Indecent Disclosures: Anti-Corruption Campaigns and Political Selection

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Abstract

Cracking down on corruption has become a key tool for politicians to build popular support. But we know surprisingly little about whether these campaigns actually affect the behavior of current and future officials. This paper evaluates the electoral effects of a common anti-corruption measure – mandating that officials submit financial disclosures – using data on 25,992 municipal elections in Putin-era Russia. Using a quasi-experimental design, I first find that incumbents are much less likely to seek re-election if they later will have to reveal their income and assets. Financial disclosures increase the risk that any illicit rents they accrued in office will be exposed. Moreover, this type of ethics law also reduces the number of candidacies among individuals likely to have engaged in tax evasion. I argue that financial disclosure laws operate as a personal audit, which generates public information for authorities to prosecute crimes committed both inside and outside of office. I show that where enforcement capacity is high, anticorruption campaigns can change the incentives to serve in government, even in regimes where many suspect other political motives are at play.

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Over the last decade, anticorruption campaigns have become increasingly common across the world, propelled by both a powerful international movement and bottom-up demands from citizens. Agencies have been established to investigate and prosecute officials in numerous countries (De Sousa, 2010), while laws that increase transparency and raise bureaucrat salaries enjoy widespread appeal among reformers (Rose-Ackerman and Palifka, 2016). One key goal of these measures is to attract different types of people to work in government (Olken and Pande, 2012). By reducing the opportunities to engage in corruption, reformers want government to hire officials more focused on serving the public interest, rather than pursuing their own private ends. But do anti-corruption campaigns indeed influence political selection?

Unfortunately, we have little evidence that anticorruption campaigns actually change the composition of government and attract better, or even different, types of leaders. Serious doubts have arisen about prominent reforms undertaken in countries such as China and Russia, as analysts suspect that leaders are pursuing different political motives besides tackling corruption (Zhu and Zhang, 2017; Manion, 2016; Orttung, 2014). Leaders in developed democracies even bemoan the effects ethics laws have on their ability to recruit people to work in government. In the summer of 2017, White House counselor Kellyanne Conway complained that the Trump Administration was struggling to attract desired job candidates because of the "hoops you have to jump through" to comply with ethics rules.[1]

In this paper, I examine one of the most common types of anti-corruption campaigns worldwide: financial disclosure laws that require government officials to regularly declare their income and assets. Djankov et al. (2010) document that as of 2010, such rules already existed in 109 of 175 countries, with that number later increasing to 161 by 2016 (Rossi, Pop, and Berger, 2017). As a general rule, disclosure laws force politicians to document their wealth on an annual basis, including current sources of income and the structure of their assets and liabilities. Some countries have gone further and require officials to declare potential conflicts of interest as well as submit the same set of documentation for their immediate family members. Ideally this information is then made available to the public on the internet and sanctions are instituted if officials refuse to comply or submit false information.

I argue that introducing disclosure laws in opaque informational environments produces a number of important effects on the types of people that want to work for government. First, by requiring current officials to declare their wealth, this type of anticorruption campaign exposes individuals to criminal liability for any malfeasance they may have committed while in office. Given that many leaders made the decision to enter government under a different set of ethics laws, we should expect the passage of disclosure laws to induce many incumbents to leave government, either to avoid scrutiny for their past deeds or to pursue financial gains in other areas. Financial disclosure laws thus generate turnover among officials.

In addition, disclosure laws also change the incentives for people outside the government who

[1]Simon, Mollie and Marilyn Geewax. "Top Trump Aide Says Ethics Filings Discourage Potential Government Employees" *National Public Radio*, July 27, 2017.

might be considering public service. I argue that asset disclosures act as a personal tax audit of past behavior. They reveal evidence of any criminal financial acts, especially tax evasion, that office-seekers may have previously committed. Individuals complicit in illegal activity will thus be much less likely to pursue public office, since their concerns about their pasts catching up with them loom large. Disclosure laws thus attract more law-abiding individuals into government.

I test these hypotheses using an original dataset of 447,907 candidates that contested 25,992 municipal council elections in Russia from 2009-2017. Using a quasi-experimental design akin to difference-in-differences, I evaluate the electoral consequences of a new law in late 2015 that required elected members of these councils to submit annual financial disclosures starting the next year. As part of the law, these officials could be (and since its passage, have been) removed from office and even prosecuted for submitting false information or failing to file a disclosure.[2]

My design takes advantage of the fact that municipal elections in Russia are staggered across years, allowing for comparisons to be made between elections held immediately before and after this anticorruption reform was passed. The analysis uncovers broad support for my hypotheses. First, in elections held after the disclosures law was passed, incumbents ran for re-election at starkly lower rates. I interpret this as evidence that the anticorruption campaign raised concerns among these officials that they would be held accountable for personal enrichment while in office. Importantly, the vast majority of these incumbents were from the ruling United Russia party, indicating that the anticorruption drive was being used not to purge rivals, but help clean house within the party. The introduction of the disclosure law had nearly identical effects on both supporters and opponents of the regime.

Secondly, I find that individual entrepreneurs (i.e. small-scale businesspeople who largely deal in cash transactions) are also much less likely to run for office after the law is passed. This result fits the story of the disclosures functioning as a tax audit: in Russia, this group of business owners has historically been associated with the highest degree of tax evasion. Furthermore, using regional data on audits conducted by the Russian Federal Tax Agency, I find that entrepreneurs run in even lower numbers in places where the risk of being audited is high. Enforcement capacity matters. If candidates do not fear tax authorities will dig into their financial disclosures, then anticorruption campaigns may end rather uneventfully.

The findings in this paper have implications for several bodies of literature. To date, the literature is decidedly mixed on the question of whether disclosure laws influence the type of candidates that run for office. Van Aaken and Voigt (2011) examine cross-national variation in the introduction of these reforms and find that they have no effect on the number of businesspeople or lawyers running for office. In the U.S., ethics laws may disincentivize businessperson candidacy, but the effect is only present in one of two historical time periods (Rosenson, 2006). Moreover, that study only analyzed 'winning' candidates, raising questions about whether the laws had an effect on businesspeople's decision to run for office or rather their ability to win. On the other hand, Fisman, Schulz, and Vig (2016) document a significant decrease in incumbents choosing to re-run

[2]See discussion below and Appendix for many examples.

after a disclosure law is put in place, but the process acts with a long delay. Incumbents in India self-select out of politics only when they fear how disclosures will reveal their self-enrichment over time (i.e. growth in assets during a term in office). My analysis shows a different mechanism at work: anti-corruption campaigns can have an immediate impact on political selection by thrusting the spotlight on their initial level of assets.

In that regard, this paper also contributes to the small, but growing literature on the effectiveness of anti-corruption campaigns, which to date has primarily focused on economic outcomes, such as the way reforms affect firm value (Zhang, 2016), luxury goods and alcohol consumption (Shu and Cai, 2017; Qian and Wen, 2015), and business entry (Chen and Zhong, 2017). Increasing government transparency, such as by introducing Freedom of Information Acts, also draws more attention to government corruption (Costa, 2012; Cordis and Warren, 2014). However, examinations of political and electoral consequences are far less common.[3] Much of what we know about anti-corruption drives comes work on a small number of cases, mainly China and Brazil. Building on studies of government audits (Ferraz and Finan, 2008; Avis, Ferraz, and Finan, 2016; Bobonis, Fuertes, and Schwabe, 2016), this paper not only shows how requiring transparency from individual politicians can affect electoral outcomes, it presents evidence from another country widely considered to be corrupt, Russia.

This research finally relates to work on how institutions affect political selection (for a comprehensive review, see Braendle (2016)). The approach taken here builds off the citizen-candidate models developed by Besley and Coate (1997) and Osborne and Slivinski (1996), which treat the decision to run for elected office as endogenous and employ cost-benefit analysis to study selection into candidacy. Recent work has identified a number of institutional changes that affect the type and quality of candidates to office, such as increasing politician wages (Ferraz and Finan, 2009; Carnes and Hansen, 2016), imposing campaign spending limits (Avis et al., 2017), passing ineligibility rules on public servants (Braendle and Stutzer, 2016), and introducing quotas of various kinds (Chattopadhyay and Duflo, 2004; Baltrunaite et al., 2014). I show that by inducing turnover among incumbents and deterring possible tax evaders, ethics rules generate important consequences for the type of descriptive representation that citizens receive.

Anti-Corruption Campaigns and Enforcement

The general view of anti-corruption campaigns is tinged with skepticism. For all the hype leaders attach to their efforts to combat graft, evidence of their actual effectiveness in changing outcomes is still lacking. First, anti-corruption campaigns can become subject to political manipulation and can be easily exploited to achieve a variety of other political goals (Meagher, 2005). Because anti-corruption campaigns are often targeted against high-ranking members of the elite, it can be difficult to identify whether consequential reforms are being undertaken or powerful individuals sim-

[3] A notable exception is Wang and Dickson (2017), who study how anti-corruption campaigns affect support for the government.

ply being purged. In China, for example, some scholars argue the extensive campaign launched by the Communist Party in 2012 is intended solely to expunge opponents of President Xi Jinping (Zhu and Zhang, 2017); other work, such as Manion (2016) and Lu and Lorentzen (2016), see evidence that real improvements have been made to reduce corruption within the bureaucracy. The arrests of dozens of Saudi princes and officials on suspicions of corruption in late 2017 have ignited similarly fierce debates, especially since no specific charges or evidence have been produced during the crackdown.[4] Reports quickly emerged that the government looked to confiscate over $800 billion from the accused to replenish state coffers.[5] Anti-corruption campaigns may also be initiated in response to donor pressure, but then co-opted by powerful domestic actors in order to protect their own financial interests (Tangri and Mwenda, 2006). Even though some officials are sent to jail, the culture of corruption has not changed on the ground.

In other countries, the concern lies less in the government's true intentions behind the campaign, but rather about whether the new laws are actually being enforced and officials punished. Despite high-flying rhetoric from top Russian government officials, skepticism runs deep that promises made over the last decade to weed out graft will ever be fulfilled. Numerous high-profile political figures have been caught redhanded, from former Defense Minister Anatoly Serdyukov's making millions from insider deals, to expensive art works and nearly $1 million[6] in cash being seized from the former head of the Customs Agency Andrey Belyaninov. However, more often than not, these officials receive at most a sentence of house arrest. Both Serdyukov and Belyaninov even found their way back into plush positions, as an Industrial Director for the state-owned enterprise Rostec and head of the Eurasian Development Bank, respectively.[7] A significant gap emerges between the aspirational rhetoric of an anti-corruption campaign versus the political commitment required to follow through.

According to public opinion polls, Russian citizens share the same suspicions about their government's attempts to weed out corruption. Over two-thirds of respondents in a 2012 nationally representative survey agreed that anti-corruption campaigns are only being implemented to distract the population from real problems in the economy and the government's inability to carry out its campaign promises.[8] Even more cynically, nearly the same number (65%) thought the same campaigns were only designed to shield President Putin from the corrupt regime being constructed around him.[9] Expectations are very low in many countries that these campaigns are anything more than elaborate public relations endeavors.

This makes sense considering the fact that meaningful anti-corruption campaigns can indeed

[4]Kulish, Nicholas and David Kirkpatrick. "In Saudi Arabia, Where Family and State Are One, Arrests May Be Selective" *New York Times*, November 7, 2017

[5]Stancati, Margherita and Summer Said. "Saudi Crackdown Targets Up to $800 Billion in Assets" *Wall Street Journal*, November 7, 2017.

[6]Sum in equivalent currency.

[7]Staff Editors. "Former Head of the FTC Will Lead the Eurasian Development Bank". *Kommersant*, October 25, 2017.

[8]Levada Courier Survey. November 23-26, 2012. 1,600 respondents, 45 regions.

[9]Levada Courier Survey. February 15-18, 2013. 1,600 respondents, 45 regions.

carry massive pitfalls for leaders. Recruiting elites into political parties and bureaucratic structures requires complicated processes of co-optation that often involve turning a blind eye to illicit rent-seeking (Reuter, 2017; Reuter and Robertson, 2015). Removing these sources of income for key players can shake their loyalty to the regime and induce defections (Reuter and Szakonyi, 2017). Moreover, facilitating, while also closely monitoring, corruption allows rulers to acquire material that can be later used as blackmail (or *kompromat*) (Darden, 2001), leading to greater cohesiveness and a shared sense of commitment to the regime among elites. Corruption can act as a glue for keeping a political machine in operation. Finally, ongoing research on China suggests that investigating and punishing corrupt officials can also backfire (Wang and Dickson, 2017). Citizens learn just how much corruption had infected the political system and become disenchanted with the regime.

However, there are also powerful reasons why leaders might not only introduce anti-corruption campaigns, but also invest resources in their enforcement. First, governments enjoy the most success when they experiment and pilot reforms before implementing them on a broader scale (Heilmann, 2008; Schmitz et al., 2015). Anti-corruption campaigns are no exception. Leaders can take extra care to design legislation that will not upend the system, trying to minimize unexpected consequences and acquire feedback from constituencies affected by reforms. Below I discuss the example of Russia, which has carefully refined its anti-corruption efforts since 2008, strengthening legislation at times while also carving out loopholes for key actors when the government believes it has overstepped. This gradual approach to policymaking helps leaders broaden their support base and build consensus, while retaining the flexibility to respond to challenges and shocks that the reforms generate (Naughton, 1996). Whereas big bang assaults on corrupt officials may attract both headlines and suspicions, we might expect that slow-moving and constantly recalibrated campaigns to be the solution for regimes looking to reform a corrupt system without shaking its foundation.

Next, there is generally large, unmet citizen demand for policies that tackle corruption head-on. Cross-national surveys indicate that people worldwide view corruption as the most important problem they face in their daily life.[10] Moreover, over half of nearly 60,000 respondents living in 42 countries in Europe and Central Asia give their government bad marks on its efforts to fight corruption.[11] Rulers concerned about mounting protests and being thrown out of office may find their back up against the wall unless they take action against corrupt officials. Indeed, ramping up action against graft around elections can provide real benefits to politicians (Vadlamannati, 2015). And failing to combat corruption also can hold back economic growth, deter foreign and domestic investment, exacerbate poverty, and lead to greater inequality (Svensson, 2005; Gupta, Davoodi, and Alonso-Terme, 2002). Governments have clear political and economic incentives to act, as their survival may partly depend on at a minimum concealing or checking expansive corruption.

[10] Gallup International. "Corruption Tops the List as the World's Most Important Problem According to WIN/Gallup International's Annual Poll" *Gallup*, February 28, 2014

[11] Transparency International. "Global Corruption Barometer" 2016.

How then would we know that an anti-corruption campaign is being faithfully implemented? Given the difficulties of establishing whether officials are punished for actual corruption or for other reasons, evaluating these campaigns requires looking at how they affect the broader incentives for officials throughout the government to engage in corruption. Reducing rent-seeking requires changing the expectations that public service can and should be used for private gain (Fisman and Golden, 2017). I argue that a good place to start is looking at how reforms affect the types of individuals that desire to work in the public sector. If anti-corruption campaigns truly go beyond political vendettas, then we should observe behavioral changes within the culture of officialdom far beyond those specifically targeted in the crackdowns. Since corruption offers opportunities for financial enrichment through government employment, an effective campaign should not only impact individuals already serving in public office, but also those wishing to join them.

How Transparency Affects Political Selection

A key weapon in the fight against corruption worldwide is transparency (Olken and Pande, 2012). Increasing the availability of public information helps citizens monitor and sanction officials, and efforts to institute transparency within governments are an essential component of many anticorruption campaigns. For example, a number of articles have shown that auditing municipal governments and disseminating the reports induces citizens to remove corrupt incumbents from office and select more competent politicians (Ferraz and Finan, 2008; Bobonis, Fuertes, and Schwabe, 2016). Requiring individuals to submit personal financial disclosures is also very common worldwide, and cross-sectional analysis has shown that the passing of these laws is positively correlated with several measures of governance (Djankov et al., 2010). Recent work at the national level also provides tentative evidence that disclosure laws help countries control the level of corruption (Vargas and Schlutz, 2016). However, very little work has been done on the individual-level political effects that these reforms generate,[12] especially with regards to the mechanisms by which disclosure laws change the way government operates. This section analyzes how and why disclosure laws affect the electoral and financial incentives in play for both incumbents and challengers running in elections.

The general justification for introducing disclosure laws is that they deter corruption by preventing the abuse of public office for private gain. Disclosures create a public record of the wealth of officials over time and enable citizens and relevant judicial bodies to detect and prosecute violations of conflicts of interest. Indeed, the majority of anecdotal evidence about the impact of financial disclosures involves scandals among current public officials who are accused of illegally enriching themselves. Leaders in Puerto Rico, Argentina, South Africa, and United Kingdom were forced to resign after they could not explain discrepancies between real assets and filed disclosures (Djankov et al., 2010). The disclosure of politicians' personal interests can also come through more

[12] An important exception is Fisman, Schulz, and Vig (2016).

indirect means: the leak of the Panama Papers, for example, triggered the resignation of the Icelandic Prime Minister Sigmundur David Gunnlaugsson by revealing his undisclosed wealth held in offshore companies.[13]

To work effectively, disclosure laws must force a move from a relatively opaque and a relatively open informational environment. In places where information on politicians' wealth is already common knowledge, such as countries with robust independent media, we might not expect financial disclosure requirements to matter much. But when disclosure laws increase the availability of information where it did not exist before, we should expect clear consequences for currently serving officials. After all, the individuals already working in government when transparency laws were introduced made their decision to enter politics under a different code of ethical conduct. They did not necessarily sign up for or anticipate the increased public scrutiny of their personal finances that was to come, and their commitment to remain in office may waver under the new regime of transparency. I argue then that the imposition of disclosure laws should cause incumbents to rethink their decision to remain in office, as opportunities for financial gain they may have expected have now been closed off. In addition, these disclosures will reveal any personal benefits they received in office, but only if they stay in their positions and fall under the purview of the law.

Hypothesis 1. *Incumbents will be less likely to seek re-election when financial disclosures become mandatory.*

Incumbents who retire from politics create open seats, which can result in more competitive elections that include a larger number of candidates vying to fill the seat. They wield a number of advantages, such as greater name recognition, media coverage, and financial resources (Gordon and Landa, 2009), which ward off strong challengers and attract greater organizational and financial support from constituents. For example, in the U.S., 90% of incumbents win re-election. We might expect then that any reform that reduces the likelihood of incumbents defending their seats would also result in more candidates running in aggregate.

On the other hand, disclosure laws might also lead to fewer candidates running for office. Introducing additional requirements increase the costs of candidacy, while reducing the potential personal benefits for politicians (Rosenson, 2006). Disclosure laws also may be seen as overly intrusive into candidates' privacy (Mackenzie, 2002), further deterring public service. Early newspaper reports in Russia highlighted a growing problem that rural areas experienced in attracting enough candidates to run for municipal councils after the national anticorruption campaign was underway. Those interviewed attributed the lack of interest to the financial disclosure requirements.[14] Given these cross-cutting influences (the absence of incumbents paired with the higher barriers to candidate entry), it is theoretically unclear what the expected effect of financial disclosure campaigns on the number of candidates running for office will be.

[13] Erlanger, Steven, Stephen Castle, and Rick Gladstone. "Iceland's Prime Minister Steps Down Amid Panama Papers Scandal" *New York Times*, April 5, 2016.

[14] Politics Department. "Citizens Don't Want to be Rural Deputies." *Kommersant*, June 26, 2017.

Finally, anti-corruption campaigns that require transparency from elected officials can also have dramatic effects on office-seekers that have never served in government before. The few studies of disclosure laws have mainly focused on the responses by incumbents (Fisman, Schulz, and Vig, 2016). But these reforms also change the calculations of new candidates who now must disclose their assets if they win election.

I argue that by forcing officials to reveal their income and assets, disclosure laws function as a form of personal tax audit. Clearly any illicit rent-seeking committed by current officials will rise to the surface in such reports. But for candidates who have never been previously employed in government positions, the real risk presented by mandatory financial disclosures is that they could reveal evidence of tax evasion in their private lives. Financial disclosures pull back the curtain on both where individuals earn their money and the types and value of assets they have accumulated over time. In cases such as Russia, these disclosures contain even more detailed information on bank accounts and stocks held by officials. Tax authorities can easily compare these reports to officially reported income data and instigate audits and later prosecutions to punish individuals for any discrepancies. Disclosure laws then open up the possibility that winning candidates could be prosecuted not for corruption, but for having committed other crimes as private citizens.

Tax evasion is a significant and common problem that goes hand in hand with corrupt practices, especially in countries with weak rule of law. For example, evidence from analysis of Internal Revenue Service audits suggests that foreign corporations headquartered in corrupt countries are much more likely to try to avoid paying taxes in the U.S. (DeBacker, Heim, and Tran, 2015). The scale of tax evasion is massive, with millions of individuals paying much less than their fair share to their governments each year. The United States loses nearly $500 billion a year in tax avoidance,[15] while the Russian government lost an estimated 2.5% of GDP to evasion in 2012.[16] In a survey of 922 Russian firm directors in December 2011, 62% believed that at least some percentage of firms working in their sector did not fully disclose to the government all of the salaries they paid to their workers. Nearly one-fifth of respondents thought that over half of wages went undeclared, which accords with work using administrative data that documents rampant wage misreporting in Moscow (Braguinsky and Mityakov, 2015). The likelihood of some candidates to office having skeletons in their closet is very real.

But not all candidates are equally likely to avoid paying their taxes. Occupations offer different avenues through which people can hide their income from authorities. For example, a teacher in a public school has her salary paid directly from the state budget, with a record of that income going directly to the federal tax agency. Alternately, a small business owner who earns a living through cash transactions can much more easily withhold part of her revenue stream from official tax documents. Research on Russia has shown that small and medium-sized enterprises are especially adept at engaging in what is known as 'black cash evasion' (Yakovlev, 2001). The illegal schemes

[15] Matthews, Chris. "Here's How Much Tax Cheats Cost the U.S. Government a Year". *Fortune*, April 29, 2016.

[16] Amos, Howard. "Russia Loses £52bn a Year in Tax Evasion and Illegal Transfers, says Bank Chief" *Guardian*, February 21, 2013.

employed largely involve underreporting income, falsifying expenditure accounting, or creating fictitious transactions. Using unique administrative data on car ownership to identify and control for total household income, Braguinsky, Mityakov, and Liscovich (2014) document substantial tax evasion among small firms: by their calculations, the smallest firms in Russia report employee earnings at rates 50-60% less than those of the largest companies. Gehlbach (2006) also confirms using survey evidence that smaller firms are much more likely to hide their revenue from tax authorities.

Hypothesis 2. *Introducing financial disclosure laws will reduce the number of candidates coming from professions more associated with tax evasion (i.e. small business owners).*

Countries have made strides to reduce this type of criminality by simplifying their tax codes and sometimes getting rid of taxes on certain segments of the population altogether. Tax evasion though persists as individuals develop ever more creative ways to throw off tax authorities. What does seem to matter, at least in Russia, is the capacity of tax authorities to enforce the laws as they are written. Mironov (2013) finds that increasing the number of inspectors assigned to monitor firms results in less income diversion through fly-by-night firms. This notion that greater law enforcement can act as a deterrent on crime draws on a large theoretical body of literature beginning with Becker (1968). Stronger enforcement plays a central role in combatting different forms of corruption, from New York City municipal authorities cracking down on parking violations (Fisman and Miguel, 2007) to prosecutors delivering more convictions in corruption cases (Alt and Lassen, 2012). But the ability of tax authorities to enforce the law varies widely, both within and between countries (Desai, Dyck, and Zingales, 2007). With regards to financial disclosures, I argue that where tax authorities wield more capacity to investigate and prosecute evasion, candidates prone to commit these crimes will be much more wary of contesting elections, that upon winning, will result in the publicizing of their finances.

Hypothesis 3. *In places with stronger tax enforcement capacity, introducing financial disclosure laws will a stronger deterrent effect on candidates with histories of tax evasion.*

This argument hinges less on the privacy intrusions that disclosures cause (Mackenzie, 2002), than on the unwanted attention from tax authorities. Powerful politicians may be able to protect their gains from the prosecutorial grasp of the tax authorities (Libman, Schultz, and Graeber, 2016). But the majority of elected politicians, especially at lower levels of government, would be unwise to either risk submitting dishonest statements or providing accurate evidence of having avoided taxes in the past. Over the last decade, Russia has been infamous for jailing individual entrepreneurs and stripping them of their assets. Even President Putin has acknowledged the severity of the problem, noting that over 100,000 small businesspeople are serving time for having committed 'economic crimes', such as embezzlement and tax evasion.[17] A mandatory financial

[17]Kramer, Andrew. "Russia's Stimulus Plan: Open the Gulag Gates" *New York Times*, August 8, 2013

disclosure broadcasts public information publicly about one's business career and invites attention from authorities, with local elected office at best providing a leaky *krysha* (roof) as protection against the storm.

Financial Disclosure Laws in Russia

Though Russian politicians have paid lip-service to fighting corruption since the fall of the Soviet Union, real actions did not begin to take shape until 2008. That year Vladimir Putin surprised many observers by faithfully respecting the Russian constitution and endorsing a successor to the presidency, Dmitry Medvedev. One of new President Medvedev's signature initiatives, at least at the time he took office, concerned anti-corruption. Popular frustration with graft was intense, with roughly three-quarters of the population believing that "corruption was widespread throughout the government."[18] Understanding the potential for protests to erupt over flagrant corruption, the Russian government believed that some highly public actions were necessary to demonstrate that it was not simply ignoring the problem.

Within his first year in office, Medvedev signed the "On Counteracting Corruption" Law which required a variety of government officials (including the President, the Prime Minister and his deputies, full-time members of federal and regional parliaments, directors of state-owned enterprises, and even city mayors) to annually disclose assets held by themselves, their spouses and their children.[19] The form is standard for officials and their family members, consisting of seven sections (over a total of eight pages) that ask for information on income, expenditures, property, bank accounts, stocks, real estate, and transportation assets. An example declaration (in Russian and translated into English) is found in the Appendix; this condensed version only contains information on annual income, real estate property, and transport that is made available for the public.

Gradually, more and more officials fell under the purview of the disclosure law (such as regional officials working on a part-time basis), and all government institutions had to post the disclosures on the internet.[20] Prior to these initiatives, government officials at all levels were under no legal obligation to make their finances public; moreover, independent media had limited capacity to conduct their own investigations. Russia exemplified an opaque informational environment when it came to politicians' wealth.

One could argue that Russian authorities potentially could have relied on other measures to target corrupt officials that were causing headaches for the regime. Selective investigations and

[18]English, Cynthia and Neli Esipova. "Perceptions of Government Corruption High in Russia." *Gallup News*, February 5, 2009. http://news.gallup.com/poll/114145/perceptions-government-corruption-high-russia.aspx

[19]President Medvedev signed a series of five supplemental acts in May 2009 that outlined the full list of government officials covered by the income disclosure requirements. Granik, Irina. "Dmitry Medvedev Regulated Official Disclosures." *Kommersant* May 19, 2009.

[20]These amendments included Federal Law 329 from November 11, 2011; Federal Law 280 from December 29, 2012 Federal Law 231 from December 3, 2012; and Federal Law 431 from December 22, 2014.

arbitrary detentions may have helped the government remove bad actors. Alternately, empowering independent media could have shed the light just as evenly on corruption. However, disclosure laws carry a number of additional benefits for political regimes. First, the disclosure laws standardized and consolidated information across thousands of officials, drastically reducing the search costs of identifying bad behavior. Only a small portion of disclosed information was ever disseminated to the public; the rest remains in the hidden hands of the government. The leadership thus enjoys incredibly comprehensive data on cadres that can be used down the road to enforce loyalty. Finally, the disclosure laws require written, signed statements from officials which allows the use of formal legal institutions for prosecution. Authorities can then claim they are upholding rule of law and thus maintain a veneer of legitimacy in justifying their actions.

Unsurprisingly, the new transparency requirements were met with much opposition from the officials affected. Some responded by exploiting loopholes and ambiguities in the legislation to evade the law. Regions passed their own laws that greatly shortened the length of time disclosures would be posted online or restricted the type of deputies that were required to comply.[21] Moreover, the federal law did not outline a punishment for submitting false information or even refusing to file a disclosure at all. Transparency International calculated that 746 regional deputies across the country (out of a total number of roughly 2,000) had failed to submit their report in 2013 and that only 31 out of the 83 Russian regional parliaments were in complete compliance.[22] The loudest scandal came from Chelyabinsk Region, where 14 out of 58 deputies, including the vice-speaker of the assembly, refused to submit declarations, citing the lack of enforcement procedures.[23] The municipal deputy who got the local prosecutor involved also sent a complaint on to the Presidential Administration, the leadership of United Russia, the governor, among others.

The flagrant disobedience of federal law among regional legislators finally forced the hand of the Russian State Duma. In November 2015, an amendment was made by which any official who failed to submit their annual disclosure by April 1 of the following year would be removed from office.[24] The law had finally found its fangs, and officials were being held accountable for lying in their disclosures or failing to submit them all together. Up and down the Russian bureaucratic hierarchy, officials have faced expulsion and even criminal prosecution for failing to comply. Disclosures were matched with official tax return data and discrepancies, such as expensive assets and large purchases, caught the attention of tax authorities and prosecutors. Top officials working

[21] Transparency International. "Secret Declarations of Regional Deputies." RusPress. August 4, 2016

[22] Transparency International - Russia. "Report about Monitoring the Accessibility of Income, Expenditure, and Asset Disclosures of Deputies in Russian Regional Legislatures in 2013". Moscow, 2015.

[23] Ulyanova, Zhanna and Svetlana Bosharova. "Deputies Not Wanting to Declare Assets Find Loophole in the Law." RBK. May 7, 2015.

[24] The amendment required that all regional and municipal officials declare any conflicts of interest they might have while in office, but stipulating no actions that should be taken to create separations. Federal 285, which came into effect on October 17, 2015, outlined much more stringent rules for federal deputies, the chairperson of the Central Bank, and the general prosecutor. These officials have to not only declare any conflicts of interest, but also take steps to make sure these conflicts do not influence their decision-making. How that should be interpreted is still unclear.

in state corporations were forced to resign for failing to declare assets,[25] while 76 local deputies were removed in Primorye for not submitting their forms the first year.[26] Libman, Schultz, and Graeber (2016) document cases of the tax authorities using income disclosures to investigate governors and vice-governors in Pskov, Primorye, Leningrad, and Tula. These investigations sent a clear signal that the disclosure law needed to be taken seriously and compliance was mandatory.[27] The Appendix includes even more examples of enforcement being taken at the local level following the 2015 amendment.

From an empirical perspective, the constant tweaking of the anti-disclosure law from its initial passage in 2008 to the vastly strengthened version signed in 2015 significantly complicates efforts to measure its effects on political selection. Disclosures were basically voluntary from 2009-2015 for most elected officials. By the time the 2015 amendment had passed, some regional parliaments had already posted seven complete years of disclosures, while others had less than three years of only near complete coverage.

However, the situation at the municipal level was different. Russia is divided into roughly 22,347 municipalities, the smallest administrative unit in the country's federalist system. Municipal governments are responsible for providing a range of public services, including preschool, primary, and secondary education, public transportation, electricity, water, road construction, and health care (De Silva et al., 2009). Each municipal unit is governed jointly by a mayor (glava) and a council of deputies, which ranges in size from a minimum of 7 to a maximum of roughly 40, depending on population size, and is elected every four to six years, depending on region. The mayor, chairperson, and deputy chairperson of each council are all full-time, paid officials, while the rest of the council is staffed by members of the community serving on a part-time, unpaid (volunteer) basis.

From 2008-2015, only the three full-time municipal officials fell under the asset disclosure laws; part-time council deputies were declared exempt, because they didn't earn a salary from the government. However, the 2015 amendment dictated that all council deputies must declare their assets, and that the unpaid officials affected by the amendment would be straight away subject to the punishment of removal from office if they refused to comply. This inclusion created a quasi-experimental setting for evaluating the consequences of this anti-corruption measure: overnight, thousands of municipal deputies now were obligated to declare their assets, with real sanctions in effect for non-compliance. Interestingly United Russia (UR) deputies in the State Duma seemed fully aware of the implications on their party members across the country. During the debate, Vice-Speaker Sergey Neverov acknowledged that roughly 165,000 UR deputies would be affected by the legislative change, but also commented "if an individual wants to go into office, then he

[25] Vladislav Novy. "Russian Radio Broadcasters aren't Suited for American Apartments". *Kommersant* September 29, 2017.

[26] Prime Media. "76 Deputies in Primorye Lost Mandates in 2016 Because of Declarations" May 1, 2017.

[27] Transparency International has compiled quite detailed information on which regional legislatures were in compliance and when. By 2016, every legislature had filed online disclosures for its member deputies. See "Regional Legislatures" at http://declarator.org/office/6.

should be prepared to follow all norms of the anticorruption legislation."[28] United Russia seemed more concerned in cleaning house of those politicians bringing down the image of the party and was prepared to risk some electoral losses in order to do so.[29]

The peculiarities of the Russian electoral system provide a unique opportunity to examine how municipal deputies and office-seekers responded to the introduction of financial disclosure requirements. Russian regions operate according to their own individual electoral calendars that date back to the early post-Soviet period when subnational units set elections on an ad hoc basis. Municipal councils generally follow the regional calendars, with approximately 20% of all municipalities holding elections each year.[30] Many regions restarted their municipal electoral calendars after a reorganization process in 2005. This results in some unevenness of the number of elections held in two of the years (2010 and 2015, see Figure 1). The exogeneity of electoral calendars in Russia has been exploited by a number of scholars researching political and economic development (Beazer, 2014).

Research Design and Data

To test the effects of the anti-corruption campaign, I adopt a quasi-experimental design akin to difference-in-differences (DiD). I compare municipal elections that were held in the two years immediately following the November 2015 amendment (the *treatment* group) with those that were held in the two years prior to its adoption (the *control* group).[31] I claim the decision by the federal government to adopt the stronger disclosure legislation in 2015 (which delineates the treated from the control elections) is exogenous to (observable and unobservable) municipality characteristics. The 2015 amendment to the anti-corruption strategy was largely taken in response to non-compliance among regional (not municipal) deputies; importantly, the electoral calendar remained fixed after the amendment's passage. I analyze a narrow window around the passage of the amendment in order to control for other broader changes to the institutional and/or economic environment in Russia that could affect the types of candidates that run and other electoral outcomes.

[28] Editorial Staff. "Deputies Can Lose Their Mandates if They Refuse to File Declarations" *Vesti*, October 21, 2015

[29] Below I analyze how the disclosure laws affected members of the ruling party in particular.

[30] Since 2012, Russia has adopted a unified election day each year in the fall when all regional and municipal elections scheduled for that year are held. Prior to 2012, two election days were held, in the spring and in the fall. In each region, the majority of municipal elections are held concurrently with elections to the regional legislature. However, for a variety of reasons cannot to restructuring, many regions actually hold a small number of municipal elections every year. I include region fixed effects as an additional control in several models.

[31] The 2015 amendment was officially signed into law by President Putin on November 3 of that year, nearly eight weeks after the unified election day when the vast majority of local council elections were held for that year on September 13. Candidates to municipal office needed to register by August 1, two months before the official text of the amendment was first disseminated on the Russian State Duma website. I could find no articles in the Russian press discussing the debate and passage of amendment until late September 2015. The likelihood that individuals' decisions to run for office during the 2015 cycle were made in anticipation of the amendment being passed is therefore low, especially considering that most of the elections were held in rural areas.

For each election in the treatment and control groups, I first identify its precursor from the previous cycle and create an electoral sequence. The identification generated by the DiD design requires that in the absence of the 2015 amendment, the treated elections would experience the same changes in political selection as the control group. Thus, I examine differences between the first and second elections within the control and treatment groups. This empirical approach is illustrated in Figure 1. The dark columns indicate elections in the treatment group, with those to the right of the dotted line (2016 and 2017) occurring after the November 2015 amendment had passed. The first elections in the sequence were held roughly 4-5 years prior, from 2011 to 2013. Similarly, the light columns indicate control elections; those immediately to the right of the solid line constitute the second election in the sequence, and those from 2009-2011 are their precursors. This set-up holds that, for example, differences within the control group from 2009 to 2014 are comparable to differences in the treatment group from 2011 to 2016.[32]

Data on candidates and elections from the Russian Central Election Commission. All analysis is done at the election (municipality) level. This is because electoral districts within local councils change change over time and other sources of administrative data are not available in Russia at lower than the municipality level. I only analyze single-member districts to ensure that registered candidates are actually competing for seats, rather than occupying empty spots on the party list. I also exclude special elections (conducted when a deputy resigns from office in the middle of their terms) from the sample due to the specific nature of electoral competition (particularly the fact that by definition, the incumbent is not running). To ensure a clean comparison over the two elections in the sequence given district changes and midterms, I require that the number of seats contested be identical across both.[33] The sample contains only elections within a sequence where the same number of seats is contested and that had at least of a four year term between them. This results in a sample of 25,992 unique elections in which 447,907 candidates ran. A more detailed explanation of how the sample was built can be found in Appendix Section A; summary statistics are shown in Appendix Table A2.

First, I measured how many incumbents chose to re-run (and defend their seats) by dividing the number of incumbent candidates (part-time and full-time respectively) by the number of seats on the council. The result is two measures that calculate the percentage of officials that self-select out of politics. Distinguishing part-time from full-time incumbents is possible because of the information candidates must submit when registering. Official rules in Russia require candidates to indicate whether they were serving in a part-time capacity on a municipal council at the time of the candidacy (and if so, which one). I coded whether candidates were serving part-time deputies within the same council to which they running in the election. To identify full-time incumbents, I coded either if their primary occupation (as indicated on the same registration form) was a deputy on the council or if they had won office in the previous election to that council (but did not indicate they were serving part-time).

[32] See above for an explanation of the variation in the number of elections held each year.

[33] This removes 1% of the sample.

This approach provides a reference group for estimating the difference-in-differences results: the 2015 amendment introduced financial disclosures (and sanctions) for part-time incumbents for the first time, whereas full-time incumbents had already been required to submit their documents for over five years. If the disclosure laws are acting as intended, we should expect stronger effects on the part-time versus full-time incumbents. As a robustness check, I also conduct analysis at the candidate level in Appendix Section F.1, where the sample comprises all incumbents from the first election in the sequence and the dependent variable is a binary indicator for whether they ran again in the second. To examine whether the anti-corruption amendment deterred overall candidate entry, I calculated the ratio of the number of candidates to the total number of seats on the council in each election.

I examine the effect of disclosure laws on tax evaders by focusing on businesspeople, who enjoy greater leeway to engage tax evasion. Using the candidates' self-reported primary occupation, I distinguish between two types of businesspeople running for office, again as another type of placebo check. First, I coded whether a candidate was working as a director or deputy director of a registered firm (LLC, joint-stock company, etc.). These individuals are much larger fish in the small ponds of municipal council elections. Given their larger income and assets, they would already be on the radar of tax authorities seeking a large prize.[34] Second, I coded all candidates that self-identified as individual entrepreneurs, meaning they own and operate a special category of small firms. Individual entrepreneurs are sole proprietors of their businesses and benefit from a number of tax breaks and simplified registration procedures, but they are liable for any debt obligations their firms owe, including having to put up their own personal assets. As argued above, these entrepreneurs are much more likely to deal in cash transactions and engage in tax evasion. If disclosure laws are functioning as a type of tax audit, their effects should be stronger on this latter category. I created outcome measures dividing the number of firm directors, individual entrepreneurs, and businesspeople (the two categories together) by the number of candidates.

Next, I coded some basic demographic characteristics commonly studied in the literature on political selection. I calculated the mean age of all candidates that ran as well as the percentage of candidates that were female. I also created an ordinal scale from 0-5 of candidates' self-reported education level, with 0 indicating having no education or completed only preschool and 5 indicating having completed university education or higher. Finally, to assess whether anti-corruption campaigns also affected the type of candidates who ultimately won office to local councils, I created a set of variables that capture the overall demographic characteristics of the deputies that took their seats. For instance, I calculated the ratio of all winning candidates that had served previously in the same council (part-time and full-time, separately), came from the private sector (as either a firm director or an individual entrepreneur), or that were members of the United Russia ruling party.

In some models, I control for other characteristics of the municipality which could affect the

[34] In the U.S, millionaires are roughly ten times more likely to be audited than those making the median income probability of getting audited by the IRS. Frank, Robert. "Wealthy Americans are more likely to be Audited by the IRS." *CNBC*, April 18, 2017.

number and type of candidates that run and win office. Municipal data comes from the Russian State Statistics Agency which has aggregated social and economic indicators for all municipalities since 2006. First, Russian municipalities are divided into four types, mainly determined by the physical location of the district (rural versus urban) and the size of the population residing there: (in roughly decreasing order of size) municipal rayons, city okrugs, urban settlements, and rural settlements. I include dummy variables that indicate each of these four municipalities. Next, I collect a number of covariates at the municipal level. To measure size, I include a measure of total number of registered voters for each election. Municipal revenue (logged) serves as a proxy for economic development, and the number of logged hectares (territory) controls for differences in the physical size of these units.[35]

I adopt several model specifications based on the difference-in-differences design. The unit of analysis is the municipal election. First, I estimate the following reduced form equation:

$$Y_{mrt} = \alpha + \beta * \textit{Treatment}_m + \gamma * \textit{Second Election}_t + \eta * \textit{Treatment}_m * \textit{Second Election}_t + \zeta_{mt} * X + \lambda_r + \mu_m + \epsilon_{mrt} \quad (1)$$

where Y is a vector of the main outcomes of interests (types of incumbents running, candidates per seat, and types of businesspeople running) in municipality *m*, region *r*, and time *t*. *Treatment* indexes all municipalities that had an election following the financial disclosure reform, *Second Election* is a dummy for whether the election occurred after the reform, and the interaction between the two generates the main coefficient of interest: the effect on the outcome variables from introducing the reform, while controlling for time-invariant characteristics within groups of municipalities and temporal trend effects within treatment groups. All models also include a vector of municipality 'type' fixed effects, and in some specifications, I also include a vector of municipality-control variables (X), such as the number of seats contested, population, territory size, and revenue and λ_r, region fixed effects.[36] The final specification I run includes μ_m, which indexes municipality fixed effects that absorb all time-invariant characteristics within each municipality.

A key assumption for the difference-in-differences design to generate identification requires that there are not unobserved differences in the pre-treatment trends the treatment and control groups during the pre-reform (baseline) period. The limited panel data available complicates the task of building trends, so I adopt an alternate approach to comparing the two groups. I estimate residuals using models that regress each of the main outcome variables on the battery of controls (number of seats contested, municipal territory size, and municipal revenue) as well as election year, region, and municipal unit fixed effects. Importantly there are no statistically significant differences in the vectors of the residuals between the treatment and control groups during the pre-r eform period (see Appendix Figure A4). Unadjusted baseline covariates (i.e. the first elections in

[35]Unfortunately, coverage for the revenue and territory variables is not complete for all municipalities over the time period. Therefore I take the average of each from 2010-2016.

[36]Because of quirks in the electoral calendar, regions in Russia hold some number of municipal elections every year. The results are also robust to including region-year time trends.

the sequence) are shown in Table 1. Overall the municipalities included in the sample look broadly similar in terms of population, territory size and revenue, even though there are slight more municipal rayons and city settlements in the treated groups (which generally have more people). In terms of electoral characteristics, we do see some statistically significant differences between the two groups, but these come through partly as the result of the large number of observations in each group. The size of these differences, however, again indicates broad similarities from a substantive perspective. As I document below, model specifications include municipality-level controls and various fixed effects (municipality 'type', region and municipality) to help account for any pre-existing differences.

Empirical Results

Table 2 presents the results for the first set of outcomes related to incumbents seeking re-election and the overall number of candidates contesting election. Throughout this and all of the other tables below, the key coefficient of interest is the interaction between *Treatment* and *Second Election*. Several findings emerge. First, the 2015 amendment that strengthened disclosure requirements drove down the percentage of part-time incumbents that ran for re-election by roughly 6-7 percentage points. In Columns 1-2, we see negative and statistically significant coefficients across models that include a variety of fixed effects and controls. This result is also robust to including municipality fixed effects in Column 3.

Interestingly, we do not see evidence that full-time incumbents are similarly affected by the transparency requirements (Columns 4-6). The coefficients on the interaction term are slightly negative, but fall short of statistical significance. First, these lend support to the first hypothesis that financial disclosure requirements had a clear and identifiable effect on the population of candidates the legislation was designed to target. Full-time incumbents had already been required to disclose their assets for the entire previous term - the 2015 amendment only changed the sanctions introduced to punish noncompliance. However, for part-time incumbents, the 2015 amendment introduced both mandatory disclosures for the first time and strong enforcement, which significantly altered the incentives to defend their seat. Winning re-election now required these part-time officials to document any potential corruption they had previously been involved with, potentially inviting scrutiny from rivals, the media, and their constituents. Perhaps surprising to many analysts of Russian politics, the anti-corruption campaigns underway across the country do appear to induce turnover among state officials.

In addition, the finding that full-time incumbents do not run for re-election at lower rates in 2015 and 2016 indicates the absence of a secular trend working against incumbents in general during this period. The difference-in-differences design takes advantage of over-time variation to identify effects. Concerns could arise that the estimator is only picking up a linear downward trend whereby due to broader political dynamics, incumbency loses its comparative advantage. For example, Russia underwent a severe economic downturn during this period. However, the

financial troubles triggered by the imposition of international sanctions began in April 2014, more than eighteen months (and a full two electoral cycles) before the 2015 amendment was passed. Moreover, the dramatic collapse of the Russian ruble, which sent shockwaves through the economy, occurred in December 2014, roughly ten months before a pre-treatment election analyzed and twelve months before the changes to disclosure law came into effect.

However, the results on full-time incumbents are not distinguishable from zero with the negative point estimates best reflecting the effect of the new sanctions introduced for not filing disclosures correctly. Incumbents who ran at the local level still win 80% of their races, with that figure increasing by 5% in the post-treatment period (see Appendix Table A5).[37] That jump could be evidence that the 2015 amendment sent a signal to voters that those incumbents that chose to remain in office under the new ethics regime had less shady behavior to hide in their disclosures. The disclosure amendment therefore may have induced better candidates to run for office.

Next, I run the analysis using individual-level data and find similar results. Using the population of all elected politicians, the results in Appendix Table A3 indicate that incumbents are much less likely to seek re-election if their second election in the cycle occurs after the reform has passed. These findings are robust to candidate-level controls, such as age, gender, occupation, and electoral competitiveness.[38]

Importantly, I also find that the anticorruption disclosure campaign equally affected politicians from the ruling United Russia party. United Russia held over 70% of all seats on municipal deputies during the period; most of the rest were filled by incumbents. If Russia's anticorruption campaign was being selectively applied to go after rivals, we would expect that whether an incumbent ran for re-election would depend on their political affiliation. In Appendix Table A4, I subset the sample to only incumbents from the ruling party and find that the introduction of the disclosure laws had nearly an *identical* effect on this group of connected politicians. Rather than using the law to target outsiders, United Russia was prepared to part ways with many of its municipal-level members in order to improve its public image.

I also find that the reform laws resulted in younger candidates running for office on average, but there are no effects on the number of women running or the average level of education (see Appendix Table A10). Younger candidates may be responding to the fact that incumbents are not seeking re-election, which could offer newer faces the chance to enter politics. Given that most candidates already possess a college or technical degree (62% of the population), the introduction of anti-corruption laws may not be attracting more educated faces, at least using the extremely rough measure of education included on candidate registration forms.

Next, as shown in the far right three columns of Table 2, elections that followed the introduction of the financial disclosure reform did not appear to attract a greater number of candidates.

[37] Overall, incumbents ran for re-election roughly half the time.

[38] The data does not all me to identify which incumbents were currently serving in a full-time or part-time capacity, only if they had won election prior to that first election with either experience. This is because upon winning, candidates do not declare their full-time status - we are only made aware of how they served retroactively if they chose to run again during the next cycle.

Although the coefficients on the interaction term are all positive, only one is statistically significant at conventional levels. This accords with the discussion of the countervailing forces created by the reform: fewer incumbents seek re-election, while some challengers who otherwise would have capitalized on their absence are deterred from running due to the increased transparency requirements placed on politicians. Appendix Table A11 uncovers similar patterns with regards to various measures of electoral competitiveness. Post-reform elections did not see tighter winning margins nor were there higher numbers of effective candidates. The type of transparency requirements introduced appear to have little effect on the nature of electoral competition as measured by these common indicators.

Disclosures, Tax Evasion, and Audits

Next in Table 3, I investigate the effect of financial disclosure laws on the propensity of businesspeople to run for local office. The models in Columns 1-3 indicate that after the reform was passed, the overall number of candidates coming from the business community fell by roughly 1 percentage point. Considering the baseline proportion of businessperson candidates was roughly 9%, the reform produced a sizable 11% (percent) drop. The remaining columns in this table indicate that much of this effect is driven not by directors of large firms (Columns 4-6), but instead by individual entrepreneurs (Columns 7-9). For this latter subsample, the reform results in a 20% (percent) decrease in the number of entrepreneurs who ran for office. I interpret these findings as evidence that the population of businesspeople most likely to engage in tax evasion – individual entrepreneurs – are turned off of candidacy because of the transparency requirements. Again these results are robust to several modeling approaches, including the use of municipality fixed effects.

This squares with substantial qualitative evidence of tax authorities going after municipal deputies for tax evasion following the passage of the 2015 amendment. In July 2017, a deputy from the ruling party United Russia in Tobolsk in Tyumen Oblast was arrested on suspicions of having avoided 3 million rubles ($50,000) in taxes from a number of small-scale trading kiosks he owned.[39] That same month an audit of a local deputy and developer in Nizhegorodskaya Oblast uncovered an underpayment of taxes of roughly 1 million rubles ($16,000).[40] Many more of these arrests are never covered by the press. Fear of scrutiny from law enforcement officials drives away many qualified candidates and specialists from working in government, who claim that the tax man will jump on their case immediately upon taking office.[41] In Appendix Section G.3, I examine candidates from all other occupations, such as doctors and educators, and find no effect of the disclosure law. I interpret this as evidence that although some members of professions had hidden

[39] RIA FederalPress. "Deputy Made Off with 4 million, Developer and Deputy Head of Investigation Under Investigation." July 21, 2017.

[40] Vidonova, Irina. "Deputy Suspected of Embezzlement in Nizhegorodskaya Oblast." *NN.ru*, July 25, 2017.

[41] Mukhametshina, Elena and Olga Churakova. "Fight Against Corruption Disrupts New Politicians in the Regions". *Vedomosti* November 30, 2016

income, the disclosure laws on the whole did not strike fear throughout the profession that tax authorities would pursue evaders.

To further demonstrate how financial disclosures function, I turn to heterogeneity at the regional level. Hypotheses 2 and 3 make the argument that candidates view the asset disclosure as a type of personal tax audit. We therefore should expect that places with strong law enforcement capacity by tax authorities should see even fewer candidates running who potentially have something to hide from officials. I measure enforcement capacity using data from the Russian Tax Agency on the number of desk audits conducted by the Federal Tax Service in each region in 2014. There are two types of audits in Russia. Desk audits involve submitting documentation to tax authorities by mail or electronically, whereas field audits are conducted on site where the taxpayer is located. Both measures are used to investigate a host of evasive actions firm owners may have taken on their tax forms, including declaring profit losses, claiming tax exemptions, underreporting wages, and misreporting sales. Given their lower cost, desk audits are by far the most common form of inspection by Russian tax authorities. In 2016 alone, the Russian Tax Agency conducted nearly 40 million desk audits, a number over 1,500 times greater than the total of field audits. Evidence of any violations are punishable with fines and/or jail time.

Audits are conducted through one of roughly 3,000 tax inspectorates which are coordinated under regional umbrellas. I divide the number of audits by the total population in the region as a rough measure of the likelihood that an individual will be audited in a given year. To ease exposition, I subset the population of elections into terciles according to this ratio: high, medium, and low risk of tax audits. Regions vary widely in their use of desk audits per capita (ranging from 5% in regions such as Dagestan and Chechnya to over 25% in Yaroslavl and Tomsk).

Table 5 presents regressions that use the percentage of candidates that are individual entrepreneurs as an outcome variable. In Columns 1-3, the model specifications include region fixed effects as well as municipal-level covariates. Columns 4-6 drop the region-level fixed effects, instead adding a vector of region-level covariates from the Russian State Statistics Service: logged GDP, population size, a dummy for whether the region is an ethnic republic, the percent of the regional population living in urban areas, the percent of the population using the internet, and the share of GDP derived from natural resource exploitation. The goal of using the two specifications is to alternately control for time-invariant region-specific characteristics and then those features that might be correlated with bureaucratic capacity, such as wealth, urbanization, and exposure to modern technology.

The results are consistent across the empirical approaches. Individual entrepreneurs are far less likely to run for office when the risk of getting audited by the tax authorities is high. In fact, in the 'low' and 'medium' risk regions, we do not see the financial disclosure reforms having any effect on the propensity of these entrepreneurs to run for office. The main mechanism driving entrepreneurs from seeking office is their concern over being audited, and thus being held accountable for any crimes committed before they sought political office. Anti-corruption campaigns thereby help deter those with something to hide from running in elections, but require high levels

of enforcement to achieve that effect. Appendix Section F.2 uses other measures of fiscal capacity, such as income and property tax collection, and uncovers fully robust results. Entrepreneurs run for office in lower numbers when the capacity of tax agencies is high.

One alternate explanation for the heterogeneous effects among businessperson candidates points to the clause in the 2015 amendment that the requirement to disclose all conflicts of interest in addition to assets. However, the differential effects seen in Table 3 for large versus small firm directors suggests that the conflict of interest clause was insufficiently strong to deter candidacy from all types of businesspeople. The lack of clear directives on how conflicts of interest should be handled beyond declarations led directors of larger firms to believe that managing a business while in office was not illegal, but instead should be only be made public knowledge. Again I interpret this as evidence that laws designed to combat corruption must be equipped with enforceable sanctions that hold officials to account for potential abuses of office. The clause pertaining to conflict of interests allows politicians to disclose but not take any action; for many of these individuals, their ties to the business community were already well-known (for example, through their candidate registration submissions). The reforms didn't necessarily change improve public awareness on that account.

Finally, I provide evidence in Table 4 that a decrease in the ratio of candidates with certain backgrounds also leads to a drop in the likelihood of those candidates winning office. It is not the case, for example, that an election that attracts smaller numbers of part-time incumbents running again nevertheless returns a high percentage of those incumbents ultimately winning seats. In the cases of both part-time incumbents and entrepreneurs, fewer candidates mean less official representation from these two groups. Interestingly, the reform does not damage the reputation of United Russia candidates, who enjoyed a majority of seats on nearly all municipal councils during the period. Fears expressed by UR officials that their members would be disproportionately hurt did not come true. In this instance, the authoritarian regime did not face negative consequences for trying to clean its house of corruption, either because the general public does punish the party if its incumbents drop out or new, promising candidates are found to replace those that leave.

Conclusion

This paper demonstrates that anticorruption campaigns, properly enforced, can have large effects on selection into elected office. Incumbents elected under previous ethics regimes fear being held accountable for enrichment and leave office in order to avoid having to disclose their wealth. Furthermore, the fear of greater attention (and possibly prosecution) from authorities deters candidacies among individuals coming from occupations associated with greater tax evasion. This deterrent effect is even stronger when tax authorities have greater capacity to enforce tax rules and combat avoidance. In all, disclosure laws shape the incentives of both current incumbents and potential candidates to serve in government, and can generate significant turnover in the people that seek political office. Of particular interest is the finding that regime supporters or

opponents declined running for re-election are near equal rates. The anti-corruption campaign in Russia resembles a broad, more or less even-handed cleaning house of unscrupulous local elites than a selective, targeted purge of unwanted opponents.

How far these results travel beyond Russia depends on three factors that drive the effectiveness of the disclosure laws studied here. First, to be effective, disclosure laws must result in significant changes to the public availability of information about politician wealth. In countries where independent media already closely tracks the activity of politicians in office, making information public about their finances will result in few if any effects on political selection. Disclosure laws must reveal both new and accurate information to the public and any responsible authorities. The case of Russia suggests that it took several attempts to effectively strengthen anticorruption legislation (the reasons behind the delay are an open question). But real changes occurred among elected officials when disclosures had to be publicized and enforcement was imposed.

Making disclosures public also empowers rivals who can capitalize on noncompliance with the law to win political power. Ginsberg and Shefter (1990) describe ethics rules as "weapons of institutional combat" since they provide resources and incentives to attack one's political adversaries. This is already the case in Russia. Already by late 2017, local deputies mounted a nationwide campaign to compel national lawmakers rescind the 2015 amendment. One of these deputies' main complaints was the role played by their political opponents, who had scrutinized the filings and led attempts to punish incumbents for noncompliance; one commentator labelled the disclosures an "instrument used in local political wars."[42] Political competition can drive the effectiveness of moves towards transparency.

Next, citizen-candidate models hold that an individual's outside options strongly influences his or her decision to run for office. Incumbents in Russia calculated that they could still earn a desirable level of income in the private sector, and thus willingly left office when the disclosure law reduced the opportunities for rent-seeking in government. In countries where state employment is the only credible avenue for self-enrichment, disclosure laws may not be sufficient to drive corrupt officials out of office. These officials will earn considerably less the private sector and many might prefer to continue stealing in office and run the risk of getting caught, rather than take such a drastic cut to their income.

The third factor relates to whether asset disclosures can be anchored in wider ethics, administrative, or, in the case of Russia, criminal codes (Habershon and Trapnell, 2012). By 2015, the institutional arrangement introduced by Russia's anticorruption law gave broad powers to tax authorities and other law enforcement bodies to request the more detailed version of the disclosures. Regional governors set up anticorruption bodies to coordinate the work of law enforcement authorities examining the disclosures, and facilitate information-sharing.[43] Political candidates feared prosecution not from a central anticorruption agency in Moscow (Meagher, 2005), but from local and regional prosecutors who could bring about a variety of criminal charges based on their

[42]Inyutin, Vsevolod and Irina Luykyanova. "Local Deputies Keep Their Reporting" *Kommersant*, November 21, 2017

[43]Churakova, Olga and Anastasiya Kornya. "Governors Check Mayors for Honesty" *Vedomosti*, January 25, 2017

reported assets. Furthermore, identifying aberrant behavior by politicians, whether illicit self-enrichment or tax evasion, requires cross-checking the information in disclosures against other outside data sources, such as official tax records or property registries. Validating disclosures undermines the incentives to submit false information. These decentralized control commissions forces politicians to obey the letter of the law (if not the spirit) to avoid unwanted attention.[44]

Indeed, part of the success of the anticorruption drive could perhaps be precisely because of the focus on the municipal level. Citizens have much more personal contacts with their local politicians, who often occupy key roles in society before being elected (directors of hospitals, schools, companies, etc.). By weeding out bad actors that were highly visible to their constituents, the regime could demonstrate that it was taking corruption seriously without incurring too many political risks. The scattered departures of local politicians across the country due to the disclosure law pose minimal threats to regime stability, especially if public opinion about the government's fight against corruption improves. Tackling corruption in rural areas, for example, provides many political benefits, but small and manageable costs. In that regard, low-level anticorruption campaigns allow governments to pluck off low-hanging, spoiled fruit, leaving the tree healthier and more attractive.

The findings in this paper cannot say definitely whether disclosure laws have reduced actual levels of corruption in Russia. To do so would require measures of rent-seeking currently unavailable (and perhaps dependent on information revealed in disclosure laws, further complicating efforts). But the evidence presented here suggests that requiring candidates to declare their wealth increasing the costs of engaging in corruption. The blatant use of political office for self-enrichment now carries real criminal risks, since state authorities have a better ability to monitor and prosecute officials. True, some politicians will inevitably learn how to structure their wealth to prevent their disclosures from triggering scrutiny, such as by transferring assets to more distant relatives or taking advantage of offshore companies. But these steps impose their own potentially sizable set of financial and agency costs. For corruption to persist in highly transparent governments, it must become more sophisticated, which could disincentivize many officials from seeking rents. This question remains especially ripe for future research.

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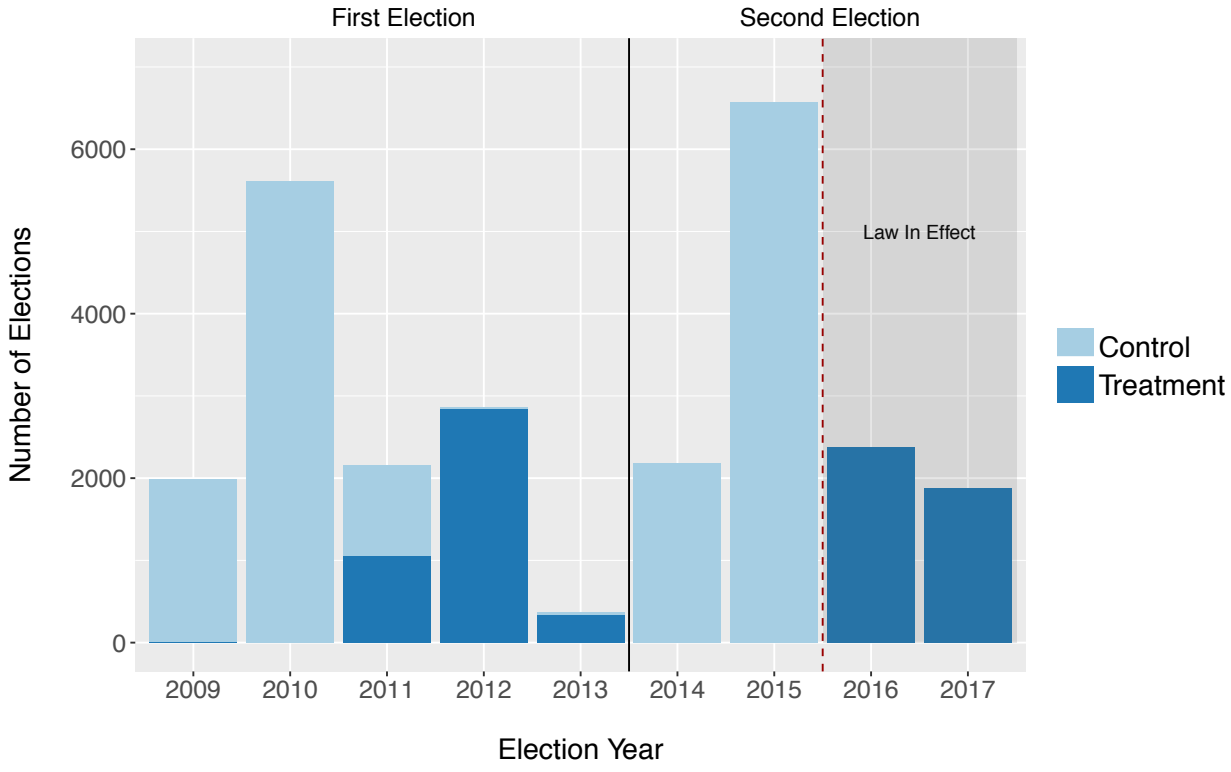
FIGURE 1: TREATMENT VERSUS CONTROL ELECTIONS OVER TIME



This figure plots the number of elections per year for the treatment (dark) and control (light) municipalities. A municipality is treated if its second election in the cycle occurred to the right of the dotted line (i.e. in 2016 and 2017), when the disclosures law was in effect. A municipality is in the control group if its second election in the cycle occurred to the left of the dotted line. The left panel denotes the number of 'first' elections for each group by year.

TABLE 1: BASELINE COVARIATES

	Treated Elections	Control Elections	Difference
(1) Population (log)	7.086	7.086	0.000
(2) Territory (log)	2.363	2.350	0.013***
(3) Revenue (log)	8.900	8.855	0.045
(4) City Settlement	0.060	0.052	0.008*
(5) Rural Settlement	0.878	0.908	-0.030***
(6) City District	0.015	0.009	0.006***
(7) Municipal Rayon	0.047	0.031	0.016***
(8) Number Seats	9.937	9.903	0.034
(9) Number Candidates per Seat	1.664	1.671	-0.006
(10) Part-time Deputy Candidates (%)	0.285	0.273	0.012**
(11) Full-time Deputy Candidates (%)	0.041	0.018	0.024***
(12) Businessperson Candidates (%)	0.089	0.085	0.004**
(13) Candidate Age	45.010	45.125	-0.115*
(14) Female Candidates (%)	0.543	0.499	0.044***
(15) Candidate Education	4.159	4.157	0.002
(16) Number of Elections	4,251	8,745	

*** $p<0.01$, ** $p<0.05$, * $p<0.1$ The Treated Election column averages baseline (during the time of the first election) statistics for all municipalities (and municipal elections) that would later be affected by the 2015 disclosure law. The Control Elections column averages the same baseline data for the other group of municipal who held their second elections immediately prior to the law being passed. The Difference column presents difference in these means with stars indicating the degree of statistical significance.

TABLE 2: DISCLOSURE LAWS AND INCUMBENCY

	Part-Time Incumbents (%)			Full-Time Incumbents (%)			Candidates per Seat		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Treatment Group * Second Election	−0.060***	−0.068***	−0.060***	−0.030*	−0.015	−0.030	0.038	0.076**	0.038
	(0.015)	(0.016)	(0.022)	(0.016)	(0.017)	(0.021)	(0.036)	(0.035)	(0.053)
Treatment Group	0.063***	0.066***		0.007	0.001		−0.003	−0.060	
	(0.017)	(0.020)		(0.012)	(0.015)		(0.036)	(0.041)	
Second Election	0.094***	0.098***	0.094***	0.090***	0.076***	0.090***	−0.004	−0.021	−0.004
	(0.009)	(0.008)	(0.012)	(0.011)	(0.008)	(0.015)	(0.027)	(0.022)	(0.039)
No. Seats (log)	−0.0002	0.022		0.0002	0.007		0.287***	−0.232***	
	(0.012)	(0.020)		(0.007)	(0.008)		(0.030)	(0.061)	
Population (log)		−0.017**			−0.004			0.164***	
		(0.007)			(0.003)			(0.022)	
Territory (log)		0.032			0.010			−0.124***	
		(0.026)			(0.011)			(0.036)	
Revenue (log)		0.009**			0.001			0.025***	
		(0.004)			(0.002)			(0.008)	
Unit Type Fixed Effects	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Region Fixed Effects	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Municipality Fixed Effects	No	No	Yes	No	No	Yes	No	No	Yes
Observations	25,992	22,257	25,992	25,992	22,257	25,992	25,992	22,257	25,992
R^2	0.214	0.183	0.743	0.192	0.169	0.617	0.404	0.440	0.788

*** p<0.01, ** p<0.05, * p<0.1 Columns 1-3 analyze the percentage of part-time incumbents that ran for re-election, Columns 4-6 analyze the percentage of full-time incumbents that ran for re-election, and Columns 7-9 analyze the total number of candidates (incumbent and not) that ran for office. For each outcome, the leftmost column runs a basic reduced form model, the middle column adds municipality characteristics, and the rightmost column adds municipality fixed effects (which forces all time-invariant predictors to drop out). All models use OLS and cluster standard errors at the region and election year levels.

TABLE 3: DISCLOSURE LAWS AND BUSINESSPERSON CANDIDATES

	Businesspeople (%)			Firm Directors (%)			Entrepreneurs (%)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Treatment Group * Second Election	−0.012***	−0.010**	−0.012**	−0.004	−0.003	−0.004	−0.008***	−0.007***	−0.008***
	(0.004)	(0.004)	(0.005)	(0.003)	(0.003)	(0.003)	(0.002)	(0.002)	(0.003)
Treatment Group	0.013***	0.009**		0.005	0.004		0.008***	0.005*	
	(0.003)	(0.004)		(0.003)	(0.003)		(0.002)	(0.003)	
Second Election	0.008***	0.009***	0.008***	0.002***	0.003***	0.002*	0.005***	0.006***	0.005***
	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
No. Seats (log)	0.074***	−0.031***		0.047***	−0.023***		0.028***	−0.008*	
	(0.006)	(0.006)		(0.004)	(0.005)		(0.004)	(0.004)	
Population (log)		0.035***			0.021***			0.014***	
		(0.003)			(0.002)			(0.002)	
Territory (log)		−0.030***			−0.027***			−0.003	
		(0.008)			(0.006)			(0.005)	
Revenue (log)		0.006***			0.007***			−0.001	
		(0.002)			(0.001)			(0.001)	
Unit Type Fixed Effects	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Region Fixed Effects	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Municipality Fixed Effects	No	No	Yes	No	No	Yes	No	No	Yes
Observations	25,992	22,257	25,992	25,992	22,257	25,992	25,992	22,257	25,992
R^2	0.294	0.312	0.791	0.363	0.382	0.827	0.070	0.074	0.679

*** p<0.01, ** p<0.05, * p<0.1 Columns 1-3 analyze the percentage of candidates with any background in the private sector, Columns 4-6 analyze the percentage of candidates who worked previously as directors, deputy directors or served on the board of firms, and Columns 7-9 analyze the percentage of candidates who self-identified as individual entrepreneurs. For each outcome, the leftmost column runs a basic reduced form model, the middle column adds municipality characteristics, and the rightmost column adds municipality fixed effects (which forces all time-invariant predictors to drop out). All models use OLS and cluster standard errors at the region and election year levels.

TABLE 4: DISCLOSURE LAWS AND WINNER CHARACTERISTICS

	Part-time Incumbent Winners (%)			Businessperson Winners (%)			UR Winners (%)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Treatment Group * Second Election	-0.048^{***}	-0.057^{***}	-0.048^{**}	-0.019^{***}	-0.018^{***}	-0.019^{***}	0.030	0.036	0.030
	(0.013)	(0.013)	(0.019)	(0.003)	(0.004)	(0.005)	(0.035)	(0.034)	(0.046)
Treatment Group	0.056^{***}	0.059^{***}		0.021^{***}	0.018^{***}		-0.034	-0.034	
	(0.013)	(0.016)		(0.005)	(0.006)		(0.025)	(0.027)	
Second Election	0.091^{***}	0.094^{***}	0.091^{***}	0.011^{***}	0.012^{***}	0.011^{***}	0.057^{***}	0.055^{**}	0.057^{**}
	(0.008)	(0.007)	(0.011)	(0.002)	(0.002)	(0.002)	(0.020)	(0.022)	(0.028)
No. Seats (log)	-0.006	0.029		0.082^{***}	-0.032^{***}		-0.014	-0.00000	
	(0.012)	(0.020)		(0.006)	(0.009)		(0.009)	(0.013)	
Population (log)		-0.020^{***}			0.039^{***}			-0.006	
		(0.006)			(0.004)			(0.005)	
Territory (log)		0.027			-0.029^{***}			0.016	
		(0.022)			(0.010)			(0.020)	
Revenue (log)		0.008^{**}			0.006^{***}			0.001	
		(0.004)			(0.002)			(0.004)	
Unit Type Fixed Effects	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Region Fixed Effects	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Municipality Fixed Effects	No	No	Yes	No	No	Yes	No	No	Yes
Observations	25,992	22,257	25,992	25,992	22,257	25,992	25,992	22,257	25,992
R^2	0.197	0.169	0.739	0.263	0.280	0.791	0.232	0.222	0.663

*** p<0.01, ** p<0.05, * p<0.1 Columns 1-3 analyze the percentage of election winners that previously part-time incumbents that ran for re-election, Columns 4-6 analyze the percentage of full-time incumbents that ran for re-election, and Columns 7-9 analyze the total number of candidates (incumbent and not) that ran for office. For each outcome, the leftmost column runs a basic reduced form model, the middle column adds municipality characteristics, and the rightmost column adds municipality fixed effects (which forces all time-invariant predictors to drop out). All models use OLS and cluster standard errors at the region and election year levels.

TABLE 5: EFFECT OF AUDIT RISK ON ENTREPRENEURS RUNNING FOR OFFICE

	Audit Risk			Audit Risk		
	Low	Medium	High	Low	Medium	High
	(1)	(2)	(3)	(4)	(5)	(6)
Treatment Group * Second Election	−0.004	0.0002	−0.018***	−0.004	0.0001	−0.018***
	(0.004)	(0.004)	(0.003)	(0.004)	(0.004)	(0.003)
Treatment Group	−0.005	0.010**	0.013***	0.011***	0.012**	0.014***
	(0.005)	(0.004)	(0.004)	(0.003)	(0.006)	(0.003)
Second Election	0.002	0.003	0.012***	0.002	0.003	0.012***
	(0.002)	(0.003)	(0.002)	(0.002)	(0.003)	(0.002)
No. Seats (log)	−0.017***	−0.013	0.003	−0.016**	−0.012	−0.001
	(0.006)	(0.008)	(0.004)	(0.007)	(0.008)	(0.004)
Population (log)	0.015***	0.018***	0.010***	0.013***	0.017***	0.013***
	(0.002)	(0.003)	(0.002)	(0.002)	(0.003)	(0.003)
Territory (log)	−0.008	−0.018*	0.011*	−0.012	−0.012	0.002
	(0.013)	(0.009)	(0.006)	(0.014)	(0.008)	(0.008)
Revenue (log)	−0.002*	−0.001	0.0004	−0.0002	−0.0004	−0.002
	(0.001)	(0.001)	(0.002)	(0.002)	(0.001)	(0.002)
Regional GRP (log)				−0.005	−0.014	0.004
				(0.009)	(0.009)	(0.006)
Regional Population (log)				0.005	0.012	−0.003
				(0.010)	(0.013)	(0.008)
Ethnic Republic				−0.002	0.0002	0.004
				(0.005)	(0.006)	(0.006)
Urbanization (%)				0.012	−0.005	−0.051***
				(0.030)	(0.016)	(0.017)
Internet Usage (%)				0.065**	0.014	0.003
				(0.032)	(0.021)	(0.017)
GRP from Natural Resources (%)				0.002	−0.009	−0.022
				(0.026)	(0.048)	(0.028)
Region Fixed Effects	Yes	Yes	Yes	No	No	No
Unit Type Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,948	7,474	7,835	6,943	7,474	7,805
R^2	0.066	0.084	0.075	0.043	0.065	0.061

*** p<0.01, ** p<0.05, * p<0.1 The outcome in all Columns is the percentage of candidates who self-identified as individual entrepreneurs. Each block of columns subsets the sample of election by those taking place in regions with low, medium, and high risk of audit, based on statistics of audits per capita conducted by the Federal Tax Agency. Columns 1-3 include region fixed effects, while Columns 1-3 drop those fixed effects and include regional data from the year 2011 (the time of the first election in the sequence). All models use OLS and cluster standard errors at the region and election year levels.

Indecent Disclosures: Anti-Corruption Campaigns and Political Selection

Supplementary Appendix

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September 10, 2018

Contents

A Sample Construction

I build the sample of municipal elections using publicly available data from the website of the Russian Central Election Commission (http://www.vybory.izbirkom.ru). The first task was to scrape all information on all 52,608 elections for municipal deputies from 2009-2016. I begin with that year since only limited data on municipal elections are posted on the CEC's website before then.[1] I also remove the two subnational units located in Crimea, since they did not hold elections within the Russian Federation before 2014.

The next challenge was to link elections to municipalities, including assigning a unique indicator by which other municipal data could be linked. Using various fuzzy matching and text cleaning algorithms, I was able to match 91% of elections to their municipalities entered in the Russian Classification of Territories of Municipal Formations (OKTMO).[2] Using the municipality identifier, I then calculated that roughly 1% of the councils saw the number of elected seats change during the period. To ensure consistency in the denominator of my outcome variables (the number of candidates contesting seats), I restrict the sample to only single-member districts to councils that did not change the number of seats contested over the period.[3] I also drop municipalities within the two federal cities from the analysis (Moscow and St. Petersburg), because of additional territorial subdivisions that make their municipalities somewhat unique. The results are fully robust to including them in the sample. Finally, I drop all special (midterm) elections to replace deputies who leave their post halfway through a term; therefore, elections to each council are on at least a four year cycles. In the end, I am left with 25,992 unique elections in which 447,907 candidates ran.

To code both incumbents and previous business experience, I utilize self-reported information that candidates submit on their registration forms when running for office. Although the fields in the registration form different slightly across regions and years, they more or less follow a simple format: (1) one field indicating whether the candidate was serving as a deputy in a part-time capacity[4] and (2) two fields indicating 'occupation', including the specific place of work and the position held there. The full dataset included nearly one million candidacies, which are far too many for any detailed manual coding. Instead below I outline the specific coding steps I used based on keywords to categorize the data

The first step is to code whether a deputy served as any type of incumbent, either part-time or full-time. Any candidate with any of the following keywords in either the fields describing their part-time status as a deputy or the two profession fields were coded as having been an incumbent: 'deputy', 'council', 'assembly', or 'duma'. Although the last three words do not indicate deputy status, a small number of candidates fail to include the word 'deputy' in their profile and thus word

[1] There are only 4,176 elections available for the six years from 2003-2008.

[2] This missingness is seemingly at random, caused by several idiosyncratic reasons: (1) incomplete information in the electoral database on the specific municipality where the election was held; (2) elections being matched to multiple municipalities; (3) municipalities not having a unique OKTMO number.

[3] The results are robust to allowing for council size to shift by one seat over time.

[4] The field specifically indicates "Information about a deputy performing responsibilities on a part-time basis and the name of the corresponding representative body to which the deputy is running for office."

be missed by the search.[5] To guard against the possibility that other employees of the councils are being incorrectly coded, I remove any which have the terms 'assistant' or 'veterans', the former indicating a non-elected position and the latter indicating a position in a local veteran's council.

I then code part-time deputies if they filled out the specific field asking them about their part-time status with any of the following words: 'deputy', 'chairperson', 'council', 'assembly', or 'duma'. For full-time deputies, I adopt a two-part approach. First, I code all candidates who were identified as incumbents, but did not specifically note that they were working part-time. Next, to account for cases where candidates did not list their deputy status, I identify whether each candidate had ever won office before to the same municipal council within the previous six years (and had not listed their part-time status on their registration form). The outcome variables divide the number of part-time incumbents and full-time incumbents by the number of seats on the council.

Next, I code previous occupations using the two profession fields: place of work and specific position. In Table 1, I provide a listing of the main keywords I use to match each candidate to their occupational category. Of primary interest are the first two: firm director and entrepreneur. For 'firm directors', I required that not only did their occupation fields entry need to include a keyword from the firm director row, but also that at least one of the keywords from the 'private sector' also had to appear. This ensured that these were businesspeople at the top of privately owned firms, and not just working for the government. Entrepreneurs were identified using various keywords identifying their position, with all individuals employed in these micro-firms but not actively running them (drivers, accountants, etc.) being coded in other categories. Both firm directors and entrepreneurs are precisely measured given the small number of keywords and binding constraints available to identify which individuals worked in these specific positions in the private sector.

For the remaining occupations, the lists of keywords are much more extensive, and there was a small amount of overlap between some categories. For example, for blue collar workers, such as janitors and drivers, working in health care or education organizations, I opted to code them in the 'blue collar' category due to the specific set of skills needed for their job responsibility. A complete rundown of how I dealt with other overlaps can be found in the replication code. Therefore, I code only one type of occupation for each candidate.

[5] There are 1,025 candidates (out of 187,679) who fall into this category.

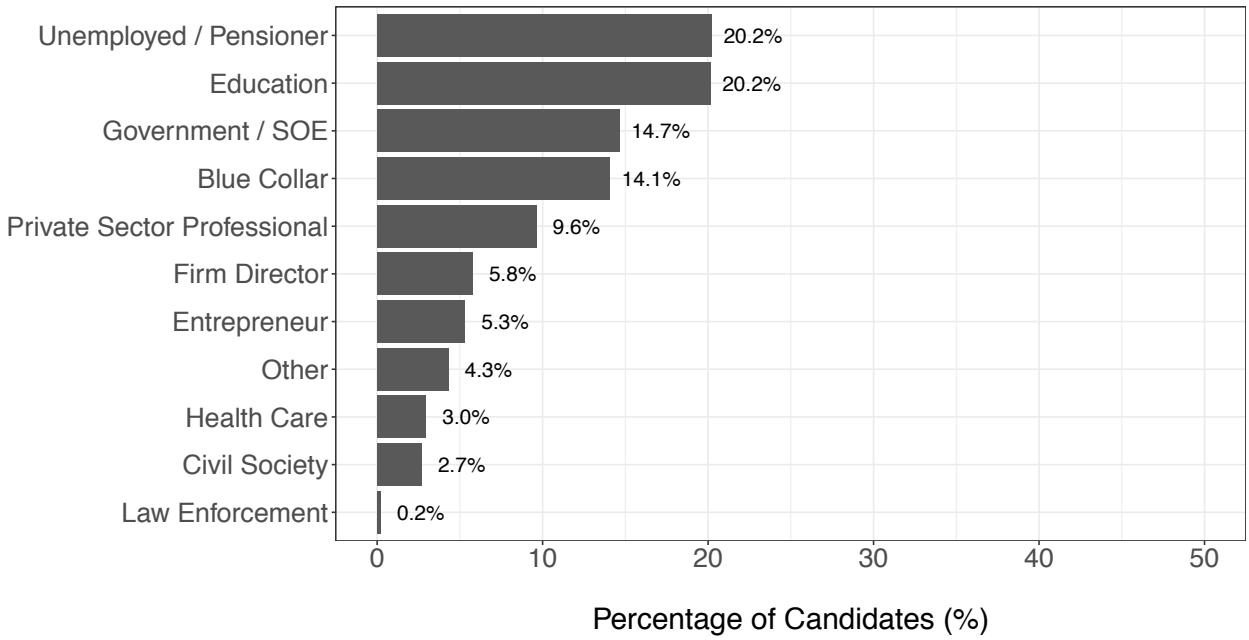
TABLE A1: EXAMPLE KEYWORDS USED TO CODE OCCUPATIONS

Occupation	Keywords
Firm Director	Director, executive director, deputy director, president, chairman of the board of directors, member of the board of directors
Private Sector	Open joint-stock company, closed joint-stock company, limited liability company, private enterprise, trade house, corporation
Individual Entrepreneur	Individual entrepreneur, private entrepreneur
Pensioner / Unemployed	Pensioner, temporarily not working, student, housewife, graduate student, unemployed
Civil Society	Newspaper, party, fund, correspondent, journalist, film director, association, NGO, union, fund, movement, noncommercial, human rights activist
Education	Teacher, pedagogue, rector, professor, instructor, docent, university, school, gymnasium, library, acaemic, institute
Health Care	Doctor, nurse, medic, veternarian, dentist, surgeon, hospital, polyclinic, outpatient
Law Enforcement	Military, policeman, commander, police officer, captain, sniper
Private Sector Professional	Accountant, agent, lawyer, expert, economist, consultant, coordinator, programmer, specialist, engineer, inspector, controller
Government	First secretary, mayor, deputy mayor, postman, state-owned enterprise, administration, agency, unemployment office,
Blue Collar Worker	Driver, dispatcher, roadbuilder, deliveryperson, cashier, machinist, mechanic, janitor, fireman, operator, security officer, chef, worker, tractorist, farmer

Figure A1 plots the distribution of candidates across various occupations. By far, the most two common occupational categories among candidates are pensioners, students and other unemployed individuals, and then people working at various education institutions. Together, these two categories account for nearly 40% of all candidacies. Since most of the positions on municipal councils are unpaid, it makes sense to see strong demand from retired individuals from the community. Moreover, municipal councils account for the majority of spending on primary education; their responsibilities attract many leading members of the community who wish to get their voices heard on these issues. The two categories related to private sector leadership (firm directors and individual entrepreneurs) together account for 11% of candidacies, with an approximate equal share coming from both.

I created the main outcome measures by dividing the number of firm directors, individual entrepreneurs, and businesspeople (the two categories together) by the number of candidates running in that election. In Appendix Section **??**, I create similar outcome measures by dividing the number of candidates in each profession by the total number of candidates. I then run model specifications identical to those used in the main paper to test whether the disclosure law had any effect on the entry of candidates coming from these backgrounds.

FIGURE A1: BREAKDOWN OF CANDIDATES BY OCCUPATION



This figure plots the number of candidates from each profession divided by the total number of candidates running for all elections from 2009-2016 used in the main analysis.

B Example Declaration

- Figure A2 presents a sample income and asset declaration for a municipal deputy in the city of Gus-Kristalyne (Figure A3 gives an English language translation). Note there is somewhat limited information that is made available to the public information: name, position, salary, and basic data on real estate and transportation assets. Relevant entries are also given for the deputy's spouses and underage son. The remainder of the information that officials submit to authorities is kept secret. Electronic files containing multiple declarations in this format can be found on the website of councils, agencies and departments at all levels of government.

FIGURE A2: MUNICIPAL DEPUTY DECLARATION: ORIGINAL RUSSIAN LANGUAGE

Фамилия, имя, отчество	Должность	Общая сумма декларированного годового дохода за 2015 г. (тыс. руб.)	Перечень объектов недвижимости			Перечень транспортных средств, принадлежащих на праве собственности	Сведения об источниках получения средств, за счет которых совершена сделка
			Вид объектов недвижимости	Площадь (кв. м.)	Страна расположения		
Кондратьева Ирина Вячеславовна	член комиссии Совета народных депутатов муниципального образования город Гусь-Хрустальный	629 577,08	Квартира (общая долевая собственность, доля в праве 1/2)	77,90	Россия		
Супруг		383 996,26	Квартира (безвозмездное пользование)	77,90	Россия	Автомобиль легковой VOLKSWAGEN POLO (индивидуальная собственность)	
Сын		17 382,50	Квартира (общая долевая собственность, доля в праве 1/2)	77,90	Россия		
Сын			Квартира (безвозмездное пользование)	77,90	Россия		

FIGURE A3: MUNICIPAL DEPUTY DECLARATION: ENGLISH TRANSLATION

Last Name, First Name, Patronymic	Position	Total Declared Annual Income for 2015 (ths. Rubles)	List of Real Estate Properties			List of Transportation Assets	Information on the sources of assets on which a transaction was made
			Type of Property	Sq. Meters	Country		
Kondrat'eva Irina Vyacheslavovna	Member of the Council of People's Deputies of the Municipal Organization City Gus'-Krustalnyi	629 577,08	Apartment (total share - 1/2)	77,90	Russia		
Spouse		383 996,26	Apartment (free use)	77,90	Russia	Light automobile VOLKSWAGEN POLO (individual asset)	
Son		17 382,50	Apartment (total share - 1/2)	77,90	Russia		
Son			Apartment (free use)	77,90	Russia		

C Additional Anecdotal Evidence

This section includes additional examples of prosecutors removing (or attempting to remove) local officials for either filing false disclosures or failing to submit a disclosure altogether. A simple internet search, such as through Google or Yandex news engines, uncovers hundreds more like it.

- July 2016: Two deputies of the Krasynoyarsk City Duma (Krasnoyark Region) removed from office for failing to submit their declarations (Lavrov, Sergey. "Deklarants Didn't Follow the Rules of Their Positions" *Moskovskiy Komsolets*, July 6, 2016)
- June 2016: Prosecutors in Ust-Yanskyi Rayon (Yakutia) uncover significant evidence of disclosures not being filed and bribes being paid in six local councils and administrations. One official had already been fired and the investigation was ongoing. (Pasmi.ru "Prosecutors Find Violations of Anti-Corruption Legislation Immediately in Six Administrations of Ust-Yanskyi Rayon in Yakutia" *Pasmi.Ru*, June 26, 2016)
- October 2016: Local prosecutor demands the removal of a city councillor in Sovetsk (Kaliningrad Region) for filing false information in his 2015 declaration. (Editors. "Prosecutor Demands Removal of Deputy Grinkov from Local Council of Sovetsk" *Russkiy Zapad*, October, 5, 2016)
- November 2016: Head of Control Committee remarks that ten of the 35 members of the Penza City Duma (Penza Region) will be removed for filing false information in their declarations (PenzaNews "Evaluation of Deputies' Declarations of Penza City Duma Continues" *PenzaNews*, November 7, 2016)
- January 2017: Local deputy removed from office for not filing a declaration in Dryzhinksiy Rayon (Omsk Region). (Emelyanova, Raisa. "Deputy from Dryzhinksiy Poselyeniye Loses Mandate for Not Submitting Income Declaration." *IA Omsk Region*, January 19, 2017)
- November 2017: Deputies of the Izhemsk Rayon Council Duma (Komi Republic) removed from office for failing to submit a declaration (Kanunnikova, Elena. "In Komi, Deputies Lose Their Position for Not Submitting Declarations" *IA Kremleevskaya Pressa* November 14, 2017)
- November 2017: Two deputies of the Dimitrovograd City Duma (Ulyanovsk Region) removed from office for submitting false information on their declarations (Titov, Sergey. "Gorduma Dimitrovograda Defends Its Deputies" *Kommersant* November 20, 2017)

D Descriptive Statistics: Municipal Level

- Table A2 gives summary statistics for the municipal-level dataset used in the main analysis.

TABLE A2: SUMMARY STATISTICS: MUNICIPAL ELECTIONS

Statistic	N	Mean	St. Dev.	Min	Max
No. Candidates	25,992	17.232	11.128	7	187
No. Seats	25,992	9.914	3.194	7	50
Candidates per Seat	25,992	1.673	0.589	1.000	7.192
Part-Time Incumbents (%)	25,992	0.314	0.284	0.000	1.000
Full-Time Incumbents (%)	25,992	0.065	0.157	0.000	1.000
Businesspeople (%)	25,992	0.088	0.102	0.000	0.714
Firm Directors (%)	25,992	0.041	0.073	0.000	0.700
Entrepreneurs (%)	25,992	0.047	0.064	0.000	0.667
Part-time Incumbent Winners (%)	25,992	0.264	0.249	0.000	1.000
Full-time Incumbent Winners (%)	25,992	0.053	0.136	0.000	1.000
Businessperson Winners (%)	25,992	0.092	0.120	0.000	0.955
UR Winners (%)	25,992	0.750	0.226	0.000	1.000
Mean Age	25,992	0.508	0.225	0.000	1.000
Female (%)	25,992	45.424	3.952	24.833	62.875
Education Level	21,679	4.149	0.426	0.000	5.000
Average Margin	22,837	0.211	0.093	0.000	0.715
Effective No. Candidates	18,825	1.899	2.259	0.079	47.267
No. Credible Candidates (%)	25,992	1.281	0.686	0.000	4.200
City District	25,992	0.011	0.104	0	1
Urban Settlement	25,992	0.055	0.227	0	1
Rural Settlement	25,992	0.898	0.302	0	1
Municipal Rayon	25,992	0.036	0.187	0	1
Revenue (log)	25,656	8.869	1.460	6.267	16.691
Population (log)	22,993	7.070	1.122	4.025	12.942
Territory (log)	24,186	2.354	0.136	−1.181	2.952
Audits / Population (%)	25,992	0.203	0.045	0.052	0.336
Regional GDP (log)	25,992	13.122	0.910	10.407	15.429
Regional Population (log)	25,992	14.428	0.691	10.667	15.774
Ethnic Republic	25,992	0.309	0.462	0	1
Urbanization (%)	25,992	0.676	0.102	0.290	0.956
Internet Usage (%)	25,944	0.456	0.117	0.000	0.681
GDP from Natural Resources (%)	25,992	0.089	0.128	0.000	0.708

E Assessing Pre-Treatment Covariates

- To evaluate whether treated and control municipal elections differed along important dimensions before the law was passed, I plot the residuals from Equation (1), aggregated according to the two groups. The sample includes all elections that form the 'first' election in the sequence, that is, before the disclosures amendment was passed in 2014. The control and treatment designations again refer to whether the municipality held its 'second' council election in the sequence before (control) or after (treatment) the disclosure amendment passed.

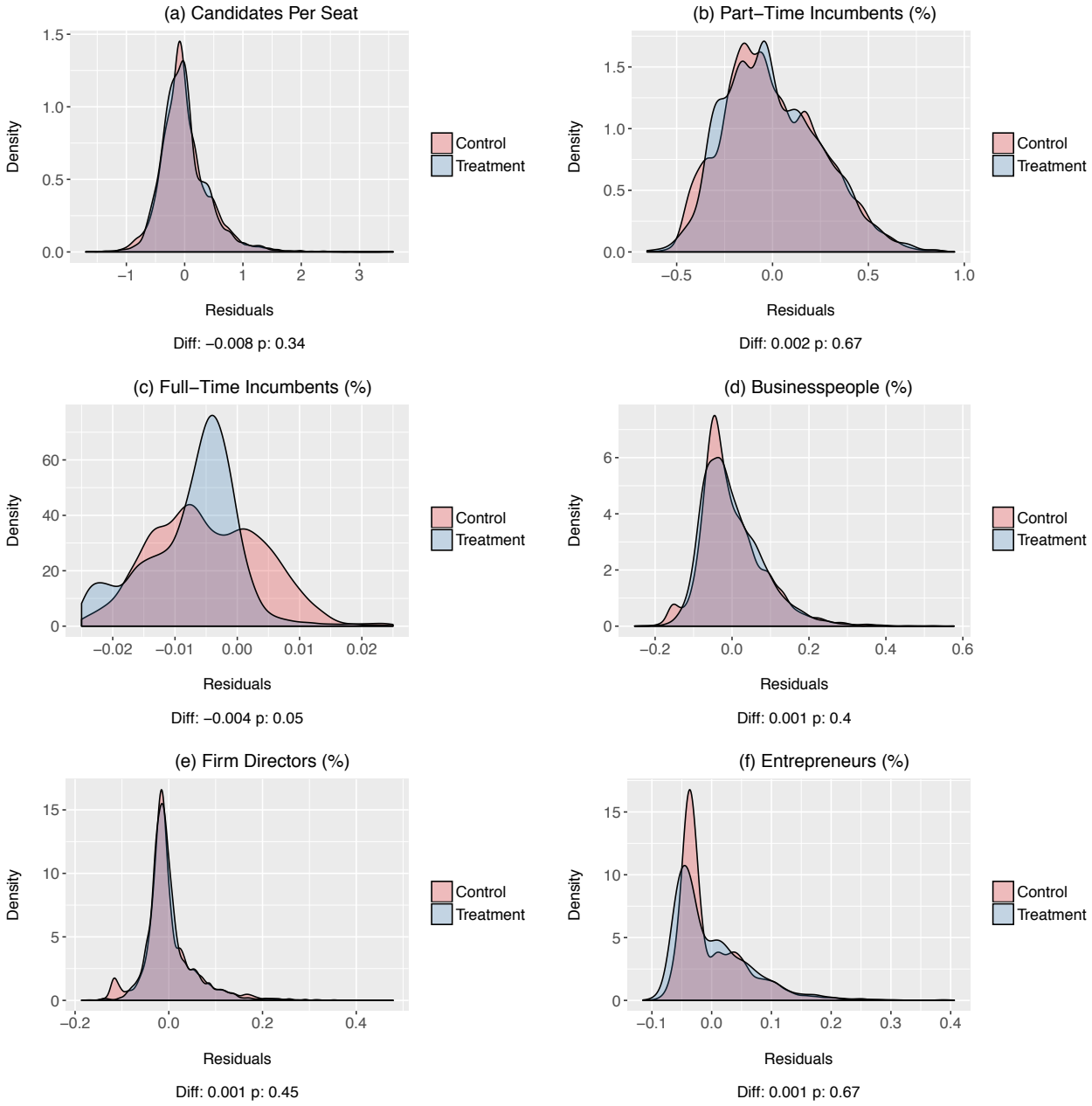
$$Y_{yrt} = \alpha + \beta_{yrt} * MunCovariates + \lambda_y + \mu_r + \zeta_t + \epsilon_{yrt} \tag{1}$$

  where Y indexes the six main outcome variables analyzed in the main text (candidates per seat, the share of part-time incumbents running for re-election, the share of full-time incumbents running for re-election, and the share of candidates that were businesspeople, firm directors and entrepreneurs, separately); *MunCovariates* includes municipality-level measures of income, population, territorial size, and the size of the council (all logged); λ is a election year fixed effect; μ is a region fixed effect; and ζ is a municipality unit-type fixed effect (urban settlement, etc.). Errors are clustered at region and election year.

- I then average the residuals from this regression according to whether a municipality was treated or not later by the disclosure law. Figure A4 plots the two groups of residuals for each outcome measure with the difference in the residuals (and relevant p-value) given below the x-asis.

- The results indicate broad comparability between the two groups on most outcome measures. The lone exception is plot (c) for full-time incumbents, where although the treated and control residuals are statistically similar on average, the densities are clearly different. Part of this could lie in the challenges of assessing whether candidates to office were actually incumbents in the control elections, which generally happened from 2009-2011 and cannot draw on detailed election data before 2009 to see if candidates re-ran. The Russian Central Election Commission does not make electoral information available for the vast majority of municipal elections prior to 2009, depriving me of the ability to run this validity check. To attempt to account for these potential differences, in the main specifications, I include several different types of fixed effects.

FIGURE A4: RESIDUALS DENSITY PLOTS: PRE-TREATMENT ANALYSIS



This figure plots the density of residuals for each of the six outcomes (a-f) in the baseline (pre-treatment) election. Predictors used include municipal council size, territory size, revenue, and population as well as election year, region, and municipal unit fixed effects. The differences between the mean residuals is not significant at conventional levels for any of the six sets of residuals.

F Robustness Checks

F.1 Analysis at Individual Candidate Level

- All analysis in the main text is conducted at the election level, with the share of incumbents and different types of candidates running used as outcome measures. This section adopts an alternate empirical strategy that looks solely at whether incumbents ran for re-election using *candidate-level* data. First, I identify all candidates who won office in any of the elections designated as treatment or control during the first election of the sample used in the main analysis (roughly 2009-2012). I then code whether that incumbent ran again in a council election within the same municipality in the second election, i.e. that those who ran for re-election. Unfortunately, I do not know what 'type' of incumbent they are (part-time or full-time), since candidates do not submit information on the exact level of responsibilities they are seeking upon registration. Therefore, a pure replication of the difference-in-differences effect specific to part-time incumbents is impossible.
- Nevertheless, Table A3 shows that incumbents altogether are much less likely to run for re-election after the disclosures law has been passed (the Treatment Group variable in the table). Altogether, an incumbent is roughly 8-10% less likely to defend their seat if it is being contested in an election held in 2016 or 2017, as compared to the two years prior, even controlling for a variety of other candidate and municipality characteristics in Columns 2 and 3.
- Next, in Table A4, I run an identical regression, but subset only to incumbents that had won office initially with an affiliation with the ruling party United Russia. The issue here is to investigate whether the disclosures law exerted a differential effect on opposition candidates, who might be though to be specifically targeted by the anti-corruption campaign. However, we see from that the coefficients on Treatment Group are nearly identical in Tables A3 and A4. This suggests that UR deputies are leaving office at identical rates as opposition deputies once the disclosure law has been passed. I take this as evidence that the campaign is not being used to purge unwanted challengers from the ranks of government, but rather to clean house from within the ruling party.
- Finally, in Table A5, I examine whether part of the reason for incumbents choosing not to defend their seats is that they believe their chances of re-election are somehow lower in 2016 or 2017, potentially unconnected to the passage of the disclosures law. If so, then there are other trends at work influence re-election patterns and the anti-corruption campaign is just picking up a different change in circumstance. I subset the sample to all incumbents in the first election of the sequence who chose to run again between 2014 and 2017, with Treatment Group again indicating if that second election occurred in the latter two years. The outcome variable is then if the incumbent from the first election won their second election, thereby holding on to their seat.
- Here the results indicate that 2016 and 2017 were overall advantageous years for incumbents to hold onto their seats. There are clearly higher re-election rates after the disclosure laws were passed. This suggests two potential things happening. First, there is not a downward trend, perhaps in regime popularity or attitudes towards incumbents, that are driving down interest in running for re-election. Secondly, this may serve as evidence that incumbents with less to fear from the new disclosure laws (i.e. those that are more honest and less afraid of prosecution) win re-election more of the time. The general public may be witnessing the exit of the corrupt incumbents, scared out of office by the disclosure law, and seeing those who stay on as signaling their integrity.

TABLE A3: INCUMBENTS RERUNNING FOR OFFICE

	Incumbent Re-ran in Second Election		
	(1)	(2)	(3)
Treatment Group	−0.094***	−0.095***	−0.098***
	(0.018)	(0.018)	(0.021)
Female		0.014***	0.010*
		(0.005)	(0.005)
Age (log)		−0.059***	−0.056***
		(0.015)	(0.018)
Businessperson		0.032***	0.037***
		(0.008)	(0.008)
Full-time Incumbent (previous term)		0.038***	0.040***
		(0.014)	(0.013)
Part-time Incumbent (previous term)		0.050***	0.054***
		(0.006)	(0.006)
Ruling Party		0.033***	0.036***
		(0.003)	(0.004)
Systemic Opposition		−0.002	0.001
		(0.010)	(0.010)
Other Opposition		0.022	0.023
		(0.019)	(0.027)
Council Size			−0.008
			(0.009)
No. Cands (first election)			−0.0002
			(0.010)
Population (log)			−0.025***
			(0.005)
Territory (log)			0.007
			(0.020)
Revenue (log)			0.0001
			(0.004)
Unit Type Fixed Effects	Yes	Yes	Yes
Region, Year Fixed Effects	No	Yes	Yes
Observations	128,842	128,841	104,360
R^2	0.027	0.030	0.030

*** p<0.01, ** p<0.05, * p<0.1 This table conducts analysis at the individual (candidate) level to examine the factors influencing whether incumbents run for re-election. The sample includes all incumbents from the baseline elections. The key predictor of interest is 'Treatment Group' a binary which denotes whether the second (re)election occurred after the disclosure law was passed in 2015. The indicators for full-time versus part-time incumbents measure whether the incumbent had served previously as an incumbent. All models use OLS and cluster standard errors at the region level.

TABLE A4: UNITED RUSSIA INCUMBENTS RERUNNING FOR OFFICE

	Incumbent Re-ran in Second Election		
	(1)	(2)	(3)
Treatment Group	-0.105^{***}	-0.104^{***}	-0.108^{***}
	(0.020)	(0.019)	(0.022)
Female		0.011^{**}	0.008
		(0.005)	(0.005)
Age (log)		-0.083^{***}	-0.083^{***}
		(0.019)	(0.022)
Businessperson		0.024^{***}	0.030^{***}
		(0.009)	(0.009)
Full-time Incumbent (previous term)		0.030^{*}	0.033^{**}
		(0.016)	(0.015)
Part-time Incumbent (previous term)		0.049^{***}	0.054^{***}
		(0.006)	(0.006)
Council Size			-0.009
			(0.010)
No. Cands (first election)			-0.003
			(0.011)
Population (log)			-0.027^{***}
			(0.005)
Territory (log)			0.030
			(0.023)
Revenue (log)			0.001
			(0.004)
Unit Type Fixed Effects	Yes	Yes	Yes
Region, Year Fixed Effects	No	Yes	Yes
Observations	92,071	92,070	75,699
R^2	0.026	0.028	0.029

*** p<0.01, ** p<0.05, * p<0.1 This table conducts analysis at the individual (candidate) level to examine the factors influencing whether *United Russia* incumbents (i.e from the ruling party) run for re-election. The sample includes all incumbents from the baseline elections. The key predictor of interest is 'Treatment Group' a binary which denotes whether the second (re)election occurred after the disclosure law was passed in 2015. The indicators for full-time versus part-time incumbents measure whether the incumbent had served previously as an incumbent. All models use OLS and cluster standard errors at the region level.

TABLE A5: INCUMBENTS RERUNNING FOR AND WINNING OFFICE

	Incumbent Won in Second Election		
	(1)	(2)	(3)
Treatment Group	0.043**	0.038**	0.034**
	(0.018)	(0.016)	(0.017)
Female		−0.018***	−0.021***
		(0.005)	(0.006)
Age (log)		−0.063***	−0.059***
		(0.012)	(0.010)
Businessperson		0.004	0.004
		(0.006)	(0.006)
Full-time Incumbent (previous term)		0.043***	0.036**
		(0.010)	(0.015)
Part-time Incumbent (previous term)		0.032***	0.030***
		(0.006)	(0.006)
Ruling Party		0.077***	0.068***
		(0.007)	(0.008)
Systemic Opposition		−0.079***	−0.069***
		(0.025)	(0.025)
Other Opposition		0.092***	0.047
		(0.030)	(0.031)
Council Size			0.060***
			(0.011)
No. Cands (first election)			−0.045***
			(0.009)
Population (log)			0.003
			(0.004)
Territory (log)			0.006
			(0.019)
Revenue (log)			−0.005*
			(0.003)
Unit Type Fixed Effects	Yes	Yes	Yes
Region, Year Fixed Effects	No	Yes	Yes
Observations	60,484	60,484	49,342
R^2	0.051	0.068	0.060

*** p<0.01, ** p<0.05, * p<0.1 This table conducts analysis at the individual (candidate) level to examine the factors influencing whether incumbents won re-election when they chose to run. The sample includes all incumbents from the baseline elections. The key predictor of interest is 'Treatment Group' a binary which denotes whether the second (re)election occurred after the disclosure law was passed in 2015. The indicators for full-time versus part-time incumbents measure whether the incumbent had served previously as an incumbent. All models use OLS and cluster standard errors at the region level.

F.2 Different Tax Capacity Measures

- The primary measure of tax capacity I use in the main text relates to the number of audits conducted at the regional level by the Russian tax authorities. I choose to lead with these results because the fear of being audited, and then prosecuted, looms large in the mind of individual entrepreneur, who do not want to run afoul of tax laws.
- That said, the vast literature on political economy often employs different indicators to measure tax capacity, primarily at the country-level. One of the most popular relates to the state's ability to collect income tax (Hendrix, 2010). As Besley and Persson (2008) argue, without data on direct investments in bureaucratic agencies, the best-available proxies utilize the share of income taxes of all revenue and the share of GDP from total taxes.
- To create similar measures for the Russian regions, I collect data from the Russian Federal Treasury (RosKazna) on regional tax receipts for 2014, the first year that the 'second elections' in the sequence occurs, but also temporarily prior and proximate to the amendments made to the disclosure law at the municipal level in late 2015. Given that income taxes are federally set and transferred directly to the center, no information is made public about exactly how much income tax revenue each region contributed. Therefore, I instead use two other proxies from the regional budget information, with the first being the amount of tax revenue from the private property of legal organizations. This direct property tax is the key source of revenue for the regional governments. It is also one of three taxes that these governments are allowed to independent set between limits of 0% and 2.2%. Overall, property tax revenues account for 20% of all regional revenue. I create two measures based on this property tax revenue: (1) the share of total revenue coming from property taxes and (2) the share of regional GDP coming from property taxes.
- As an additional check, I also collect data on regional revenue coming from more conventional income taxes on individual persons, even though regional governments have little say about the rates. However, since regional tax agencies are still responsible for collecting this, this measure serves as an alternate proxy for fiscal capacity. Again I create two measures based on (1) the share of total revenue coming from individual income taxes and (2) the share of regional GDP coming from individual property taxes. Revenue from income taxes again accounts for 20% of all regional government revenue.
- First, in Tables A6 and A7, I show specifications identical in structure to Table 5 of the main text, where the sample is split into terciles of the two measures of tax capacity (share of all regional revenue coming from property taxes in Table A6 and share of regional revenue coming from income taxes in Table A7. The outcome measure, just as before, is the share of candidates that are individual entrepreneurs. The results in both tables indicate that high capacity, differently measured, most affects the likelihood of entrepreneurs running for office after disclosure laws have been passed.
- Next, in Table A8, instead of breaking down the sample into terciles (high, medium and low capacity), I interact each measure of fiscal capacity within the standard difference-in-differences framework. I include all constituent terms, municipality covariates, as well as region fixed effects in all specifications. The triple difference-in-differences terms (DiDiD) are highlighted in bold. For all five measures (the primary audit risk measure and the two measures each for property and income tax revenues), the coefficient on the triple DiDiD term is negative and substantively large. Moreover, all but the results in Column 5 are significant at at least the 1% level. In Table A9, I exclude the region fixed effects and include regional covariates such as GRP, urbanization, and population size. The results are nearly identical when these other controls are included.
- In all, this section shows that the heterogeneous effects on fiscal capacity shown in the main text are not specific to either the measure of capacity used or the model specification. Even when including region fixed effects or other factors related to the ability of governments to extract income, entrepreneurs run for office at much lower numbers after the disclosure low where fiscal capacity is high.

TABLE A6: EFFECT OF PROPERTY TAX CAPACITY ON ENTREPRENEURS RUNNING FOR OFFICE

	Property Tax Capacity			Property Tax Capacity		
	Low	Medium	High	Low	Medium	High
	(1)	(2)	(3)	(4)	(5)	(6)
Treatment Group * Second Election	−0.002	−0.002	−0.014***	−0.002	−0.002	−0.015***
	(0.003)	(0.005)	(0.002)	(0.003)	(0.005)	(0.002)
Treatment Group	−0.001	0.002	0.013**	0.014**	0.014***	0.015***
	(0.004)	(0.004)	(0.005)	(0.006)	(0.005)	(0.003)
Second Election	0.001	0.003	0.010***	0.001	0.003	0.010***
	(0.002)	(0.003)	(0.002)	(0.002)	(0.003)	(0.002)
No. Seats (log)	−0.005	−0.017**	−0.003	−0.0004	−0.019***	−0.006
	(0.006)	(0.007)	(0.005)	(0.007)	(0.007)	(0.006)
Population (log)	0.014***	0.017***	0.012***	0.011***	0.017***	0.014***
	(0.002)	(0.003)	(0.002)	(0.003)	(0.003)	(0.003)
Territory (log)	0.006	−0.025	0.002	0.027***	−0.020	−0.001
	(0.012)	(0.017)	(0.006)	(0.009)	(0.015)	(0.005)
Revenue (log)	−0.001	−0.003**	0.001	−0.0002	−0.002	−0.001
	(0.002)	(0.001)	(0.002)	(0.002)	(0.001)	(0.002)
Regional GRP (log)				0.009	−0.012	−0.005
				(0.019)	(0.010)	(0.004)
Regional Population (log)				−0.006	0.010	0.009**
				(0.024)	(0.012)	(0.004)
Ethnic Republic				0.002	0.011	0.005
				(0.010)	(0.008)	(0.003)
Urbanization (%)				0.020	0.060	−0.075***
				(0.034)	(0.039)	(0.018)
Internet Usage (%)				0.021	−0.024	0.055***
				(0.048)	(0.023)	(0.017)
GRP from Natural Resources (%)				−0.049	−0.021	−0.009
				(0.052)	(0.021)	(0.006)
Region Fixed Effects	Yes	Yes	Yes	No	No	No
Unit Type Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	7,162	6,604	8,491	7,157	6,604	8,461
R^2	0.099	0.069	0.063	0.063	0.056	0.055

*** p<0.01, ** p<0.05, * p<0.1 The outcome in all Columns is the percentage of candidates who self-identified as individual entrepreneurs. Each block of columns subsets the sample of election by those taking place in regions with low, medium, and high fiscal capacity, based on measures of property tax revenue divided by total regional revenue taken from RosKazna. Columns 1-3 include region fixed effects, while Columns 1-3 drop those fixed effects and include regional data from the year 2011 (the time of the first election in the sequence). All models use OLS and cluster standard errors at the region level.

TABLE A7: EFFECT OF INCOME TAX CAPACITY ON ENTREPRENEURS RUNNING FOR OFFICE

	Income Tax Capacity			Income Tax Capacity		
	Low	Medium	High	Low	Medium	High
	(1)	(2)	(3)	(4)	(5)	(6)
Treatment Group * Second Election	−0.004	0.002	−0.018***	−0.005	0.002	−0.018***
	(0.003)	(0.005)	(0.003)	(0.003)	(0.005)	(0.003)
Treatment Group	−0.003	0.006	0.011**	0.011**	0.005	0.020***
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.003)
Second Election	0.002	0.002	0.014***	0.002	0.002	0.014***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
No. Seats (log)	−0.008	−0.006	−0.010*	−0.001	−0.004	−0.009
	(0.007)	(0.009)	(0.006)	(0.007)	(0.009)	(0.006)
Population (log)	0.014***	0.013***	0.016***	0.011***	0.012***	0.017***
	(0.002)	(0.002)	(0.003)	(0.003)	(0.002)	(0.004)
Territory (log)	−0.011	0.017	−0.008	0.011	0.020*	−0.016**
	(0.011)	(0.011)	(0.008)	(0.010)	(0.012)	(0.008)
Revenue (log)	−0.0004	−0.002	−0.002	0.00003	−0.003	−0.001
	(0.001)	(0.002)	(0.002)	(0.001)	(0.002)	(0.002)
Regional GRP (log)				−0.007	0.009	−0.006
				(0.012)	(0.008)	(0.006)
Regional Population (log)				0.012	−0.015	0.004
				(0.012)	(0.010)	(0.006)
Ethnic Republic				−0.001	0.008*	−0.022***
				(0.004)	(0.005)	(0.007)
Urbanization (%)				0.020	0.048	−0.074***
				(0.034)	(0.037)	(0.016)
Internet Usage (%)				0.045	−0.003	0.073***
				(0.050)	(0.012)	(0.028)
GRP from Natural Resources (%)				0.002	−0.005	0.009
				(0.031)	(0.035)	(0.030)
Region Fixed Effects	Yes	Yes	Yes	No	No	No
Unit Type Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	8,475	6,271	7,494	8,440	6,271	7,494
R^2	0.067	0.052	0.098	0.040	0.036	0.083

*** p<0.01, ** p<0.05, * p<0.1 The outcome in all Columns is the percentage of candidates who self-identified as individual entrepreneurs. Each block of columns subsets the sample of election by those taking place in regions with low, medium, and high fiscal capacity, based on measures of income tax revenue divided by total regional revenue taken from RosKazna. This measure is not available for one region, hence the slight decrease in total sample size. Columns 1-3 include region fixed effects, while Columns 1-3 drop those fixed effects and include regional data from the year 2011 (the time of the first election in the sequence). All models use OLS and cluster standard errors at the region level.

TABLE A8: EFFECT OF FISCAL CAPACITY ON ENTREPRENEURS RUNNING FOR OFFICE INTERACTIONS AND REGION FIXED EFFECTS

	Dependent Variable: Entrepreneurs (%)				
	(1)	(2)	(3)	(4)	(5)
Treatment Group	−0.036**	−0.009*	−0.022*	−0.013*	−0.010
	(0.017)	(0.005)	(0.013)	(0.007)	(0.013)
Second Election	−0.019***	−0.010***	−0.019***	−0.008*	−0.003
	(0.007)	(0.004)	(0.006)	(0.004)	(0.004)
No. Seats (log)	−0.008**	−0.008**	−0.008**	−0.008**	−0.008**
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Population (log)	0.014***	0.014***	0.014***	0.014***	0.014***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Territory (log)	−0.003	−0.003	−0.003	−0.003	−0.003
	(0.005)	(0.005)	(0.006)	(0.005)	(0.006)
Mun. Revenue (log)	−0.001	−0.001	−0.001	−0.001	−0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Treatment Group * Second Election	0.026***	0.010**	0.021**	0.008	0.004
	(0.009)	(0.005)	(0.009)	(0.006)	(0.009)
Treatment Group * Audit Risk	0.200**				
	(0.081)				
Second Election * Audit Risk	0.116***				
	(0.032)				
Treatment Group * Second Election * Audit Risk	−0.155***				
	(0.044)				
Treatment Group * Property Taxes / Reg. Revenue		0.165***			
		(0.049)			
Second Election * Property Taxes / Reg. Revenue		0.180***			
		(0.041)			
Treatment Group * Second Election * Property Taxes / Reg. Revenue		−0.201***			
		(0.048)			
Treatment Group * Income Taxes / Reg. Revenue			0.124**		
			(0.058)		
Second Election * Income Taxes / Reg. Revenue			0.109***		
			(0.026)		
Treatment Group * Second Election * Income Taxes / Reg. Revenue			−0.127***		
			(0.040)		
Treatment Group * Property Taxes / GRP				1.714***	
				(0.564)	
Second Election * Property Taxes / GRP				1.327***	
				(0.396)	
Treatment Group * Second Election * Property Taxes / GRP				−1.450***	
				(0.476)	
Treatment Group * Income Taxes / GRP					0.514
					(0.436)
Second Election * Income Taxes / GRP					0.320**
					(0.146)
Treatment Group * Second Election * Income Taxes / GRP					−0.392
					(0.274)
Region Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	22,257	22,257	22,240	22,257	22,240
R^2	0.075	0.075	0.075	0.075	0.075

*** p<0.01, ** p<0.05, * p<0.1 The outcome in all Columns is the percentage of candidates who self-identified as individual entrepreneurs. Each column interacts a different measure of fiscal capacity with the standard difference-in-differences design used in the main text. The income tax measures are not available for one region, hence the slight decrease in total sample size. All constituent terms are included. All models use OLS, include region fixed effects, and cluster standard errors at the region level.

TABLE A9: EFFECT OF FISCAL CAPACITY ON ENTREPRENEURS RUNNING FOR OFFICE INTERACTIONS AND REGION COVARIATES

	Dependent Variable: Entrepreneurs (%)				
	(1)	(2)	(3)	(4)	(5)
Treatment Group	−0.025	0.011	−0.008	0.013	0.011
	(0.016)	(0.007)	(0.014)	(0.008)	(0.012)
Second Election	−0.019***	−0.010***	−0.018***	−0.008*	−0.002
	(0.007)	(0.004)	(0.006)	(0.004)	(0.004)
No. Seats (log)	−0.004	−0.002	−0.002	−0.002	−0.002
	(0.004)	(0.005)	(0.005)	(0.005)	(0.005)
Population (log)	0.014***	0.013***	0.013***	0.014***	0.013***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Territory (log)	−0.002	0.002	0.001	0.001	0.0003
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Mun. Revenue (log)	−0.001	−0.001	−0.001	−0.002*	−0.002
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Regional GRP (log)	−0.001	−0.00003	0.002	0.001	0.004
	(0.004)	(0.005)	(0.005)	(0.005)	(0.006)
Regional Population (log)	0.003	0.001	−0.001	0.001	−0.002
	(0.005)	(0.006)	(0.006)	(0.005)	(0.006)
Ethnic Republic	−0.004*	−0.003	−0.003	−0.004	−0.004
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)
Urbanization (%)	−0.041***	−0.016	−0.031	−0.021	−0.024
	(0.012)	(0.017)	(0.020)	(0.017)	(0.022)
Internet Usage (%)	0.019	0.028	0.018	0.028	0.027
	(0.013)	(0.018)	(0.017)	(0.018)	(0.019)
GRP from Natural Resources (%)	0.015	0.001	0.005	0.004	0.001
	(0.011)	(0.014)	(0.013)	(0.013)	(0.015)
Treatment Group * Second Election	0.022**	0.009*	0.017*	0.006	0.003
	(0.009)	(0.005)	(0.009)	(0.006)	(0.010)
Treatment Group * Audit Risk	0.168**				
	(0.075)				
Second Election * Audit Risk	0.116***				
	(0.032)				
Treatment Group * Second Election * Audit Risk	−0.141***				
	(0.043)				
Treatment Group * Property Taxes / Reg. Revenue		0.007			
		(0.075)			
Second Election * Property Taxes / Reg. Revenue		0.182***			
		(0.041)			
Treatment Group * Second Election * Property Taxes / Reg. Revenue		−0.189***			
		(0.049)			
Treatment Group * Income Taxes / Reg. Revenue			0.087		
			(0.057)		
Second Election * Income Taxes / Reg. Revenue			0.106***		
			(0.026)		
Treatment Group * Second Election * Income Taxes / Reg. Revenue			−0.108***		
			(0.039)		
Treatment Group * Property Taxes / GRP				−0.103	
				(0.640)	
Second Election * Property Taxes / GRP				1.337***	
				(0.396)	
Treatment Group * Second Election * Property Taxes / GRP				−1.340***	
				(0.469)	
Treatment Group * Income Taxes / GRP					0.033
					(0.396)
Second Election * Income Taxes / GRP					0.289**
					(0.138)
Treatment Group * Second Election * Income Taxes / GRP					−0.383
					(0.281)
Region Fixed Effects	No	No	No	No	No
Observations	22,222	22,222	22,205	22,222	22,205
R^2	0.055	0.051	0.051	0.051	0.050

*** p<0.01, ** p<0.05, * p<0.1 The outcome in all Columns is the percentage of candidates who self-identified as individual entrepreneurs. Each column interacts a different measure of fiscal capacity with the standard difference-in-differences design used in the main text. The income tax measures are not available for one region, hence the slight decrease in total sample size. All constituent terms are included. All models use OLS, include region covariates, and cluster standard errors at the region level.

G Alternate Outcome Variables

G.1 Other Candidate Demographics

- Disclosure laws could also conceivably have an effect on candidate quality as measured by dimensions theorized in the literature to affect policy outcomes. Table A10, I examines three additional demographics using the same model specifications as Table 3 in the main text: age, gender, and education. First, in Columns 1-3, I calculate the mean age of all candidates running in the election. The results indicate that after the disclosure law was passed, younger candidates run for office; the effect is roughly 2.7 years. This could partly be the result of part-time incumbents stepped down from their positions, opening up opportunities for new, younger politicians to take their place.
- Next, in Columns 4-6, I find that the disclosures law have no effect on the percentage of candidates that were female. Although turnover increased, this did not create additional space for women to enter politics. Finally, using a self-reported measure of education, I calculate the average level of education of candidates running in each election, finding again that disclosure laws appear to have little effect on this outcome.

TABLE A10: ALTERNATE OUTCOMES: OTHER CANDIDATE DEMOGRAPHICS

	Mean Age			Female (%)			Education Level		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Treatment Group * Second Election	−1.038***	−1.231***	−1.038**	−0.003	−0.001	−0.003			
	(0.344)	(0.364)	(0.474)	(0.006)	(0.007)	(0.010)	(0.000)	(0.000)	(0.000)
Treatment Group	0.358	0.603		0.014*	0.022*		0.032	0.039	
	(0.404)	(0.443)		(0.008)	(0.012)		(0.021)	(0.026)	
Second Election	1.011***	1.133***	1.011***	−0.010*	−0.016***	−0.010	−0.019	−0.011	−0.020
	(0.162)	(0.169)	(0.227)	(0.006)	(0.006)	(0.009)	(0.018)	(0.017)	(0.029)
No. Seats (log)	−0.581*	−0.024		−0.111***	0.055***		0.399***	−0.156***	
	(0.346)	(0.239)		(0.008)	(0.011)		(0.030)	(0.017)	
Population (log)		−0.196			−0.055***			0.190***	
		(0.162)			(0.004)			(0.010)	
Territory (log)		1.262**			0.026			−0.246***	
		(0.503)			(0.020)			(0.032)	
Revenue (log)		−0.120			−0.007**			0.033***	
		(0.076)			(0.003)			(0.009)	
Unit Type Fixed Effects	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Region Fixed Effects	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Municipality Fixed Effects	No	No	Yes	No	No	Yes	No	No	Yes
Observations	25,992	22,257	25,992	25,992	22,257	25,992	21,679	18,288	21,679
R^2	0.130	0.137	0.708	0.444	0.385	0.869	0.290	0.358	0.784

*** p<0.01, ** p<0.05, * p<0.1 Columns 1-3 analyze the mean age of all candidates, Columns 4-6 analyze the percentage of female candidates, and Columns 7-9 mean education level for all candidates. For each outcome, the leftmost column runs a basic reduced form model, the middle column adds municipality characteristics, and the rightmost column adds municipality fixed effects (which forces all time-invariant predictors to drop out). All models use OLS and cluster standard errors at the region level.

G.2 Election Competitiveness

- Appendix Table A11 examines whether the disclosure law affects other attributes of electoral competitiveness, such as the average margin of victory of winners per election (Columns 1-3), the effective number of candidates running (Columns 4-6), and the number of credible candidates (those that received more than 10% vote share - Columns 5-7). We might expect the disclosures law to affect electoral competition in ways not completely captured by the number of candidates running. However, the results show that overall the anti-corruption campaign had little effect on the elections outside of the specific backgrounds of candidates.

TABLE A11: ALTERNATE OUTCOMES: ELECTION COMPETITIVENESS

	Average Margin			Effective No. Candidates			No. Credible Candidates (%)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Treatment Group * Second Election	0.010	0.012	0.012	−0.102	−0.036	−0.063	−0.016	0.014	−0.014
	(0.010)	(0.011)	(0.015)	(0.138)	(0.115)	(0.203)	(0.046)	(0.042)	(0.066)
Treatment Group	−0.005	−0.006		−0.026	−0.290		0.070	0.005	
	(0.011)	(0.012)		(0.323)	(0.232)		(0.095)	(0.065)	
Second Election	0.031***	0.030***	0.028***	−0.080	−0.062	−0.037	−0.041	−0.092***	−0.039
	(0.006)	(0.006)	(0.008)	(0.103)	(0.102)	(0.165)	(0.042)	(0.030)	(0.060)
No. Seats (log)	−0.010**	−0.008		0.726***	0.259		0.109***	−0.259***	
	(0.005)	(0.007)		(0.184)	(0.226)		(0.036)	(0.043)	
Population (log)		−0.004**			0.239***			0.109***	
		(0.002)			(0.037)			(0.017)	
Territory (log)		−0.012			−0.050			−0.041	
		(0.009)			(0.109)			(0.050)	
Revenue (log)		0.004**			−0.054**			0.024*	
		(0.002)			(0.027)			(0.013)	
Unit Type Fixed Effects	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Region Fixed Effects	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Municipality Fixed Effects	No	No	Yes	No	No	Yes	No	No	Yes
Observations	22,100	19,819	22,100	18,102	16,639	18,102	25,247	21,621	25,247
R^2	0.243	0.251	0.710	0.593	0.641	0.915	0.570	0.574	0.840

*** p<0.01, ** p<0.05, * p<0.1 Columns 1-3 analyze the average margin of victory (in %) for election winners, Columns 4-6 analyze the effective number of candidates that ran in the election (using a Herfindahl index), and Columns 7-9 measure the number of credible candidates (those that received more than 10% of the vote). For each outcome, the leftmost column runs a basic reduced form model, the middle column adds municipality characteristics, and the rightmost column adds municipality fixed effects (which forces all time-invariant predictors to drop out). All models use OLS and cluster standard errors at the region level.

G.3 Other Professions

- This section examines whether the disclosure laws affected candidates coming from different background besides firm directors. Using the code described in Appendix Section A, I created outcome measures for each of the other eight categories described in Appendix Table 1 (the number of candidates in each profession divided by the total number of candidates running). The model specification used in Table A12 is the same as Column 2, Table 3 in the main text: region and unit type fixed effects are included, as well as municipality-level covariates.
- Overall, we see no evidence that the disclosures affected any of the other types of candidacies, whether they be from educators, health care professionals, or people working in government administration bodies. These results look nearly identical when municipality fixed effects are included (as shown in Table A13). I argue in the main text that these other types of employment do not lend themselves well to tax evasion. For people working in state institutions (such as schools and hospitals), taxes are taken out before salaries are paid. And although many bribes do make their way to the bank accounts of people working positions of government responsibility, not all of these individuals engage in corruption. This makes the point estimates much noisier: the disclosure laws may ben deterring candidates from those government officials with high hidden incomes, but their occupation alone is not a clear enough indicator of their rent-seeking behavior to be reflected in the analysis. On the other hand, given the high rates of tax evasion by individual entrepreneurs, the point estimates are much more precise.

TABLE A12: ALTERNATE OUTCOMES: OTHER PROFESSIONS MUNICIPALITY CONTROLS

	Government (%)	Health Care (%)	Education (%)	Law Enforcement (%)	Professional (%)	Civil Society (%)	Blue Collar (%)	Unemployed (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Treatment Group * Second Election	0.004	−0.002	−0.0003	0.0004	0.001	0.004	−0.007	−0.0001
	(0.009)	(0.004)	(0.007)	(0.0003)	(0.002)	(0.003)	(0.005)	(0.011)
Treatment Group	−0.012*	−0.009**	−0.009**	−0.0003	−0.005***	−0.008***	−0.018***	0.056***
	(0.007)	(0.004)	(0.004)	(0.0002)	(0.002)	(0.002)	(0.004)	(0.007)
Second Election	−0.0003	−0.008**	−0.002	−0.0005	0.00001	−0.008***	−0.004	0.029***
	(0.007)	(0.004)	(0.007)	(0.001)	(0.005)	(0.003)	(0.006)	(0.009)
No. Seats (log)	−0.023***	0.004	0.008	0.001	−0.005	−0.004	0.019**	0.040***
	(0.008)	(0.004)	(0.008)	(0.001)	(0.006)	(0.003)	(0.008)	(0.008)
Population (log)	−0.005**	−0.0001	0.002	0.0002	0.018***	0.0003	−0.023***	−0.032***
	(0.002)	(0.001)	(0.003)	(0.0002)	(0.002)	(0.001)	(0.002)	(0.004)
Territory (log)	0.035***	0.010*	0.022**	−0.001	−0.052***	0.009**	0.007	−0.001
	(0.010)	(0.005)	(0.011)	(0.001)	(0.012)	(0.003)	(0.012)	(0.015)
Revenue (log)	0.004**	−0.002**	−0.002	−0.0002	0.005**	0.001*	−0.005***	−0.008**
	(0.002)	(0.001)	(0.002)	(0.0001)	(0.002)	(0.001)	(0.002)	(0.003)
Unit Type Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipality Fixed Effects	No	No	No	No	No	No	No	No
Observations	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,257
R^2	0.094	0.062	0.105	0.016	0.123	0.035	0.097	0.276

*** p<0.01, ** p<0.05, * p<0.1 This table analyzes the percentage of all candidates coming from each of the professions listed in the column headers. For each outcome, the model includes municipality characteristics. All models use OLS and cluster standard errors at the region and year level.

TABLE A13: ALTERNATE OUTCOMES: OTHER PROFESSIONS MUNICIPALITY FE

	Government (%)	Health Care (%)	Education (%)	Law Enforcement (%)	Professional (%)	Civil Society (%)	Blue Collar (%)	Unemployed (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Treatment Group * Second Election	0.007	−0.002	−0.002	0.0004	−0.0004	0.004	−0.007	0.005
	(0.012)	(0.005)	(0.010)	(0.0004)	(0.003)	(0.004)	(0.006)	(0.016)
Second Election	−0.013	−0.008	−0.007	−0.0003	−0.004*	−0.008***	−0.016***	0.050***
	(0.009)	(0.005)	(0.007)	(0.0004)	(0.002)	(0.003)	(0.005)	(0.011)
Unit Type Fixed Effects	No	No	No	No	No	No	No	No
Region Fixed Effects	No	No	No	No	No	No	No	No
Municipality Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	25,992	25,992	25,992	25,992	25,992	25,992	25,992	25,992
R^2	0.663	0.657	0.729	0.596	0.724	0.633	0.729	0.759

*** p<0.01, ** p<0.05, * p<0.1 This table analyzes the percentage of all candidates coming from each of the professions listed in the column headers. For each outcome, the model includes municipality fixed effects. All models use OLS and cluster standard errors at the region and year level.

H Placebo Checks: Audits and Other Candidate Types

- Finally, in Table A14, I examine whether a high risk of being audits similarly affects the propensity of firm directors (Table A14) and part-time incumbents (Table A15) to run for office. The model specifications are identical to Table 5 in the main text, with the sample split into terciles.
- The results do not suggest the same heterogeneous effect at work for either the firm directors or the part-time incumbents. In each of the tables, the point estimates on the coefficient of interest (Treatment Group * Second Elections) do not change fundamentally depending on the risk of audit coming from the tax authorities. This makes sense for several reasons. First, firm directors have much greater resources to hide their ill-gotten, undeclared gains. A simple tax audit by regional authorities experience an upward balance uncovering wealth hidden in offshore companies or chains of ownership stretched across many legal entities. Many of these wealthy individuals fear international regulators more than they do their own bureaucrats. Moreover, their high status as leading businesspeople may allow them influence tax agents and avoid unpleasant investigations.
- For part-time incumbents, the situation is somewhat different. Disclosures bring to the surface the rent-seeking they may have engaged in while in public office, which need not be connected to their previous tax returns in order to have resonance in society or the legal system. These politicians are worried about any information about their wealth coming out that could be traced to their experience in public office - their fear is not necessarily of tax investigators, but of opposition candidates or members of the media exposing their activity. Therefore, audit risk is not as salient.

TABLE A14: EFFECT OF AUDIT RISK ON FIRM DIRECTORS RUNNING FOR OFFICE

	Audit Risk			Audit Risk		
	Low	Medium	High	Low	Medium	High
	(1)	(2)	(3)	(4)	(5)	(6)
Treatment Group * Second Election	−0.006	−0.007*	0.001	−0.006	−0.007*	0.002
	(0.004)	(0.003)	(0.007)	(0.004)	(0.004)	(0.007)
Treatment Group	0.008**	−0.002	0.009	0.007	−0.001	−0.010
	(0.004)	(0.005)	(0.005)	(0.006)	(0.005)	(0.009)
Second Election	0.002	0.007***	0.001	0.002	0.006***	0.002
	(0.003)	(0.002)	(0.003)	(0.003)	(0.002)	(0.003)
No. Seats (log)	−0.030***	−0.017***	−0.026***	−0.018**	−0.026***	−0.055***
	(0.010)	(0.006)	(0.008)	(0.008)	(0.005)	(0.015)
Population (log)	0.023***	0.018***	0.022***	0.019***	0.018***	0.033***
	(0.004)	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)
Territory (log)	−0.036***	−0.028**	−0.022**	−0.042**	−0.039**	−0.075***
	(0.013)	(0.012)	(0.010)	(0.020)	(0.017)	(0.014)
Revenue (log)	0.004***	0.007**	0.012***	0.008**	0.010***	0.004**
	(0.001)	(0.003)	(0.002)	(0.004)	(0.004)	(0.002)
Regional GRP (log)				0.035*	0.007	−0.005
				(0.019)	(0.015)	(0.019)
Regional Population (log)				−0.035*	−0.0002	0.012
				(0.020)	(0.015)	(0.022)
Ethnic Republic				−0.012	0.005	0.076***
				(0.009)	(0.012)	(0.021)
Urbanization (%)				−0.056	0.055	0.115***
				(0.058)	(0.051)	(0.043)
Internet Usage (%)				0.012	−0.064	−0.079
				(0.040)	(0.039)	(0.063)
GRP from Natural Resources (%)				−0.109*	−0.073	−0.056
				(0.062)	(0.063)	(0.094)
Region Fixed Effects	Yes	Yes	Yes	No	No	No
Unit Type Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,948	7,474	7,835	6,943	7,474	7,805
R^2	0.405	0.385	0.348	0.330	0.354	0.294

*** p<0.01, ** p<0.05, * p<0.1 The outcome in all Columns is the percentage of candidates who worked previously as directors, deputy directors or served on the board of firms. Each block of columns subsets the sample of election by those taking place in regions with low, medium, and high risk of audit, based on statistics of audits per capita conducted by the Federal Tax Agency. Columns 1-3 include region fixed effects, while Columns 1-3 drop those fixed effects and include regional data from the year 2011 (at the beginning of the first election in the sequence). All models use OLS and cluster standard errors at the region level.

TABLE A15: EFFECT OF AUDIT RISK ON PART-TIME INCUMBENTS RUNNING FOR OFFICE

	Audit Risk			Audit Risk		
	Low	Medium	High	Low	Medium	High
	(1)	(2)	(3)	(4)	(5)	(6)
Treatment Group * Second Election	−0.066*	−0.071*	−0.069**	−0.068*	−0.069*	−0.068**
	(0.034)	(0.037)	(0.028)	(0.035)	(0.038)	(0.028)
Treatment Group	0.061***	0.099***	0.048*	−0.019	0.045	−0.017
	(0.023)	(0.025)	(0.026)	(0.029)	(0.041)	(0.050)
Second Election	0.116***	0.105***	0.075***	0.117***	0.105***	0.075***
	(0.020)	(0.021)	(0.016)	(0.020)	(0.022)	(0.016)
No. Seats (log)	−0.022	0.031	0.031	−0.034	0.084	−0.051
	(0.025)	(0.039)	(0.038)	(0.034)	(0.059)	(0.051)
Population (log)	−0.012	−0.030**	−0.007	0.011	−0.024	0.034**
	(0.014)	(0.013)	(0.011)	(0.019)	(0.017)	(0.017)
Territory (log)	0.022	0.002	0.053*	0.036	−0.187*	−0.152**
	(0.065)	(0.059)	(0.030)	(0.063)	(0.107)	(0.060)
Revenue (log)	0.008	0.019**	0.004	−0.007	0.012	−0.018
	(0.010)	(0.008)	(0.006)	(0.014)	(0.012)	(0.012)
Regional GRP (log)				0.114**	−0.057	−0.093
				(0.047)	(0.087)	(0.087)
Regional Population (log)				−0.027	0.072	0.068
				(0.055)	(0.091)	(0.087)
Ethnic Republic				−0.004	0.005	0.184***
				(0.026)	(0.057)	(0.060)
Urbanization (%)				−0.194	0.185	0.068
				(0.177)	(0.248)	(0.208)
Internet Usage (%)				0.272*	−0.333	0.224
				(0.162)	(0.242)	(0.212)
GRP from Natural Resources (%)				−0.732***	0.101	−0.343
				(0.136)	(0.391)	(0.260)
Region Fixed Effects	Yes	Yes	Yes	No	No	No
Unit Type Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,948	7,474	7,835	6,943	7,474	7,805
R^2	0.209	0.134	0.210	0.176	0.056	0.118

*** p<0.01, ** p<0.05, * p<0.1 The outcome in all Columns is the percentage of candidates who were part-time incumbents. Each block of columns subsets the sample of election by those taking place in regions with low, medium, and high risk of audit, based on statistics of audits per capita conducted by the Federal Tax Agency. Columns 1-3 include region fixed effects, while Columns 1-3 drop those fixed effects and include regional data from the year 2011 (at the beginning of the first election in the sequence). All models use OLS and cluster standard errors at the region level.

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