Peru	2003	The Law of Transparency and Access to Public Information
Poland	2001	Law on Access to Public Information
Romania	2001	Law Regarding Free Access to Information of Public Interest
Slovak Republic	2000	Act on Free Access to Information
Slovenia	2003	Access to Public Information Act
South Africa	2000	Promotion of Access to Information Act
Thailand	1997	Official Information Act
Turkey	2003	Law on the Right to Information
United Kingdom	2000	Freedom of Information Act

Note: * denotes that country already had FOI law.

Appendix 2: Comparing Estimated Probability of Adopting FOI Law

	Control	Treatment	Difference
ICRG	0.469	0.503	-0.034
	(0.095)	(0.089)	(0.022)
	36	34	
CPI	0.276	0.289	-0.013
	(0.053)	(0.048)	(0.013)
	54	21	

Note: Control and Treatment columns present the mean of each estimated propensity score, or the probability of enacting FOI legislation conditional upon being in Africa, Asia, and Latin America. Standard errors are below in parenthesis, followed by the number of observations. The column labeled Difference presents the differences of means. Standard deviations are in parenthesis. * significant at 10%; ** significant at 5%; *** significant at 1%.