

## Disclosure by Politicians<sup>†</sup>

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*We collect data on the rules and practices of financial and conflict disclosure by members of Parliament in 175 countries. Although two-thirds of the countries have some disclosure laws, less than one-third make disclosures available to the public, and less than one-sixth of potentially useful information is publicly available in practice, on average. Countries that are richer, more democratic, and have free press have more disclosure. Public disclosure, but not internal disclosure to parliament, is positively related to government quality, including lower corruption. (JEL J13, I21, I12)*

Successful political systems hold politicians accountable. The principal mechanisms of such accountability include checks and balances among branches of government, law enforcement, and elections. Recently, these mechanisms have been investigated by Robert Barro (1973); John Ferejohn (1986); Adam Przeworski et al. (2000); Andreas Schedler, Larry Diamond, and Marc F. Plattner (1999); Torsten Persson and Guido Tabellini (2003); and Timothy Besley and Andrea Prat (2006) among others. Empirical studies show the benefits of accountability for the quality of government (e.g., Besley and Anne Case 1995; Rafael La Porta et al. 1999; Daniel Treisman 2000; Alicia Adsera et al; 2003, Benjamin Olken 2007; Alex Dyck, David Moss, and Luigi Zingales 2008; Claudio Ferraz and Frederico Finan 2008; and Martina Bjorkman and Jakob Svensson 2009).

Accountability of government officials relies on availability of information about their activities. Recent analyses focus on the role of the media as the source of discovery and dissemination of such information to both voters and law enforcement

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<sup>†</sup>To comment on this article in the online discussion forum, or to view additional materials, visit the articles page at <http://www.aeaweb.org/articles.php?doi=10.1257/app.2.2.179>.

agencies (e.g., Aymo Brunetti and Beatrice Weder 2003, Djankov et al. 2003, Besley and Prat 2006, and Ritva Reinikka and Svensson 2004). Media surely matter, but there is another, relatively neglected source of information about politicians, namely disclosure of their finances and business activities. By exposing inconsistencies between the politician's actual conduct and his reports about it, disclosure can influence reporting in the media (and thus voting) and law enforcement. In this paper, we construct new empirical measures of disclosure by members of Parliament (MPs) in 175 countries, examine their determinants, as well as their relationship to several measures of the quality of government, including corruption.

It is hard to know a priori whether disclosure is even desirable. Disclosure conflicts with privacy, which many regard as a value in itself. Privacy also protects politicians, particularly the well-off ones, from populist media coverage or even from robbery or kidnapping. Such protection might, in turn, bring more qualified people into politics. But if the political market is like other markets, then better information about the goods being transacted, such as politicians, improves market performance (see Jack Hirshleifer 1980, George Stigler 1980, Richard A. Posner 1981).

Even if some disclosure is warranted to improve the performance of the political market, one can ask what should be disclosed and to whom. The law can emphasize the disclosure of sources of income and business connections, presumably to deter politicians from supporting legislation from which they personally benefit. Alternatively, the law can emphasize the disclosure of levels of income, consumption, and wealth, presumably to make it easier to identify consumption unaffordable from official resources. Or the politicians may have to disclose both. We do not know empirically whether actual disclosures focus on asset and income levels or on sources, and whether either of these types of disclosure matters for accountability.

A second key question is whether disclosure should be made public. Those concerned with privacy can argue that politicians should disclose to some government office which keeps the information secret unless questions are raised about the politician's conduct that require an investigation. On the other hand, political mechanisms such as media coverage, voting, and investigation are most effective when disclosure is public. Again, it is an empirical question whether confidential or public disclosure works better.

Why would one think, a priori, that such disclosure by politicians matters for government accountability? We have found recent newspaper accounts of failures to disclose accurately leading to criticism and disciplinary action against MPs in over 20 countries. Some examples illustrate how this works. A Puerto Rican legislator, Nicolas Nogueras, was forced to resign as vice president of the senate because financial statements he filed did not explain where he came up with the money to make a \$50,000 down payment for a \$350,000 second home. The Argentine Economy Minister, Felisa Miceli, resigned after an envelope containing US \$80,000 in cash was found in the private bathroom of her office, and she failed to explain where the money came from in light of the asset declaration she had submitted. In South Africa, several prominent politicians, including Winnie Mandela, were caught with assets far in excess of their declarations, and eventually left their parliamentary positions, some landing in jail. In the United Kingdom, two Labour MPs, Mo Mowlam and Bob Wareing, failed to declare outside interests and gave

wrong information when challenged. The former was mildly censured, the latter was suspended from the Commons. Finally, in 2008 the United States saw two major investigations related to a failure to disclose: Representative Charlie Rangel and Senator Ted Stevens.

More generally, MPs are vulnerable to at least two major sources of undue influence. First, they are vulnerable to possibly inappropriate influence by the executive. Such bribes have been alleged in Argentina, Brazil, and Russia, and documented in Peru under Fujimori (John McMillan and Pablo Zoido 2004). Second, MPs may support bills that either benefit themselves or their families directly, or alternatively benefit selected constituents who pay for the bills through bribes or favors (Mara Faccio 2006; Scott Gehlbach, Konstantin Sonin, and Ekaterina Zhuravskaya forthcoming). Voting for bills benefiting the MP or specific constituents can be more easily detected when business dealings or income sources are disclosed. Disclosure sheds light on misconduct by MPs by pointing to discrepancies or outside conflicts (Rafael Di Tella and Federico Weinschelbaum 2008). Once these discrepancies or conflicts are detected, other mechanisms of accountability, such as law enforcement, media exposure, or voting would come into play.

We analyze the rules and the practices of disclosure by MPs in 175 countries. The analysis is based on the laws governing financial and business disclosure of MPs, and on their implementation in practice. We pay attention to the existence of disclosure mandates, the public availability of disclosures in practice, and the extent of information being disclosed. We distinguish between disclosure of values of income and wealth, and that of sources of income and wealth as well as of potential and actual conflicts of interest. We also consider verification and enforcement of disclosure rules.

The principal purpose of this paper is to describe the data. However, we also consider some of the sources of variation in disclosure rules and practices across countries, such as per capita income, democracy, and a free press. We also examine the relationship between the various aspects of disclosure and measures of the quality of government, including corruption. We cannot interpret the correlations we present causally, but they are suggestive that disclosure might be a significant ingredient of a broader system of political accountability.

We find that, although 109 of 175 countries in our sample have disclosure laws, more than half of them do not make disclosures available to the public in practice. Even in cases of public disclosure, what is available to the public is often limited. Using a new methodology that compares the potential and the actual disclosure, we find that, for the average country with required disclosures, less than 15 percent of potentially useful information about the MPs is available to the public. Yet, we also find that it is public, rather than confidential, disclosure that is associated with lower perceived corruption and better government. As to the content of disclosure, we find some evidence that identifying the assets, liabilities, income sources, and conflicts, as opposed to income and wealth levels, is more consistently associated with better government.

In Section I, we describe the data. Section II presents some correlations between disclosure measures, their determinants, and the quality of government. Section III concludes.

## I. Data

### A. Sample Description

We present a new database on financial and business disclosure of members of the lower house of parliament (MPs) in 175 countries.<sup>1</sup> Upper house members, cabinet members, and judges are also frequently required to file disclosure forms, but this paper focuses on MPs in part because other high level officials are often subject to similar disclosure requirements, and in part because MPs are numerous enough that extreme political sensitivity in data collection could be avoided. The data have been assembled by the coauthors and several collaborators over three years with the help of a team of lawyers at the World Bank and the intervention of local lawyers in each country where the laws were ambiguous.

As a first step, we used the Internet, as well as contacts with country government agencies, World Bank country offices, United Nations missions, and local Non-Governmental Organizations and academics to assemble the database of laws governing disclosure by MPs as of June 2008. There is no standard “law” that addresses disclosure, so, in the end, we assembled (and translated) over 1,000 laws and regulations, including constitutions, parliament standing orders, and anti-corruption and conflict of interest laws. Whenever possible, we contacted multiple sources to verify the accuracy of information.

The analysis of the laws revealed that some kind of disclosure is required of MPs in 109 of our 175 countries, and no disclosure is legally required in the remaining 66 countries (see Table 1). The list of countries with no legally required disclosure is dominated by 27 countries from Sub-Saharan Africa, but also includes 12 countries from the Middle East and North Africa, and another 11 countries from East Asia Pacific. In addition to the 109 countries with disclosure requirements, five countries have no legal requirement, but, instead, use voluntary disclosure mechanisms established either by parliamentary rules (Denmark, Finland, and Norway),<sup>2</sup> internal party regulations (Singapore), or imitation of disclosure by cabinet members (Zambia).

An examination of the laws yielded a crucial observation that became central to our analysis. Specifically, there are large differences among countries in the ability of citizens to access the MPs’ disclosure forms. In 42 of the 109 countries mandating disclosure by law, disclosure must be made to specific government agencies, such as the Speaker of Parliament or an internal Comptroller, but disclosure is inaccessible to the public. Most of these countries without public disclosure are from low- and middle-income groups. Among Organisation for Economic Co-operation and Development (OECD) countries, only France has disclosure without public availability by law. In four countries, the law is silent about public availability of disclosures. The other 63 countries make some kind of disclosure available to the

<sup>1</sup> We sought to collect data for all 181 countries covered by World Bank *Doing Business* reports, but failed to find enough information for some. The distribution of countries in the sample is: 45 from Sub-Saharan Africa; 19 from Middle East and North Africa; 7 from South Asia; 28 from East/Central Europe and Central Asia; 23 from East Asia and Pacific; 30 from Latin America and Caribbean; and 23 from OECD.

<sup>2</sup> Until 2007, Sweden, like other Scandinavian countries, did not require disclosures by law.

TABLE 1—SAMPLE DISTRIBUTION

	Number of countries	Names of countries
<i>Panel A. Public availability by law</i>		
Disclosure required by law	109	
Available to congress only by law	42	
Law is silent regarding public availability	4	Bahrain, Ecuador, Guyana, Paraguay
Publicly available by law <sup>1</sup>	63	
Publicly available directly without conditions	46	
Available only through press	3	Armenia, Greece, Russia
Available to the public under conditions	9	Bahamas, Belize, Canada, Cape Verde, Kazakhstan, Mexico, Montenegro, Nicaragua, Spain
Only some disclosures are publicly available	6	Belgium, Colombia, Hungary, Italy, South Korea, Spain
Disclosure exist but it is not required by law (voluntary)	5	Denmark, Finland, Norway, Singapore, Zambia
Available to congress only	1	Singapore
Publicly available	4	
Disclosure not required by law and none available	61	
Total sample	175	
<i>Panel B. Public availability in practice</i>		
Filled-out forms publicly available in practice in countries where the law requires public disclosure	50	
Filled-out forms publicly available in practice in countries where the law is silent regarding public disclosure	1	Bahrain
Filled-out forms publicly available in practice in countries with voluntary disclosure	4	Denmark, Finland, Norway, Zambia
Total filled-out forms publicly available in practice	55	
Failed to obtain filled-out forms in countries with disclosure publicly available by law	13	Algeria, Angola, Bahamas, Belize, Cape Verde, Kazakhstan, Mexico, Namibia, Nicaragua, Peru, Russia, Sri Lanka, Uganda

<sup>1</sup> In Spain, disclosures are available to the public under conditions and even then only some disclosures are publicly available. For this reason, classifying countries with publicly available disclosures by law in the four categories below yields 64 observations, i.e., one more than the number of countries with public availability by law.

public by law. In three of these countries, disclosure must be made public after application by members of the press. Another nine countries only make disclosure publicly available under certain conditions, such as the authorization of the Speaker, the Comptroller, or the MP. Finally, six countries have different public availability standards for different kinds of disclosure, keeping some disclosures from public access.<sup>3</sup> Of the 175 sample countries, only 46 mandate that MPs make all required disclosures publicly available without conditions!

As it turns out, even mandating public disclosure by law is no guarantee that the public can obtain this information. To take this into account, we tried to collect the filled-out disclosure forms in countries with public disclosure, using the assistance of the World Bank researchers and students in the relevant countries. We tried to obtain

<sup>3</sup> South Korea is included in this group because the law does not specify the public availability of conflicts of interests disclosures. In practice, we were able to access all disclosures for South Korean MPs.

the filled-out forms of the first four MPs in alphabetical order and of the speaker of the lower house invoking the specific public disclosure law for these forms.<sup>4</sup> We made sure that no inappropriate methods were used to obtain the forms. We were able to obtain the actual filled-out disclosure forms in 55 countries. In 50 of these cases disclosures are publicly available by law. In one case (Bahrain), the forms are available via Internet, although the law is silent about public disclosure.<sup>5</sup> In another four cases, there is a voluntary system of disclosure in place without legal mandates. We obtained the filled-out forms either through the Internet or through one or multiple appearances at the relevant government office.<sup>6</sup> We failed to obtain the filled-out forms in 13 countries. These include countries where forms must be publicly available by law (Algeria, Angola, Namibia, Peru, Sri Lanka, and Uganda), with specific conditions (Bahamas, Belize, Cape Verde, Kazakhstan, Mexico, and Nicaragua), or via the press (Russia). The central distinction we measure is that between the existence of any legal disclosure requirements and disclosures actually available to the public. We have constructed measures of public disclosure according to the law, as opposed to in practice, but they turn out not to matter.

As a second aspect of measuring disclosure, we consider its content and comprehensiveness. Even among the countries that mandate public disclosure, the actual disclosure available to the public is often far less complete than that available to government agencies. To get at the content, we sought to obtain the blank forms that MPs are asked to fill out from all countries with legally required disclosures or with voluntary disclosure systems. We obtained such blank forms from 106 countries, including 101 with legally required disclosures and another 5 with voluntary disclosure systems in place. We failed to obtain blank forms in eight countries.<sup>7</sup> For the countries in which public disclosure is more limited than that to congress, we collected both types of forms. We then used the blank and filled-out disclosure forms to construct indices of completeness of disclosure relative to the benchmark of a “universal” disclosure form that contains all the disclosures used in any of the sample countries. Thus, we have information not only about the broad mandates required by the law, but also about the extent of actual disclosure when the MPs fill out the forms.

<sup>4</sup> We did not seek access to MPs disclosures under Freedom of Information (FOI) acts. Claims under FOI acts would likely have failed in countries without public availability requirements since FOI acts typically exclude information that is of personal nature (e.g., MPs assets). There are 12 countries in our sample (Antigua and Barbuda, Bosnia and Herzegovina, France, Guatemala, India, Israel, Jamaica, Serbia, Slovenia, Trinidad and Tobago, Turkey, and Ukraine) with FOI acts where MPs’ disclosures are unavailable to the public by law. On the other hand, claims under FOI acts might have succeeded in seven countries where we were denied access to MPs’ disclosures even though such disclosures should be available to the public by law (Angola, Belize, Mexico, Nicaragua, Peru, Russia, and Uganda). The results in this paper are robust to excluding these seven countries.

<sup>5</sup> In the other three cases where the law is silent on the public availability of disclosures (Ecuador, Guyana, and Paraguay), we contacted the authorities and local NGOs, who confirmed that disclosures are not publicly available.

<sup>6</sup> We were allowed to take handwritten notes, but not to photocopy the filled-out forms in Italy, Japan, Luxembourg, and Spain.

<sup>7</sup> In Angola and Togo, there is a “free form” system in place. In Morocco and Swaziland, the form does not exist. In Papua New Guinea, we were told the form is confidential, and we have not been able to confirm if the form exists in Comoros, Sao Tome and Principe, and the Solomon Islands.

## B. *Disclosure Variables*

Based on the information-gathering strategies described, we constructed eight disclosure variables, formally defined in Table 2. Table 3 illustrates the process of constructing these variables based on the example of Canada (the full explanations of the entries for Canada are contained in Appendix A). The full dataset is included in Web Appendix C. Web Appendix D presents the legal justification and the blank forms for each country. Table 4 presents the means of disclosure variables for the overall sample and several subsamples.

To begin, we have two disclosure measures that do not rely on content. The first records whether any disclosure is required from MPs. As Table 4 shows, 62 percent of countries in our sample require some kind of disclosure from MPs, and these disclosures are always available to Congress or another specified body. High- and upper-middle income countries are more likely to require disclosures, while only 35 percent of low-income nations have MP disclosure requirements. The second disclosure variable records whether disclosure is available to the public, i.e., citizens have access to the completed forms in practice. In our sample, disclosure is publicly available by law, or under certain conditions, in 63 countries, but publicly available in practice in 55 countries, including the four countries with voluntary disclosures mentioned above (see Table 1). Less than one-third of the total sample has genuine public disclosure.

The second group of variables deals with the content of disclosure. Roughly speaking, we ask what share of “conceivable” disclosures is actually made by MPs. For these content variables, we construct a measure of what is available to Congress (based on the blank forms) and a measure of what is actually available to the public (based on the filled-out forms we obtained). We use the term “disclosure to Congress” to refer to disclosures available to the government entity that serves as the registry for the disclosures by MPs. Sometimes this entity is independent from Congress. The filled-out forms are not generally available to other MPs. In many countries, MPs need to fill out more than one form, for instance at the beginning, during, and at the end of their term. For our analysis, we consolidate these forms.

We use the blank disclosure forms collected from 106 countries to construct an artificial universal disclosure form that incorporates nearly all information that any country might require its MPs to disclose with respect to financial matters and conflicts of interest (but not personal characteristics of the MPs). As Table 3 shows, we keep track of disclosures in the following seven areas: (I) assets; (II) liabilities; (III) income; (IV) expenditures; (V) travel; (VI) gifts; and (VII) other conflicts of interest. These categories closely follow the format of most blank forms. The blank form of some countries includes disclosures regarding “lobbying”<sup>8</sup> and “contracts with the government,”<sup>9</sup> two activities that are typically regulated by a different set of laws. We only capture these activities to the extent that they generate income or need to be disclosed as unpaid activities of the MP. The blank forms for Italy and the UK include disclosures regarding “campaign finance,” which we do not explicitly cover,

<sup>8</sup> Canada, Hong Kong, Ireland, Norway, and the United States.

<sup>9</sup> Canada, Ireland, Puerto Rico, Spain, and Zambia.

TABLE 2—DESCRIPTION OF THE VARIABLES

Variable	Description
<i>Panel A. Disclosure requirements and public availability of disclosures</i>	
Disclosure required	Equals 1 if the law or regulations of the country require MPs to provide either financial and/or business interests disclosures. The variable takes a value of zero otherwise.
Publicly available	Equals 1 if we obtained access to the MPs' filled-out disclosure forms of financial and business interests. The variable also equals 1 if the country has voluntary disclosures available to the public and we could access the filled-out forms of the MPs. The variable takes a value of 0.5 if we obtained only one of the filled-out disclosure forms in countries with two different standards for public availability for the financial and the business interest forms (i.e., Belgium, Colombia, Hungary, Italy, and Spain). Equals zero if we could not obtain the MPs' filled-out forms of financial and business interests or if the country has no public disclosure required from its MPs.
<i>Panel B. Measures of disclosure based on blank disclosure forms</i>	
Values available to Congress	The index of values available to congress measures the ratio of all value items contained in the country's blank disclosure form available to congress over all value items potentially disclosed in the artificial "universal" form. It measures how many "conceivable" disclosures of value items are required to be disclosed to congress (or to an alternative government agency) by the MP. To construct the measures of the content of disclosures, we use the blank disclosure forms collected from the 106 countries with available blank forms. We begin by constructing an artificial "universal disclosure form," which incorporates all the information that any country requires its MPs to disclose. We then compare each country's blank disclosure form to the universal form. There are 24 different items of values in the universal form, which are distributed in six different categories: assets, liabilities, income, expenditure, gifts, and travel. For each individual item, we assign a score of 1 when the item is included in the country's blank form requesting to provide disaggregated values (e.g., the value of each property, of each wage). We assign a score of 0.5 when the item is included in the country's blank form requesting to provide only an aggregate value (e.g., the total value of all properties owned, the total value of wages received). We assign a score of 0 when the country's blank form does not include the specific item. When MPs must disclose several closely related items (e.g., investments, securities, businesses) we group them and give credit to the country if half or more of the elements are requested. When the country imposes a binding restriction (i.e., which cannot be overturned) on a given item (e.g., the business activities of the MPs, their abilities to receive gifts, or to own stocks) we code the restriction as the highest possible disclosure standard for that item. The scores of all the items in each category are averaged to create a score of values for each category. Finally, the overall score of values available to congress is calculated as the average of the values scores of the six categories with potential disclosure of value items (i.e., assets, liabilities, income, expenditure, gifts, and travel).
Sources available to Congress	The index of sources available to congress measures the ratio of all source items contained in the country's blank disclosure form available to congress over all source items potentially disclosed in the artificial "universal" form (see above). We compare each country's blank disclosure form to the universal form. There are 21 different items of sources in the universal form, which are distributed in six different categories: assets, liabilities, income, conflicts of interest, gifts, and travel. For each item, we assign a score of 1 when the country's blank form requests the information needed to identify the source (e.g., the precise location of assets, the identity of creditors, the source of income, gifts and travel). We assign a score of 0 when the country's blank form does not request the identification of the source of the specific item, or when the information requested is not sufficient to identify the item's source. When MPs must disclose several closely related items (e.g., investments, securities, businesses) we group them and give credit to the country if half or more of the elements are requested. When the country imposes a binding restriction (i.e., which cannot be overturned) on a given item (i.e., the business activities of the MPs, their abilities to receive gifts, or to own stocks) we code the restriction as the highest possible disclosure standard for that item. The scores of all the items in each category are averaged to create a score of sources for each category. Finally, the overall score of sources available to congress is calculated as average of the sources scores of the six categories with potential disclosure of source items (i.e., assets, liabilities, income, conflicts of interest, gifts, and travel).
Values publicly available	The index of values publicly available measures the ratio of all value items contained in the country's disclosure form available to the public over all value items potentially disclosed in the artificial "universal" form. It measures how many "conceivable" disclosures of value items are publicly available in practice. This index is constructed following the same methodology described above for the score of "values available to congress," but only taking into account the filled-out disclosure forms that we were able to obtain.
Sources publicly available	The index of sources publicly available measures the ratio of all source items contained in the country's disclosure form available to the public over all source items potentially disclosed in the artificial "universal" form. It measures how many "conceivable" disclosures of source items are publicly available in practice. This index is constructed following the same methodology described above for the score of "sources available to congress," but only taking account the filled-out disclosure forms that we were able to obtain.

*(Continued)*



TABLE 2—DESCRIPTION OF THE VARIABLES (*Continued*)

Variable	Description
<i>Panel C. Enforcement indices</i>	
Registrar strength	The index of registrar strength is the average of three variables: (1) Registrar unit is independent from parliament; (2) registrar unit publishes compliance data by law; and (3) penalties for MPs' failure to comply. "Registrar unit is independent from parliament" equals 1 if the registrar where the MPs turn in the disclosure forms is independent from parliament; it equals 0.5 if there are two different registrars for the financial and the business interest forms and only one of them is independent from parliament; and it equals zero otherwise. "Registrar unit publishes compliance data by law" equals 1 if the law specifically requires that the registrar unit publishes compliance data by MPs, or if the law provides that disclosures are publicly available; it equals 0.5 if there are two different registrars and the legal requirement only applies to one of them; and it equals zero otherwise. "Penalties for MPs' failure to comply" equals 1 if the law establishes specific penalties for MPs who fail to disclose or breach the law requiring the submission of the disclosure forms; it equals 0.5 if there are two different registrars for the financial and business interest forms and the penalties only apply to one of the forms, and it equals zero otherwise.
Checking unit strength	The index of checking unit strength is the average of three variables: (1) Checking unit (i.e., data integrity unit or agency/body that routinely checks the disclosure forms) is independent from parliament; (2) checking unit publishes compliance data by law; and (3) penalties for submitting false information. "Checking unit is independent from parliament" equals 1 if there is a checking unit mandated by law to be in charge of routinely checking the content of the disclosure forms and it is independent from parliament; it equals 0.5 if there are two different checking units for the financial and business interest forms but only one of them is independent from parliament, and it equals zero otherwise. "Checking unit publishes compliance data by law" equals 1 if the law specifically requires that the checking unit publishes the results of verifying the content of the disclosure forms by MPs, it equals 0.5 if there are two different checking units and the legal requirement to publish the results of verifying the content of the disclosure forms only applies to one of them, and it equals zero otherwise. "Penalties for submitting false information" equals 1 if the law specifically establishes penalties for those MPs who provide false information in the disclosure forms; it equals 0.5 if there are two different checking units for the financial and business interest forms and the penalties only apply to providing false information in one of the forms; it equals zero if there are only general penalties for a breach of the law, but not specific penalties for providing false information, or if there are no penalties established at all.
<i>Panel D. Outcome measures</i>	
ICRG corruption index	The average of the index of corruption from the International Country Risk Guide between 2003 and 2007. This is an assessment of corruption within the political system. This measure includes the most common form of corruption met directly by business is in the form of demands for special payments and bribes connected with import and export licenses, exchange controls, tax assessments, police protection, or loans. The measure is more concerned with actual or potential corruption in the form of excessive patronage, nepotism, job reservations, 'favor-for-favors', secret party funding, and suspiciously close ties between politics and business. The scale of the index is from 0 to 6, where higher numbers mean lower corruption. <i>Source:</i> International Country Risk Guide, Political Risk Services. <a href="http://www.prsgroup.com">www.prsgroup.com</a> .
Government effectiveness index	The average score of the Kaufmann government effectiveness index between 1998 and 2007. The measure captures perceptions of the quality of public services, the quality of civil service, and its degree of independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. The indicator is constructed using an unobserved components methodology. The estimates are normally distributed with a mean of zero and a standard deviation of one each year of measurement. The range of the score is from -2.5 to +2.5, with a higher score indicating better government effectiveness. <i>Source:</i> Kaufmann et al. (2008). <a href="http://www.worldbank.org/wbi/governance/data">www.worldbank.org/wbi/governance/data</a> .
Log cost starting a business	Logarithm of the costs of starting a business (i.e., becoming operational) as a proportion of GNP per capita in 2007. The start-up company is assumed to have a start-up capital of ten times the country's GNP per capita in 2007. <i>Source:</i> Djankov et al. (2002) and updates by the Doing Business Report of the World Bank.
Expropriation risk index	The average score of the IRIS expropriation risk index between 1982 and 1997. The scale of the index is from 0 to 10, where higher numbers mean lower risk of expropriation by government. This dataset was assembled by IRIS from hard copies of the "International Country Risk Guide," a monthly publication of Political Risk Services. Each variable's value for a given country and year is a simple average of the two values for the months April and October. <i>Source:</i> International Country Risk Guide, Political Risk Services. <a href="http://www.prsgroup.com">www.prsgroup.com</a> .
Participation in parliamentary elections (% of population)	The percentage of the total population who actually voted in the parliamentary elections between 2000 and 2005. This variable is calculated as the percentage of the total population who actually voted in the election. In the case of indirect elections, only votes cast in the final election are taken into account. If electors have not been elected by citizens, only the number of actual electors is taken into account, which means that the degree of participation drops to the value 0. If an election to choose electors has been held, the participation variable is calculated from the number and distribution of votes in that election. National referendums raise the variable value by five percent and state (regional) referendums by one percent for the year they are held. Referendums can add the degree of participation at maximum by 30 percent a year. The value of the combined degree of participation cannot be higher than 70 percent, even in cases where the sum of participation and referendums would be higher than 70. <i>Source:</i> Vanhanen Index of Democratization.

*(Continued)*

TABLE 2—DESCRIPTION OF THE VARIABLES (*Continued*)

Variable	Description
<i>Panel E. Other variables and controls</i>	
Log GNI per capita 2006	Logarithm of per capita gross national income (Atlas method, in US dollars) in 2006. <i>Source:</i> World Development Indicators at <a href="http://devdata.worldbank.org/dataonline/">http://devdata.worldbank.org/dataonline/</a> .
Democracy (1950–2006)	Average democracy score from Polity IV for the years between 1950 and 2006. It is a measure of the degree of democracy in a given country based on: (1) the competitiveness of political participation; (2) the openness and competitiveness of executive recruitment; and (3) the constraints on the chief executive. The democracy indicator is an additive eleven-point scale ranging from 0 to 10, where higher values equal a higher degree of institutionalized democracy. <i>Source:</i> Jagers and Marshall (2000) and updates of the Polity IV Database.
FH press freedom	The negative of the Freedom House rating for freedom of the press for 2002. The variable ranges from -100 (completely unfree) to 0 (completely free). <i>Source:</i> Treisman (2007), originally taken from Quality of Government Database, at Quality of Government Institute, Goteborg University.
French civil law, German civil law and Scandinavian law dummies	Identifies the legal origin of the company law or commercial law of each country. Each dummy variable is equal to 1 if the origin of the company law or commercial law of the country is French, German, or Scandinavian, respectively, and zero otherwise. The omitted legal origin is English Common law. <i>Source:</i> La Porta et al (2008).

*Notes:* This table describes the variables collected for the 175 countries in our study. Unless otherwise noted, the sources of the variables are the laws, regulations and blank disclosure forms for each country.

as this activity is usually regulated by a different set of laws. Finally, the universal form excludes the disclosure of the MPs' previous positions as such disclosures are also usually covered in "candidature" disclosure forms, which are outside the scope of our analysis.

To code the data, we further divide the seven areas of disclosure in the universal form into 28 categories (grouping together the items that are disclosed in the same section of most blank forms). These 28 categories are described below, and illustrated in Table 3 for Canada.

The area of *assets* (I) covers: (1) personal residence; (2) second homes, vacant land, buildings, farms; (3) financial investments (e.g., stocks, trusts, options, warrants, mutual funds, commodities, futures, money owed to the MP, saving plans, insurance policies, and retirement accounts), and business assets (e.g., private corporations and partnerships); (4) bank accounts, interest-bearing instruments, and cash; (5) vehicles (e.g., cars, boats, airplanes); and (6) other movable assets (e.g., jewelry, art, furniture, cattle). The area of *liabilities* (II) of the universal form covers only one category (7) encompassing all debts, obligations, credit cards, mortgages, guarantees and co-signatures. The area of *income* (III) covers: (8) financial investments (e.g., interest, dividends, annuities, pensions, benefits); (9) business assets (e.g., corporations, partnerships, farms, rental properties, and patents); (10) private sector employment; (11) professional services (e.g., consulting, and other paid contracts from the private or the public sector); (12) boards and directorships; (13) other public sector employment; and (14) lotteries, gambling, and one time payments. The area of *expenses* (IV) is divided into expenditures on: (15) food and shelter, (16) businesses, (17) entertainment, (18) transportation, (19) medical and insurance, (20) education, and (21) taxes. The area of *travel* (V) is divided into: (22) domestic travel and (23) international travel. The area of *gifts* (VI) has one category (24) which captures all gifts and benefits received by the MP. The last area of the universal form covers *other conflicts of interests* (VII) not cov-

TABLE 3—THE “UNIVERSAL FORM,” THE CANADIAN MP DISCLOSURE FORM, AND THE FORM CONTENT DISCLOSURE INDICES FOR CANADIAN MPs

Universal form		Canadian MP's disclosure form		Form content disclosure indices for Canadian MPs based on the “universal form”			
Areas and categories		Items covered	Details about what must be disclosed	Values available to Congress	Sources available to Congress	Values publicly available	Sources publicly available
<i>I. Assets</i>							
(1)	Personal residence	Principal residence.	Address, value, percentage of ownership, name and relationship of co-owners.	1.00	1.00	0.00	0.00
(2)	Second homes, vacant land, buildings, farms, etc.	Secondary residence. Investment—real property. Farms. Vacant land.	Address, value, percentage of ownership, name and relationship of co-owners, use (i.e., recreational, personal, investment, rental).	1.00	1.00	0.00	1.00
(3)	Financial investments and business assets	Registered retired savings plans (RRSPs). Registered education savings plans (RESPs). Registered retirement income funds (RRIFs). Locked in retirement accounts (LIRAs). Mutual funds. Stocks. Corporate bonds. Corporate debentures. Trust units. Stock options, warrants, rights and similar instruments, deferred shared units. Stock market indices. Closed-end mutual funds. Commodities, futures and foreign currencies held or traded for speculative purposes. Business assets (i.e., business partnership, private corporation). Life insurance policy. Money owed to you (i.e., mortgage, lien, promissory note) above \$10,000.	For each financial investment: recent statement of each account. For life insurance: name of insurer, current cash surrender value. For money owed to the MP: name and address of borrower, amount owed, nature. For business assets: legal status, name, address, nature of business activities, share of interest (%), value of business or approximate value of interests, terms of contracts with government (i.e., subject matter, nature and benefits), names of other partners, names and addresses of affiliated subsidiaries or companies, names and addresses of all persons having an interest in the corporation.	1.00	1.00	0.00	1.00
(4)	Bank accounts, interest generating instruments, cash	Term deposits. Guaranteed investment certificates. Securities or bonds issued or guaranteed by any level of government in Canada.	Aggregate value.	0.50	0.00	0.00	0.00
(5)	Vehicles	—	—	0.00	0.00	0.00	0.00
(6)	Other movable assets	—	—	0.00	0.00	0.00	0.00
	Assets average			0.58	0.50	0.00	0.33
<i>II. Liabilities</i>							
(7)	Liabilities	Mortgages. Guarantees or co-signatures above \$10,000 for corporate or partnership interests. Individual credit card balances above \$10,000 outstanding above 6 months. Support obligations above \$10,000 annual (i.e., spousal, common-law partner, child support). Debts or liabilities not previously stated above \$10,000 (i.e., lines of credit, promissory notes, unpaid taxes).	For mortgages: address of mortgaged property, amount owing, name of lender. For guarantees: creditor (financial institution), principal debtor, amount guaranteed or co-signed. For individual credit card balances: name of institution, amount owed. For support obligations: person to whom support is paid, amount of obligation. For other debts or liabilities: description of debt/liability, amount, name of lender.	1.00	1.00	0.00	1.00
	Liabilities average			1.00	1.00	0.00	1.00

(Continued)

TABLE 3—THE “UNIVERSAL FORM,” THE CANADIAN MP DISCLOSURE FORM, AND THE FORM CONTENT DISCLOSURE INDICES FOR CANADIAN MPs (*Continued*)

Universal form		Canadian MP's disclosure form		Form content disclosure indices for Canadian MPs based on the “universal form”			
Areas and categories		Items covered	Details about what must be disclosed	Values available to congress	Sources available to congress	Values publicly available	Sources publicly available
<i>III. Income</i>							
(8)	Financial investments	Interest. Dividends. Annuities. Pensions. Trusts. Disability benefits.	Source and nature, value of income/benefits in the last 12 months and in the following 12 months.	1.00	1.00	0.00	0.00
(9)	Business assets, rental properties, and patents	Business. Rental. Royalties. Farming. Partnerships.	Source and nature, value of income/benefits in the last 12 months and in the following 12 months.	1.00	1.00	0.00	1.00
(10)	Private sector employment	Employment.	Source and nature, value of income/benefits in the last 12 months and in the following 12 months.	1.00	1.00	0.00	1.00
(11)	Professional services	Profession. Contracts. Grants or contributions from government.	Source and nature, value of income/benefits in the last 12 months and in the following 12 months.	1.00	1.00	0.00	1.00
(12)	Boards and directorships	Offices and directorships.	Source and nature, value of income/benefits in the last 12 months and in the following 12 months.	1.00	1.00	0.00	1.00
(13)	Other public sector employment	Employment.	Source and nature, value of income/benefits in the last 12 months and in the following 12 months.	1.00	1.00	0.00	1.00
(14)	Lotteries, gambling and one-time payments	Other income/benefit.	Source and nature, value of income/benefits in the last 12 months and in the following 12 months.	1.00	1.00	0.00	1.00
	Income average			1.00	1.00	0.00	0.86
<i>IV. Expenses</i>							
(15)	Food and shelter	—	—	0.00	—	0.00	—
(16)	Business	—	—	0.00	—	0.00	—
(17)	Entertainment	—	—	0.00	—	0.00	—
(18)	Transportation	—	—	0.00	—	0.00	—
(19)	Medical and insurance	—	—	0.00	—	0.00	—
(20)	Education	—	—	0.00	—	0.00	—
(21)	Taxes	—	—	0.00	—	0.00	—
	Expenses average			0.00	—	0.00	—
<i>V. Travel</i>							
(22)	Domestic travel	Public statement of sponsored travel.	Name of persons accompanying the MP, destination, purpose, sponsor, dates, value of gifts, value of transportation, value of accommodation, total value, and, if available, supporting documents for transportation and/or accommodation.	1.00	1.00	1.00	1.00
(23)	International travel	Public statement of sponsored travel.	Name of persons accompanying the MP, destination, purpose, sponsor, dates, value of gifts, value of transportation, value of accommodation, total value, and, if available, supporting documents for transportation and/or accommodation.	1.00	1.00	1.00	1.00
	Travel average			1.00	1.00	1.00	1.00

*(Continued)*

TABLE 3—THE “UNIVERSAL FORM,” THE CANADIAN MP DISCLOSURE FORM, AND THE FORM CONTENT DISCLOSURE INDICES FOR CANADIAN MPs (*Continued*)

Universal form		Canadian MP's disclosure form		Form content disclosure indices for Canadian MPs based on the “universal form”			
				Values available to congress	Sources available to congress	Values publicly available	Sources publicly available
Areas and categories		Items covered	Details about what must be disclosed				
<i>VI. Gifts</i>							
(24)	Gifts	Public statement of gifts and other benefits.	Prohibition to receive any gift or benefit except compensation authorized by the law which is related to the MP's position. But the MP may receive gifts or benefits as a normal expression of from expressions of courtesy, protocol and hospitality. In such cases, it must disclose the nature, source, and circumstances of all gifts and benefits above \$500.	1.00	1.00	1.00	1.00
Gifts average				1.00	1.00	1.00	1.00
<i>VII. Other conflicts of interest activities</i>							
(25)	Unpaid employment and professional services	Employment or profession. Business.	Position, organization, state if they have any lobbying or dealings with parliament or the government and the details of such lobbying or dealings.	—	1.00	—	1.00
(26)	Unpaid boards and directorships	Director or officer in a corporation.	Position, organization, state if they have any lobbying or dealings with parliament or the government and the details of such lobbying or dealings.	—	1.00	—	1.00
(27)	Participation in professional associations, non-profits, trade unions	Director or officer in an association, trade union or non-profit organization.	Position, organization, state if they have any lobbying or dealings with parliament or the government and the details of such lobbying or dealings.	—	1.00	—	1.00
(28)	Post-tenure positions and employment	Employment, offices, directorships, business, profession, contracts, grant or contributions from government, farming, partnership or other income/benefits.	Source and nature of income/benefits in the following 12 months.	—	1.00	—	1.00
Other conflicts of interest average				—	1.00	—	1.00
Form content index				0.76	0.92	0.33	0.87

ered elsewhere in the universal form. This area covers: (25) unpaid contracts and employment; (26) unpaid boards and directorships; (27) participation in associations, not-for-profit organizations, and trade unions; and (28) post-tenure positions and employment of the MP. Potential conflicts of interest emerging from *paid* contracts, employment, and directorships are covered elsewhere in the universal form. For example, paid directorships are captured in the “boards and directorships” category of the income area.

TABLE 4—DISCLOSURE AND ENFORCEMENT INDICES

	Requirements and public availability		Form content disclosure indices				Enforcement	
	Disclosure required	Publicly available	Values available to Congress	Sources available to Congress	Values publicly available	Sources publicly available	Strength of registrar	Strength of checking unit
<i>Panel A. Means</i>								
Full sample (175)	0.62	0.29	0.23	0.31	0.09	0.15	0.32	0.21
Countries with blank form (106)	0.95	0.49	0.37	0.48	0.14	0.24	0.50	0.34
<i>Panel B. Means by income groups (and significance of t-tests of group versus the rest)</i>								
High income (37)	0.76 <sup>c</sup>	0.61 <sup>a</sup>	0.20	0.41 <sup>a</sup>	0.09	0.32 <sup>a</sup>	0.27	0.19
Upper middle income (30)	0.83 <sup>a</sup>	0.42 <sup>b</sup>	0.35 <sup>a</sup>	0.45 <sup>a</sup>	0.16 <sup>a</sup>	0.25 <sup>b</sup>	0.51 <sup>a</sup>	0.37 <sup>a</sup>
Lower middle income (59)	0.66	0.21	0.29 <sup>c</sup>	0.31	0.08	0.08 <sup>a</sup>	0.37	0.24
Low income (49)	0.35 <sup>a</sup>	0.08 <sup>a</sup>	0.11 <sup>a</sup>	0.12 <sup>a</sup>	0.04 <sup>b</sup>	0.03 <sup>a</sup>	0.18 <sup>a</sup>	0.10 <sup>a</sup>
<i>Panel C. Means by democracy 1950–2006 groups (and significance of t-tests of high versus low)</i>								
High democracy (87)	0.78 <sup>a</sup>	0.44 <sup>a</sup>	0.29 <sup>a</sup>	0.40 <sup>a</sup>	0.11	0.22 <sup>a</sup>	0.37 <sup>c</sup>	0.26 <sup>b</sup>
Low democracy (88)	0.47	0.16	0.18	0.21	0.07	0.07	0.27	0.17
<i>Panel D. Means by Freedom of the Press groups (and significance of t-tests of high versus low)</i>								
High press freedom (93)	0.79 <sup>a</sup>	0.45 <sup>a</sup>	0.30 <sup>a</sup>	0.42 <sup>a</sup>	0.12 <sup>b</sup>	0.24 <sup>a</sup>	0.40 <sup>a</sup>	0.27 <sup>a</sup>
Low press freedom (82)	0.44	0.13	0.16	0.18	0.05	0.05	0.23	0.15
<i>Panel E. Means by Legal Origin (and significance of t-tests of legal origin versus the rest)</i>								
Common law (55)	0.58	0.22	0.22	0.32	0.05	0.14	0.30	0.19
French civil law (97)	0.60	0.22 <sup>a</sup>	0.23	0.27	0.07	0.10 <sup>b</sup>	0.31	0.22
German civil law (19)	0.95 <sup>a</sup>	0.82 <sup>a</sup>	0.34 <sup>b</sup>	0.48 <sup>a</sup>	0.28 <sup>a</sup>	0.38 <sup>a</sup>	0.49 <sup>a</sup>	0.31
Scandinavian civil law (4)	0.25	1.00 <sup>a</sup>	0.19 <sup>b</sup>	0.08	0.10	0.48 <sup>a</sup>	0.08	0.00

Note: Number of countries in parentheses.

<sup>a</sup>Significant at the 1 percent level.

<sup>b</sup>Significant at the 5 percent level.

<sup>c</sup>Significant at the 10 percent level.

To codify the content of the form, we make several assumptions. First, we assume that MPs are honest and disclose what they are asked to disclose on the blank form, but not more. Second, we assume that MPs interpret disclosure requirements in broad terms to avoid being accused of failing to comply with the law. This means that when there is an ambiguity as to what a particular disclosure request calls for (e.g., does a request to disclose share ownership cover mutual funds?), we assume that the form intends broader disclosure (i.e., yes, it does), thus raising national content scores. Third, we give countries full credit if a majority of the items in a category of our universal form need to be disclosed (i.e., the form lists jewelry, art, and cattle, but not other movable assets), and no credit otherwise. Finally, some countries restrict the business activities of the MPs, their ability to receive gifts, or to own assets. Such restrictions can substitute for disclosure. The universal form allows us to account for these restrictions. When a restriction binds in a category, we code it as the highest disclosure standard for that category.

MPs may need to make two types of disclosure: the values of their assets, liabilities, expenses, income, gifts, and travel; and the information needed to identify assets, liabilities, sources of income, gifts and travel, as well as parties with whom they have additional relationships or associations that could lead to other conflicts of

interest. We refer to these two types of disclosure as values and sources, recognizing that “sources” is a somewhat loose reference encompassing all matters of identification of assets, liabilities, and activities. In our coding, for each category, the score for *values* equals 0 if no disclosure is required, 0.5 if only aggregate values need to be disclosed (e.g., total wages, total real estate), and 1 if itemized values need to be disclosed. Similarly, for each category, the score for *sources* equals one if items need to be identified and zero otherwise.

We compute disclosure measures for values and sources separately. To do so, for each area, we first compute a simple average score over the categories in that area. We then take the average of these area scores to create scores for values and sources disclosure. More precisely, since the area of other conflicts of interest (VII) does not have values, our final measure of disclosure of *values* is the simple average of the following area value scores: (I) assets, (II) liabilities, (III) income, (IV) expenditure, (V) travel, and (VI) gifts. Similarly, since the area of expenditures (IV) does not have sources, the final measure of disclosure of *sources* is the simple average of the six areas with source scores: (I) assets, (II) liabilities, (III) income, (V) travel, (VI) gifts, and (VII) other conflicts of interest. We measure disclosure of values and sources separately for what is available to Congress and to the public to end up with four disclosure content variables, separating values and sources, and disclosures to Congress and to the public.

Our aggregation of specific disclosure requirements into particular indices is admittedly arbitrary. We have alternatively extracted from the relevant averages for our 28 categories the first two principal components for values and sources. We discuss these results below.

Measures based on the universal form can take into account the extent of disclosure not only by the MP, but also by family members. In our data, 73 of the 106 countries require at least some disclosure for MP family members on the blank forms. We have repeated the analysis described below, coding these disclosures, and obtained similar results.

### C. Summary Statistics

Columns 3 and 4 of Table 4 present means of values and sources available to Congress. The mean score over 175 countries for *values* available to Congress is 0.23. If we only consider the 106 countries with available blank forms, this mean rises to 0.37. At the top are Canada, Costa Rica, Jamaica, Georgia, Israel, Indonesia, Namibia, Puerto Rico, and St. Lucia, with scores above 0.65. The mean score for *sources* available to congress is 0.31 over all countries and 0.48 over countries with an available blank form. At the top are Australia, Canada, Israel, Namibia, Puerto Rico, Poland, the United Kingdom, and the United States, with scores above 0.80.

As indicated earlier, some of the countries with disclosure to Congress have no disclosure to the public. Some have disclosure to the public, but MPs do not comply. And, some (26) have limited public disclosure. Columns 5 and 6 of Table 4 present the indices for values and sources publicly available in practice. These two columns are our most comprehensive summary measures of the content of MP disclosures, as they consider not only the breadth of the content of the forms, but also the failure

of some countries to comply with their public disclosure laws, and the availability of data in other countries despite the absence of legal mandates. In the full sample of 175 countries, the mean public disclosure score is 0.09 for values and 0.15 for sources. If we focus on the countries for which we have a blank form, the mean public disclosure score is 0.14 for values and 0.24 for sources. Transparency is quite scarce once we take both the completeness and the actual public availability of disclosures into account.

The last two variables defined in Table 2, and summarized in Table 4, concern enforcement of disclosure. The first is the index of the strength of the registrar, the body that collects disclosures. This index reflects three dimensions: whether the registrar is independent from parliament, whether it must publish compliance data by law, and whether it can penalize MPs for failure to disclose. The second enforcement measure is the index of the strength of the administrative unit that checks the accuracy of disclosure, which might be different from the registrar. The index again aggregates information on whether this “checking” unit is independent from parliament, whether it must publish the results of its verification of the accuracy of disclosure, and whether it can penalize MPs for inaccurate disclosure. The scores for the strength of the registrar and the checking units are 0.32 and 0.21 for the full sample. For the group of countries with available blank forms, the mean scores for the strength of the registrar and checking units are higher, reaching 0.50 and 0.34, respectively.

Panel B of Table 4 presents means of disclosure variables grouped by income. Across our measures, high- and upper-middle income countries require disclosures and make them publicly available more often than the rest of the world. They also generally have the highest disclosure scores, while low-income countries have the lowest disclosure scores. Public disclosure of *sources* is the highest in rich countries (0.32) and declines monotonically with income. The corresponding *values* disclosure for high-income countries (0.09) is identical to the world mean. Enforcement variables are higher in middle-income countries, with upper-middle income countries showing statistically significantly higher strength of the registrar and checking units than the rest of the sample. Panel C shows that every disclosure measure is, on average, statistically significantly higher in democratic than in nondemocratic countries. Panel D shows the same result for countries with higher press freedom. Finally, panel E shows no systematic differences in disclosure by legal origin, except that the richer German legal origin countries generally have higher disclosure scores.<sup>10</sup>

## II. Disclosure and the Quality of Government

In this section, we examine the relationship between disclosure rules and several measures of the quality of government, including corruption. The five measures of the quality of government we look at are defined formally in Table 2. They include: the corruption score from ICRG; the government effectiveness index from Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi (2008); the logarithm of the costs

<sup>10</sup> An earlier draft (Djankov et al. 2009) considers some of these predictors of disclosure in a regression format using the approach in Treisman (2007). Appendix B2 includes these regressions.



TABLE 5—OUTCOME MEASURES AND DISCLOSURE INDICES, CONTROLLING FOR INCOME AND DEMOCRACY  
(Full sample of 175 countries)

Dependent variable is:	ICRG corruption index	Government effectiveness index	Log cost of starting a business	Expropriation risk index	Participation in parliamentary elections (% of population)
Disclosure required	-0.4697 <sup>a</sup> [0.1705]	-0.1537 <sup>c</sup> [0.0900]	-0.1992 [0.2185]	0.0757 [0.2306]	5.6148 <sup>b</sup> [2.6430]
Publicly available	0.3072 <sup>c</sup> [0.1702]	0.2402 <sup>a</sup> [0.0864]	-0.6872 <sup>a</sup> [0.2424]	0.7090 <sup>a</sup> [0.2166]	7.9941 <sup>a</sup> [2.6548]
Values available to Congress	-1.1139 <sup>a</sup> [0.2873]	-0.3888 <sup>a</sup> [0.1455]	-0.5305 [0.4075]	-0.2837 [0.4264]	8.4095 <sup>c</sup> [4.2862]
Sources available to Congress	-0.5416 <sup>c</sup> [0.2976]	-0.0598 [0.1436]	-0.7802 <sup>b</sup> [0.3589]	0.0899 [0.3538]	10.8864 <sup>a</sup> [3.7720]
Values publicly available	-0.1338 [0.3940]	0.0541 [0.1722]	-1.5382 <sup>a</sup> [0.5185]	1.5598 <sup>a</sup> [0.5168]	19.7628 <sup>a</sup> [5.9281]
Sources publicly available	0.7742 <sup>b</sup> [0.3125]	0.4945 <sup>a</sup> [0.1526]	-1.3376 <sup>a</sup> [0.3905]	1.1992 <sup>a</sup> [0.3087]	14.2700 <sup>a</sup> [4.2149]
Strength of registrar	-0.6336 <sup>a</sup> [0.1973]	-0.2559 <sup>b</sup> [0.1074]	-0.3214 [0.3012]	-0.1306 [0.3142]	5.6606 <sup>c</sup> [3.1470]
Strength of checking unit	-0.8578 <sup>a</sup> [0.2867]	-0.3539 <sup>b</sup> [0.1362]	-0.5518 [0.3552]	-0.1981 [0.3347]	11.9679 <sup>a</sup> [3.9000]

Notes: The table shows the results of OLS regressions using the full sample of countries. Each cell in the table shows the coefficient and standard error of a regression of the dependent variable (shown in the first row) on the corresponding disclosure index (shown in the first column). The regressions also control for log of GNI per capita (2006), democracy (1950–2006), and a constant. Robust standard errors are shown in brackets.

<sup>a</sup>Significant at the 1 percent level.

<sup>b</sup>Significant at the 5 percent level.

<sup>c</sup>Significant at the 10 percent level.

of starting a business from the World Bank Doing Business Report (2009), based on Djankov et al. (2002); a measure of government expropriation risk from the International Country Risk Guide (2008); and an objective measure of participation in parliamentary elections from Vanhanen's Measures of Democracy (2007). Each of these diverse measures of the quality of government can be argued to benefit from disclosure and transparency in the public sector. We have tried a variety of other measures, but these five deliver some of the more interesting results.<sup>11</sup>

In Table 5, we present the coefficients from OLS regressions of each of these outcome variables on each of the eight disclosure variables, taken one at a time, with two controls. The first control is the logarithm of per capita income in 2006. The second control is an average democracy score in the period 1950–2006. We have also computed simple correlations between the quality of government and disclosure variables, but nearly all of these are significant simply because both the government and disclosure are better in the richer and more democratic countries.

<sup>11</sup> In Djankov et al. (2009) and Appendix B, we present the results for several alternative corruption measures, which are similar to those for the ICRG measure we discuss in the text. In addition, we have tried measures of trust, confidence in various parts of government, infrastructure quality, and the size of the government labor force as a proportion of the population. All of these measures are positively correlated with both public availability and sources publicly available, but the estimated coefficients are often insignificant once we control for income per capita or democracy.

In Table 5, income per capita and democracy are statistically significant in nearly all specifications (results are not shown). We have also run regressions with many more controls following the strategy suggested by Treisman (2007) in his study of the robust determinants of corruption.<sup>12</sup> These results are presented in Appendix B. The disadvantage of the specifications with more controls, such as detailed characteristics of the political system, is that one might be over-controlling. The approach in Table 5 seems to be a reasonable compromise.

The results in Table 5 show that only two disclosure variables are consistently and statistically significantly related to higher measures of the quality of government: the public availability dummy and sources publicly available. The two measures of disclosure to Congress are not consistently related to outcomes, nor are the two enforcement variables. The values publicly available measure is predictive of three out of five outcomes, but this finding is not robust to the inclusion of additional control variables. The basic conclusion of Table 5 is that the feature of disclosure most consistently related to higher quality government is public availability, especially that of sources. Figures 1–4 present this relationship for the ICRG corruption index and the logarithm of the cost of starting a business, respectively. The finding that the central feature of successful disclosure practices is public availability points to the importance of external control of politicians for good governance.

We have assessed the robustness of these results in a number of ways (the details are presented in Appendix B). First, we have replaced our four disclosure content variables with the first principal components computed using all 28 categories, for values and sources separately, and for availability to Congress and to the public separately. Of these four measures, in line with the results in Table 5, the only variable reliably related to better government is the first principal component of sources publicly available in practice.

Second, we considered the possibility, suggested by the finding of the centrality of public availability, that disclosure matters only in the more democratic countries, which have the mechanisms of holding politicians accountable once information comes to light. When we divided the sample into the more- and less-democratic countries, we continue to find, for either group, that disclosure of sources to the public is the variable most closely associated with better government. We find that the coefficients on this variable are statistically significant for every outcome but participation in the high democracy sample, and for three out of five outcomes in the low-democracy sample. We do not take this as compelling evidence of complementarity.

Finally, we have examined the robustness of the results to adding additional controls, in the spirit of Treisman (2007). These additional controls include a measure of fuel exports and a measure of freedom of the press, two variables that Treisman (2007) found particularly predictive of corruption. We find that, for the whole sample, sources publicly available still predicts better government, except for the ICRG corruption measure. Even this measure, however, is statistically significant when we restrict attention to the more democratic countries.

<sup>12</sup> Although Treisman (2007) finds that the average democracy score from 1950 onward is most consistently correlated with corruption, we have also replaced this historical measure of democracy with several contemporaneous indicators of democracy in the specification of Table 5. The results remain robust.

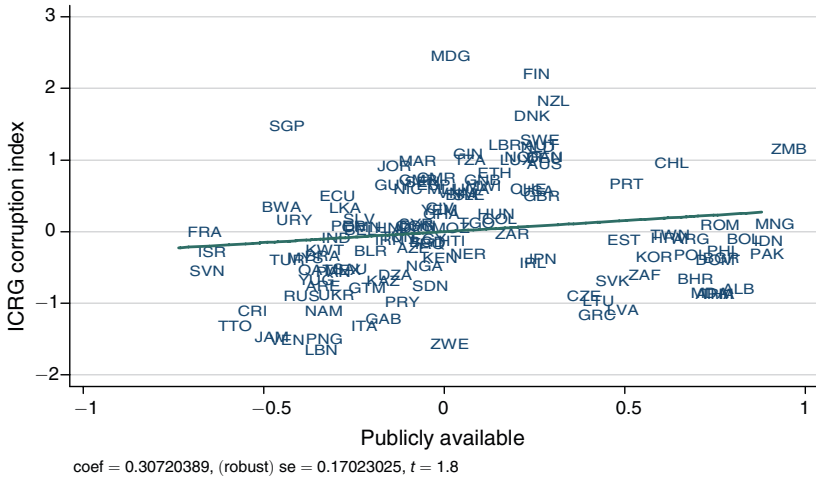


FIGURE 1

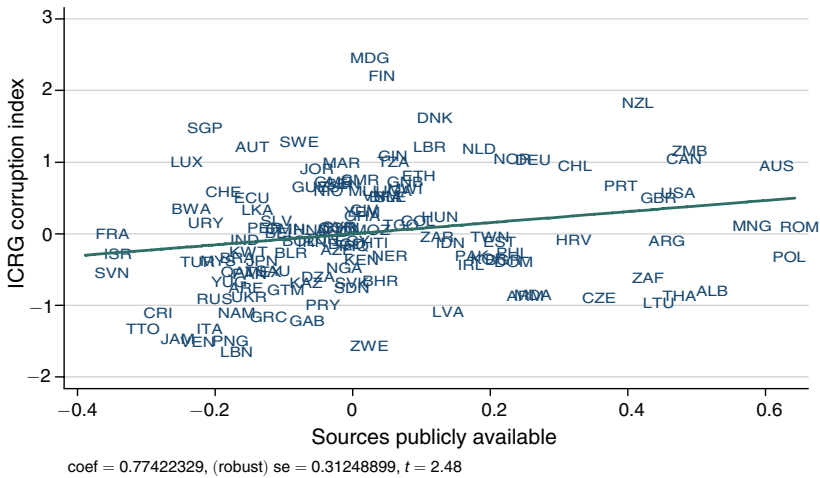


FIGURE 2

Notes: Partial scatter plots of publicly available (Figure 1) and sources publicly available (Figure 2), and the ICRG corruption index for the full sample of 175 countries. The dependent variable is the ICRG corruption index. Each regression also includes as controls: log of GNI per capita 2006, democracy (1950–2006), and a constant.

### III. Conclusion

We present new measures of disclosure by MPs in 175 countries, and examine their determinants and influences on perceived corruption. The measures distinguish between public and nonpublic disclosure, and between more and less comprehensive disclosure. These distinctions motivate the creation of several indices of disclosure. Several findings emerge.

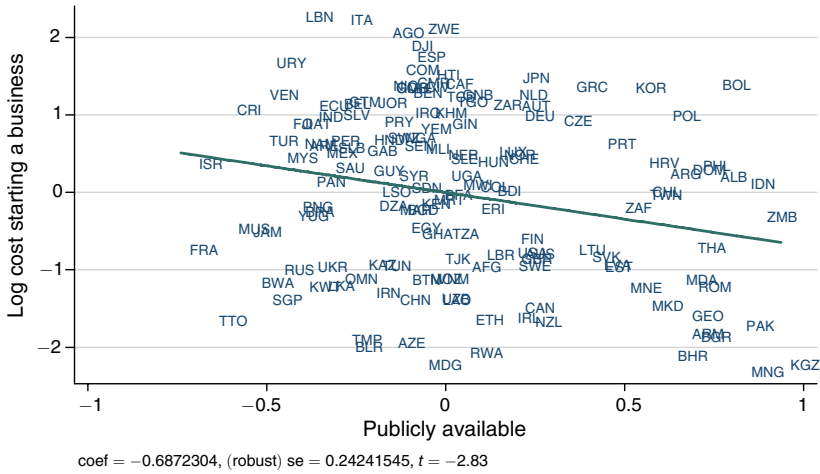


FIGURE 3

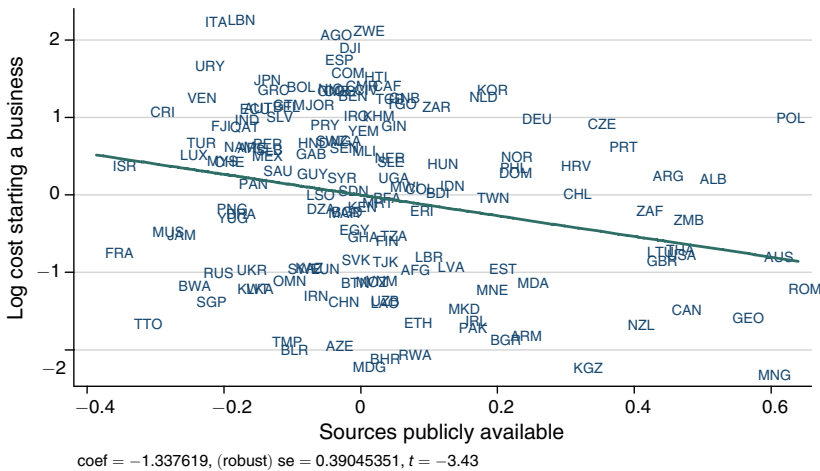


FIGURE 4

Notes: Partial scatter plots of publicly available (Figure 3) and sources publicly available (Figure 4), and the log cost of starting a business for the full sample of 175 countries. The dependent variable is the log cost of starting a business. Each regression also includes as controls: log of GNI per capita 2006, democracy (1950–2006), and a constant.

First, there is huge variation among countries—even among countries with some mandatory disclosure—in whether disclosure is made public, and how much is made public. Only one-third of the 175 countries allow public access to disclosure by politicians.

Second, perhaps the strong correlate of good government is disclosure that is public. Many countries keep disclosure by MPs in Congress, and such secret disclosure, even if extensive, is not systematically related to better government. In contrast, public disclosure is associated with better government even with various controls. The privacy of politicians may have benefits, but those may come at the cost of lower accountability.

Third, with respect to the content of disclosure, identification of sources of an MP's assets, gifts, and activities seems more consistently related to better government than the reporting of values of assets and income.

As we have repeatedly indicated, our results cannot be interpreted causally. We only presented correlations. Nonetheless, the findings on the consistent relationship between public disclosure, particularly that of sources, are suggestive of constructive disclosure policies.

#### APPENDIX A: THE UNIVERSAL FORM FOR CANADA

Table 3 illustrates how we map the Canadian blank disclosure forms into our "universal" form. The first column of Table 3 lists the seven areas, as divided into the 28 categories, which we use to organize the disclosures through the universal form.

The second and third columns in Table 3 match the items that need to be disclosed in the Canadian blank form to the "universal" form.<sup>13,14</sup> The second column groups the individual items that MPs must disclose into the 28 categories of the universal form. The third column summarizes the specific information that MPs must disclose regarding each of these items. Columns 4–7 show our coding of MPs' disclosure for Canada. For each category, the scores for values and sources available to *Congress* are shown in columns 4 and 5, respectively. Columns 6 and 7 show analogous data for disclosures available to the *public*. Canada has different standards of disclosure to Congress and to the public.

We begin by describing the blank form available to Congress. Begin with the area of assets (I). Canadian MPs must fill out all the details (i.e., address, estimated value, purpose, percentage ownership, and names and relationships of all co-owners) about their personal residence, second homes, vacant land, buildings, farms, etc. The Canadian form splits real property disclosures into five items (i.e., principal residence, secondary residence, investments in real property, farms, and vacant land). The first category of the Canadian form maps directly into the "personal residence" category (1) in our universal form, and we group the other four items of the Canadian form into the "second homes, vacant land, buildings and farms" category (2) in our universal form. Since MPs are required to report the value and location of each real estate property they own, we give a score of one for values and sources for the categories of "personal residence" and "second homes, vacant land, buildings and farms." The third category in the area of assets is "financial investments and business assets" (3). The Canadian blank form asks MPs to submit recent statements for a long list of investments (e.g., mutual funds, stocks, corporate bonds, corporate debentures, trust units, stock options, warrants, rights and similar instruments, deferred share units, stock market indices, closed-end mutual funds, commodities, futures and foreign currencies held for speculative purposes, and various savings plans and retirement accounts), as well as the details and values of business

<sup>13</sup> Canadian MPs are required to fill out three different disclosure forms: a disclosure statement containing most of the disclosure items; at least one public statement of gifts and other benefits received; and at least one public statement of sponsored travel.

<sup>14</sup> Blank entries in the second and third columns of the table correspond to items in our "universal form" that are absent from the Canadian blank form (e.g., vehicles).

assets, insurance policies, and loans directly made by the MP. The information provided about each of these assets gives Canada a score of one for both the values and sources in this category. For “bank accounts, interest generating instruments, and cash” (4), Canada only requires MPs to disclose an aggregate value for term deposits and other interest-bearing financial instruments, which would not allow the reader to know their individual value or their location. For this reason, Canada only obtains a score of 0.5 (0.0) for values (sources) in this category. Unlike many countries, Canada does not require the disclosure of “vehicles” (5) and “other movable assets” (6), and thus scores 0.0 for both values and sources in these two categories. To compute the average for the area of assets, we take the simple average of the scores in the six categories in this area. This calculation gives Canada a values (sources) disclosure to Congress score of 0.58 (0.50) in the area of assets.

For liabilities (II), the Canadian blank form requires all the information to identify individual mortgages, guarantees, credit cards, support obligations, and liabilities exceeding C\$10,000. The form requests the amount of each obligation and the name of the creditor or lending institution. Thus, Canada gets a score of 1.0 for the disclosure of both values and sources in the category (7) and the area (III) of “liabilities” of our universal form.

For income (III), the Canadian blank form asks MPs to report 17 possible sources of income and benefits (i.e., employment, annuities, pensions, rental, trust, offices and directorships, disability benefits, business, profession, interest, dividends, royalties, contacts, grants or contributions from government, farming, partnerships, and other income or benefits). We allocate each of these types of income into our seven income categories: financial investments (8); businesses assets, rental properties and patents (9); private sector employment (10); professional services (11); boards and directorships (12); other public sector employment (13); and lotteries, gambling and other one-time payments (14). For example, the requirement to disclose income from employment in the blank form gets credit under both the “private employment” and “other public sector employment” categories in the universal form. For each of these 17 possible sources of income, the MP needs to identify the exact source and nature, as well as the amount received in the past and the coming year. Canada gets a score of 1.0 for the disclosure of both values and sources of income to Congress, as we are able to identify the value and source of each item in the income category.

The fourth area of disclosure in our universal form is expenditures (IV). This area only includes values items, as no country requires MPs to provide further information regarding their expenditures. In Canada, as in the majority of countries in our sample, MPs are not required to report their personal expenditures. Accordingly, Canada gets a score of zero for values in all seven expenditure categories (i.e., food and shelter (15), business expenses (16), entertainment (17), transportation (18), medical and insurance (19), education (20), and taxes (21)), and an overall zero in the expenditure area (IV).

In the area of “travel” (V), the universal form has two categories: domestic (22) and international (23), according to the destination of the trip. As the second column of the table shows, Canadian MPs must file a form for each sponsored domestic or international trip that they make. The third column of the table shows that MPs need to provide the destination, dates, purpose, sponsors, accompanying passengers, and the description and value of gifts received, along with supporting documents. As a

result, Canada gets a score of 1.0 for values and sources of “travel” for the categories of domestic and international travel, and consequently also for the area of travel.

For the “gifts” area (VI), Canadian MPs have to file an additional form for each individual gift or benefit received, stating the nature, the source, and the circumstances. Although we would know the aggregate value of all gifts received while traveling from the MP’s travel form, there is no general requirement to provide the individual value of each gift received or the total value of all gifts received. However, the Canadian gift policy illustrates the importance of binding restrictions. The disclosure of gifts described above refers only to gifts considered to be an expression of courtesy or protocol. Canadian MPs are prohibited from taking any other gifts. Because we code restrictions as the highest disclosure standard, Canada gets a full score of one in both values and sources of “gifts.”

Finally, we turn to other conflicts of interest not covered elsewhere in the universal form (VII). Other conflicts of interest arising from unpaid activities are addressed in the Canadian blank form, as it requests that MPs disclose all (both paid and unpaid) professional and business activities, as well as all directorships and management positions in associations, trade unions, and nonprofit organizations. The MP’s position and the name of the organization must be provided in each case. If the organization lobbies or has dealings with Parliament or the Government of Canada, the MP must also provide the details. Canada gets full credit for sources in the three universal form categories of unpaid employment and professional activities (25), unpaid boards and directorships (26), and participation in professional associations, nonprofits and trade unions (27).

In Canada, we would also know the MPs’ post-tenure positions and employment in the year after leaving Congress, as MPs report all positions and employment for the following 12 months of the filing. The requested information gives Canada the score of one for sources in the category of “post-tenure positions and employment” (28) of the universal form. Finally, with a score of 1 in all 4 categories in this area, Canada gets a score of 1.0 for sources in the area of “other conflicts of interest.”

The simple average of the six area averages for values gives Canada a score of values available to Congress of 0.76. Similarly, the simple average of the six area averages for sources gives Canada a score for sources available to Congress of 0.92. These two indices are shown in columns 4 and 5 at the bottom of Table 3.

In Canada, as in 25 other countries, the public only has access to a “summary disclosure form” containing a subset of the disclosures available to Congress. These “summary” forms allow us to code sources and values for disclosures available to the public in columns 6 and 7 of Table 3. We follow the same methodology outlined above for the calculation of values and sources available to Congress, using information that is publicly available. The Canadian scores for values and sources publicly available fall to 0.33 and 0.87, respectively. The main reasons behind the reduction in the scores are the suppression of the addresses of properties, and of the individual values of assets, liabilities, and incomes. Public disclosure in Canada still contains information that allows identification of accounts, assets, sources of income, and business connections. The individual forms for gifts and travel are also publicly available in full. Canada ranks among the top ten countries in the content (both values and sources) of disclosures that is publicly available.

## APPENDIX B1: DESCRIPTION OF THE VARIABLES

Variable	Description
<i>Panel A. Corruption measures</i>	
Kaufmann corruption index (2003–2005)	The average score of the Kaufmann corruption index between 2003 and 2005. The indicator is constructed using an unobserved components methodology. The estimates are normally distributed with a mean of zero and a standard deviation of one each year of measurement. The range of the score is from $-2.5$ to $+2.5$ , with a higher score indicating less corruption. <i>Source:</i> Kaufmann et al. (2008). <a href="http://www.worldbank.org/wbi/governance/data">www.worldbank.org/wbi/governance/data</a> .
Transparency International corruption index (2003–2007)	The average score of the Transparency International corruption perception index between 2003 and 2007. The index provides a measure of the extent to which corruption is perceived to exist in the public and political sectors. The index focuses on corruption in the public sector and defines corruption as the abuse of public office for private gain. It is based on assessments by experts and opinion surveys. The index ranges between 0 (highly corrupt) and 10 (highly clean). <i>Source:</i> <a href="http://www.transparency.org">www.transparency.org</a> .
Heritage Foundation corruption index (2003–2007)	The average score of the Heritage Foundation corruption index between 2003 and 2007. The index is based on quantitative data that assess the perception of corruption in the business environment, including levels of governmental, legal, judicial and administrative corruption. The index is based on the Transparency International corruption index but supplemented with quantitative information from other sources. The scale of the index is from 0 to 100, with higher numbers indicating less corruption. <i>Source:</i> <a href="http://www.heritage.org">www.heritage.org</a> .
GCR corruption index (2003–2007)	The average score of the Global Competitiveness Report corruption index between 2003 and 2007. The index is based on survey measures that include questions about the business costs of corruption. The scale of the index is from 0 to 7, where higher numbers mean less corruption. <i>Source:</i> International Country Risk Guide, Political Risk Services. <a href="http://www.prsgroup.com">www.prsgroup.com</a> .
Firms that pay bribes (percent)	The percentage of firms that report “paying bribes to get things done” from the World Bank’s Enterprise Surveys carried out between 2002 and 2007. The surveys collect information on firm characteristics, business perceptions, and indicators of the quality of the business environment. <i>Source:</i> <a href="http://www.enterprisesurveys.org">www.enterprisesurveys.org</a> .
<i>Panel B. Other variables and controls</i>	
Fuel exports	Percentage of mineral fuels in manufacturing exports in 2000. <i>Source:</i> Treisman (2007), originally taken from the World Development Indicators of the World Bank.
Protestant population	The percentage of Protestant population in the country in 1980. <i>Source:</i> La Porta et al. (1999).
Catholic population	The percentage of Catholic population in the country in 1980. <i>Source:</i> La Porta et al. (1999).
Muslim population	The percentage of Muslim population in the country in 1980. <i>Source:</i> La Porta et al. (1999).
Continent dummies	Dummy variables that identify the geographical continent of each country. Countries are classified in one of the six different continents provided by standard geographic classifications. The continents are: Africa, America, Europe, Asia, Oceania, and Antarctica. The dummy variable is equal to 1 if the country is located in that particular continent and zero otherwise. <i>Source:</i> Authors’ classification based on data by <a href="http://www.wikipedia.com">www.wikipedia.com</a> .

*Note:* This table describes the variables collected for the 175 countries in our study which are used in Appendix B and were not previously defined in Table 2 of the paper.



## APPENDIX B2: CROSS-SECTIONAL DETERMINANTS OF DISCLOSURE AND ENFORCEMENT

Dependent variable is:	Requirements and public availability		Form content disclosure indices				Enforcement	
	Disclosure required	Publicly available	Values available to congress	Sources available to congress	Values publicly available	Sources publicly available	Strength of registrar	Strength of checking unit
<i>Panel A. Controlling for religion</i>								
Log GNI per capita 2006	0.0030 [0.0409]	0.0275 [0.0366]	-0.0343 <sup>c</sup> [0.0186]	-0.0005 [0.0231]	-0.0086 [0.0127]	0.0389 <sup>c</sup> [0.0218]	-0.0625 <sup>b</sup> [0.0287]	-0.0462 <sup>b</sup> [0.0201]
Democracy (1950–2006)	0.0148 [0.0148]	-0.0122 [0.0162]	-0.0004 [0.0076]	-0.0005 [0.0095]	-0.0105 [0.0070]	-0.0106 [0.0099]	-0.0075 [0.0135]	-0.0062 [0.0111]
FH press freedom	0.0039 [0.0028]	0.0075 <sup>a</sup> [0.0024]	0.0033 <sup>b</sup> [0.0014]	0.0049 <sup>a</sup> [0.0016]	0.0029 <sup>b</sup> [0.0011]	0.0039 <sup>a</sup> [0.0014]	0.0057 <sup>a</sup> [0.0020]	0.0031 <sup>b</sup> [0.0015]
Fuel exports	0.0003 [0.0020]	-0.0011 [0.0010]	0.0008 [0.0008]	0.0010 [0.0009]	-0.0003 [0.0009]	-0.0005 [0.0006]	0.0018 [0.0015]	0.0018 [0.0011]
Protestant population	-0.0076 <sup>a</sup> [0.0023]	0.0017 [0.0019]	-0.0037 <sup>a</sup> [0.0013]	-0.0046 <sup>b</sup> [0.0018]	-0.0016 <sup>c</sup> [0.0009]	0.0001 [0.0012]	-0.0040 <sup>b</sup> [0.0015]	-0.0043 <sup>a</sup> [0.0012]
Catholic population	-0.0004 [0.0010]	-0.0006 [0.0017]	-0.0025 <sup>a</sup> [0.0007]	-0.0018 <sup>c</sup> [0.0009]	-0.0019 <sup>b</sup> [0.0011]	-0.0016 [0.0011]	-0.0016 [0.0012]	-0.0026 <sup>b</sup> [0.0010]
Muslim population	-0.0049 <sup>a</sup> [0.0018]	-0.0018 [0.0014]	-0.0034 <sup>a</sup> [0.0008]	-0.0034 <sup>a</sup> [0.0008]	-0.0018 <sup>a</sup> [0.0006]	-0.0017 <sup>b</sup> [0.0007]	-0.0026 <sup>c</sup> [0.0015]	-0.0025 <sup>b</sup> [0.0011]
Africa dummy	-0.1096 [0.1353]	-0.3886 <sup>a</sup> [0.1426]	-0.0990 [0.0803]	-0.0902 [0.1108]	-0.1502 <sup>b</sup> [0.0590]	-0.1393 [0.0885]	-0.1801 <sup>c</sup> [0.1047]	-0.2662 <sup>a</sup> [0.0839]
America dummy	0.0472 [0.0814]	-0.3705 <sup>a</sup> [0.1375]	0.2471 <sup>a</sup> [0.0598]	0.1327 <sup>c</sup> [0.0743]	-0.0633 [0.0585]	-0.1001 [0.1034]	0.1345 [0.0982]	0.0510 [0.0734]
Asia dummy	-0.0867 [0.1010]	-0.0864 [0.1518]	-0.0341 [0.0743]	-0.0886 [0.0883]	-0.0479 [0.0700]	-0.0765 [0.0849]	-0.1036 [0.0910]	-0.2442 <sup>a</sup> [0.0769]
Oceania dummy	-0.0684 [0.2210]	-0.3046 [0.2360]	-0.2875 <sup>a</sup> [0.0418]	0.1117 [0.2265]	-0.1810 <sup>a</sup> [0.0419]	0.0646 [0.2085]	-0.0909 [0.1256]	-0.0009 [0.1271]
Constant	1.0499 <sup>b</sup> [0.4018]	0.7801 <sup>b</sup> [0.3589]	0.8781 <sup>a</sup> [0.2033]	0.7643 <sup>a</sup> [0.2510]	0.5447 <sup>a</sup> [0.1531]	0.2490 [0.2273]	1.3308 <sup>a</sup> [0.3052]	1.0683 <sup>a</sup> [0.2217]
Observations	123	123	119	119	123	123	123	123
R <sup>2</sup>	0.38	0.44	0.46	0.43	0.28	0.40	0.24	0.28
Continent dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Panel B. Controlling for legal origins</i>								
Log GNI per capita 2006	-0.0043 [0.0393]	0.0147 [0.0338]	-0.0538 <sup>a</sup> [0.0194]	-0.0184 [0.0222]	-0.0189 [0.0124]	0.0242 [0.0215]	-0.0677 <sup>b</sup> [0.0286]	-0.0482 <sup>b</sup> [0.0207]
Democracy (1950–2006)	0.0211 [0.0143]	-0.0031 [0.0166]	0.0067 [0.0082]	0.0027 [0.0097]	-0.0039 [0.0077]	-0.0046 [0.0106]	-0.0024 [0.0127]	-0.0046 [0.0121]
FH press freedom	0.0040 [0.0030]	0.0064 <sup>b</sup> [0.0025]	0.0029 <sup>c</sup> [0.0016]	0.0051 <sup>a</sup> [0.0017]	0.0017 [0.0011]	0.0035 <sup>b</sup> [0.0014]	0.0049 <sup>b</sup> [0.0020]	0.0026 [0.0017]
Fuel exports	-0.0011 [0.0018]	-0.0012 [0.0010]	0.0001 [0.0008]	0.0004 [0.0008]	-0.0006 <sup>c</sup> [0.0004]	-0.0006 [0.0006]	0.0010 [0.0013]	0.0008 [0.0010]
French civil law dummy	0.0183 [0.0994]	-0.0977 [0.0869]	-0.0653 [0.0485]	-0.1159 <sup>b</sup> [0.0514]	-0.0313 [0.0335]	-0.0915 <sup>c</sup> [0.0492]	0.0121 [0.0760]	0.0182 [0.0553]
German civil law dummy	0.0383 [0.1078]	0.1605 [0.1364]	0.0024 [0.0820]	-0.0856 [0.0822]	0.1259 [0.0797]	0.0160 [0.0977]	0.1058 [0.1060]	0.0000 [0.0832]
Scandinavian law dummy	-0.8360 <sup>a</sup> [0.2428]	0.1544 [0.1212]	-0.3442 <sup>a</sup> [0.0720]	-0.6258 <sup>a</sup> [0.0984]	-0.0659 [0.0777]	-0.0175 [0.1114]	-0.2980 <sup>b</sup> [0.1213]	-0.3094 <sup>a</sup> [0.0828]
Africa dummy	-0.2862 <sup>b</sup> [0.1375]	-0.4029 <sup>a</sup> [0.1400]	-0.2091 <sup>b</sup> [0.0857]	-0.2685 <sup>a</sup> [0.1014]	-0.1561 <sup>b</sup> [0.0659]	-0.1905 <sup>b</sup> [0.0899]	-0.2113 <sup>c</sup> [0.1167]	-0.2909 <sup>a</sup> [0.0999]
America dummy	0.0393 [0.0767]	-0.3336 <sup>b</sup> [0.1324]	0.1603 <sup>b</sup> [0.0635]	0.0334 [0.0647]	-0.0829 [0.0641]	-0.1534 <sup>c</sup> [0.0912]	0.1237 [0.0937]	-0.0127 [0.0886]
Asia dummy	-0.2009 <sup>b</sup> [0.0975]	-0.1571 [0.1316]	-0.0777 [0.0813]	-0.1815 <sup>b</sup> [0.0817]	-0.0435 [0.0626]	-0.1183 [0.0791]	-0.1024 [0.0919]	-0.2001 <sup>b</sup> [0.0811]
Oceania dummy	-0.2970 [0.2332]	-0.2663 [0.2554]	-0.3713 <sup>a</sup> [0.0719]	-0.0853 [0.2530]	-0.1740 <sup>a</sup> [0.0583]	0.0216 [0.2232]	-0.1294 [0.1423]	-0.0437 [0.1368]
Constant	0.9814 <sup>b</sup> [0.4194]	0.8019 <sup>b</sup> [0.3612]	0.9032 <sup>a</sup> [0.2199]	0.9160 <sup>a</sup> [0.2495]	0.4386 <sup>a</sup> [0.1589]	0.3264 [0.2304]	1.1636 <sup>a</sup> [0.3387]	0.8852 <sup>a</sup> [0.2620]

(Continued)

## APPENDIX B2: CROSS-SECTIONAL DETERMINANTS OF DISCLOSURE AND ENFORCEMENT

(Continued)

Dependent variable is:	Requirements and public availability		Form content disclosure indices				Enforcement	
	Disclosure required	Publicly available	Values available to congress	Sources available to congress	Values publicly available	Sources publicly available	Strength of registrar	Strength of checking unit
Observations	125	125	121	121	125	125	125	125
R <sup>2</sup>	0.35	0.46	0.40	0.45	0.28	0.40	0.23	0.21
Continent dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The table shows the results of OLS regressions using the full sample of countries. The dependent variables are shown in the first row. Detailed definitions of all variables are provided in Table 2 of the paper or in Appendix B1. Robust standard errors are shown in brackets.

<sup>a</sup>Significant at the 1 percent level.

<sup>b</sup>Significant at the 5 percent level.

<sup>c</sup>Significant at the 10 percent level.

## APPENDIX B3: OUTCOME MEASURES AND FIRST PRINCIPAL COMPONENTS OF CONTENT DISCLOSURE INDICES, CONTROLLING FOR INCOME AND DEMOCRACY

(Full sample of 175 countries)

Dependent variable is:	ICRG corruption index	Government effectiveness index	Log cost of starting a business	Expropriation risk index	Participation in parliamentary elections (% of population)
Values available to congress first principal component	-0.1131 <sup>a</sup> [0.0274]	-0.0432 <sup>a</sup> [0.0131]	-0.0357 [0.0383]	-0.0423 [0.0413]	0.9427 <sup>b</sup> [0.3891]
Sources available to congress first principal component	-0.6509 <sup>b</sup> [0.2613]	-0.1165 [0.1343]	-0.6784 <sup>b</sup> [0.3272]	0.0712 [0.3348]	12.1724 <sup>a</sup> [3.6439]
Values publicly available first principal component	-0.0530 [0.0449]	-0.0126 [0.0166]	-0.1340 <sup>b</sup> [0.0538]	0.1596 <sup>b</sup> [0.0631]	2.1004 <sup>a</sup> [0.6762]
Sources publicly available first principal component	0.6468 <sup>b</sup> [0.2899]	0.4647 <sup>a</sup> [0.1558]	-1.1826 <sup>a</sup> [0.3773]	1.2182 <sup>a</sup> [0.3267]	15.0947 <sup>a</sup> [4.0772]

Notes: The table shows the results of OLS regressions using the full sample of countries. Each cell in the table shows the coefficient and standard error of a regression of the dependent variable (shown in the first row) on the corresponding disclosure index (shown in the first column). The regressions also control for log of GNI per capita (2006), democracy (1950–2006), and a constant.

<sup>a</sup>Significant at the 1 percent level.

<sup>b</sup>Significant at the 5 percent level.

<sup>c</sup>Significant at the 10 percent level.

APPENDIX B4: OUTCOME MEASURES AND DISCLOSURE INDICES, CONTROLLING FOR  
INCOME AND DEMOCRACY

(Subsample of countries with high democracy score)

Dependent variable is:	ICRG corruption index	Government effectiveness index	Log cost of starting a business	Expropriation risk index	Participation in parliamentary elections (% of population)
<i>Panel A. Disclosure indices</i>					
Disclosure required	-1.0730 <sup>a</sup> [0.3409]	-0.3341 <sup>b</sup> [0.1353]	0.0556 [0.4342]	-0.6982 [0.4397]	3.9018 [4.4237]
Publicly available	0.5028 <sup>b</sup> [0.2136]	0.2856 <sup>b</sup> [0.1080]	-0.6486 <sup>c</sup> [0.3319]	0.3746 [0.3210]	3.3523 [2.4536]
Values available to congress	-1.4307 <sup>b</sup> [0.5425]	-0.5058 <sup>b</sup> [0.2161]	-0.2685 [0.6781]	-1.2248 <sup>c</sup> [0.6544]	-1.0567 [5.4343]
Sources available to congress	-0.6194 [0.4952]	-0.0483 [0.1727]	-1.0590 <sup>b</sup> [0.5209]	-0.5091 [0.5132]	1.3254 [4.8952]
Values publicly available	0.0961 [0.5951]	0.1374 [0.2168]	-1.4280 <sup>c</sup> [0.7675]	0.7824 [0.6960]	8.0772 <sup>c</sup> [4.7238]
Sources publicly available	0.9207 <sup>b</sup> [0.3562]	0.4960 <sup>a</sup> [0.1543]	-1.5415 <sup>a</sup> [0.4550]	0.7321 <sup>c</sup> [0.4046]	5.0190 [3.9247]
Strength of registrar	-1.3713 <sup>a</sup> [0.3631]	-0.5733 <sup>a</sup> [0.1677]	0.0945 [0.5899]	-1.1749 <sup>b</sup> [0.4491]	3.1385 [4.8211]
Strength of checking unit	-1.5593 <sup>a</sup> [0.3489]	-0.6458 <sup>a</sup> [0.1955]	-0.4807 [0.5687]	-0.6716 [0.5364]	6.0457 [4.8020]
<i>Panel B. First principal components of content disclosure indices</i>					
Values available to congress first principal component	-0.1841 <sup>a</sup> [0.0515]	-0.0638 <sup>a</sup> [0.0202]	-0.0109 [0.0703]	-0.1515 <sup>b</sup> [0.0621]	0.2183 [0.5565]
Sources available to congress first principal component	-0.9987 <sup>b</sup> [0.4693]	-0.1680 [0.1686]	-0.7399 [0.5177]	-0.6849 [0.5512]	2.4438 [4.9908]
Values publicly available first principal component	-0.0565 [0.0666]	-0.0074 [0.0200]	-0.1012 [0.0701]	0.0524 [0.0803]	0.9836 <sup>b</sup> [0.4506]
Sources publicly available first principal component	0.7779 <sup>b</sup> [0.3359]	0.4767 <sup>a</sup> [0.1579]	-1.3134 <sup>a</sup> [0.4551]	0.7716 <sup>c</sup> [0.4559]	4.8857 [3.8231]

Notes: The table shows the results of OLS regressions using the subsample of countries with high democracy score (above the mean democracy score 1950–2006). Each cell in the table shows the coefficient and standard error of a regression of the dependent variable (shown in the first row) on the corresponding disclosure index (shown in the first column), log of GNI per capita (2006), democracy (1950–2006), and a constant. Robust standard errors are shown in brackets. Robust standard errors in brackets.

<sup>a</sup>Significant at the 1 percent level.

<sup>b</sup>Significant at the 5 percent level.

<sup>c</sup>Significant at the 10 percent level.

APPENDIX B5: OUTCOME MEASURES AND DISCLOSURE INDICES, INCLUDING TREISMAN  
CONTROLS  
(Full sample of 175 countries)

Dependent variable is:	ICRG corruption index	Government effectiveness index	Log cost of starting a business	Expropriation risk index	Participation in parliamentary elections (% of population)
<i>Panel A. Disclosure indices</i>					
Disclosure required	-0.4235 <sup>b</sup> [0.1946]	-0.1775 <sup>c</sup> [0.0963]	-0.3397 [0.2645]	-0.0964 [0.2557]	3.0366 [3.1275]
Publicly available	0.1673 [0.1965]	0.1158 [0.0883]	-0.5477 <sup>b</sup> [0.2695]	0.4154 <sup>c</sup> [0.2397]	1.7667 [2.8560]
Values available to congress	-1.0931 <sup>b</sup> [0.4302]	-0.4626 <sup>a</sup> [0.1699]	-0.4403 [0.4907]	-0.3958 [0.5657]	-0.0982 [5.1974]
Sources available to congress	-0.6831 <sup>c</sup> [0.3659]	-0.0499 [0.1614]	-0.8058 <sup>c</sup> [0.4239]	-0.0565 [0.5068]	4.7087 [4.0582]
Values publicly available	-0.1979 [0.4249]	-0.1510 [0.1691]	-0.9011 [0.5467]	0.9995 <sup>c</sup> [0.5647]	4.6290 [6.6168]
Sources publicly available	0.5353 [0.3542]	0.3058 <sup>b</sup> [0.1469]	-1.0115 <sup>b</sup> [0.4061]	0.7910 <sup>c</sup> [0.4071]	7.6078 <sup>c</sup> [4.3330]
Strength of registrar	-0.7120 <sup>a</sup> [0.2194]	-0.3401 <sup>a</sup> [0.0940]	-0.3587 [0.3535]	-0.2661 [0.3407]	0.1894 [3.7197]
Strength of checking unit	-0.9316 <sup>a</sup> [0.3539]	-0.3949 <sup>a</sup> [0.1281]	-0.3431 [0.4007]	-0.6634 <sup>c</sup> [0.3795]	2.6545 [4.6668]
<i>Panel B. First principal components of content disclosure indices</i>					
Values available to congress first principal component	-0.1103 <sup>b</sup> [0.0426]	-0.0481 <sup>a</sup> [0.0169]	-0.0113 [0.0466]	-0.0633 [0.0567]	0.2228 [0.5313]
Sources available to congress first principal component	-0.6935 <sup>b</sup> [0.3300]	-0.0999 [0.1509]	-0.6635 <sup>c</sup> [0.3691]	-0.2102 [0.4472]	6.1080 [4.2407]
Values publicly available first principal component	-0.0535 [0.0501]	-0.0285 <sup>c</sup> [0.0167]	-0.0569 [0.0587]	0.0745 [0.0656]	0.5210 [0.6747]
Sources publicly available first principal component	0.4401 [0.3354]	0.2850 <sup>c</sup> [0.1512]	-0.8927 <sup>b</sup> [0.4060]	0.7277 <sup>c</sup> [0.4222]	6.9218 [4.3570]

*Notes:* The table shows the results of OLS regressions using the full subsample of countries. Each cell in the table shows the coefficient and standard error of a regression of the dependent variable (shown in the first row) on the corresponding disclosure index (shown in the first column), log of GNI per capita (2006), democracy (1950–2006), fuel exports, freedom of the press, and a constant. Robust standard errors are shown in brackets. Robust standard errors in brackets.

<sup>a</sup> Significant at the 1 percent level.

<sup>b</sup> Significant at the 5 percent level.

<sup>c</sup> Significant at the 10 percent level.

APPENDIX B6: OUTCOME MEASURES AND DISCLOSURE INDICES, INCLUDING  
TREISMAN CONTROLS  
(Subsample of countries with high democracy score)

Dependent variable is:	ICRG corruption index	Government effectiveness index	Log cost of starting a business	Expropriation risk index	Participation in parliamentary elections (% of population)
<i>Panel A. Disclosure indices</i>					
Disclosure required	-1.1793 <sup>a</sup> [0.3881]	-0.2552 [0.2102]	-0.4949 [0.4871]	-1.1204 <sup>b</sup> [0.4294]	4.0506 [5.0133]
Publicly available	0.5525 <sup>b</sup> [0.2339]	0.3238 <sup>a</sup> [0.0948]	-0.6052 [0.3713]	0.4168 [0.3607]	1.3282 [3.0036]
Values available to congress	-1.5194 <sup>b</sup> [0.6061]	-0.5154 <sup>b</sup> [0.2495]	-0.4819 [0.8367]	-1.0172 [0.7360]	-2.1961 [6.0944]
Sources available to congress	-0.8937 <sup>c</sup> [0.4839]	0.1022 [0.1979]	-1.2630 <sup>c</sup> [0.6887]	-0.4276 [0.6508]	0.7450 [5.8546]
Values publicly available	0.3963 [0.5666]	0.2260 [0.2052]	-1.1499 [0.8146]	1.1898 [0.7310]	4.9925 [6.4975]
Sources publicly available	0.8712 <sup>b</sup> [0.3882]	0.5427 <sup>a</sup> [0.1330]	-1.2578 <sup>b</sup> [0.5413]	0.9907 <sup>b</sup> [0.4589]	4.7380 [4.6712]
Strength of registrar	-1.5147 <sup>a</sup> [0.4303]	-0.4966 <sup>a</sup> [0.1685]	-0.1045 [0.6206]	-1.2796 <sup>b</sup> [0.4793]	2.5627 [5.1527]
Strength of checking unit	-1.9119 <sup>a</sup> [0.4373]	-0.5486 <sup>a</sup> [0.1958]	-0.3947 [0.5702]	-0.8598 [0.6169]	4.3714 [5.3272]
<i>Panel B. First principal components of content disclosure indices</i>					
Values available to congress first principal component	-0.2122 <sup>a</sup> [0.0660]	-0.0618 <sup>b</sup> [0.0303]	0.0020 [0.0940]	-0.1947 <sup>b</sup> [0.0758]	0.0954 [0.6507]
Sources available to congress first principal component	-1.1854 <sup>b</sup> [0.4978]	0.0421 [0.2198]	-1.0491 [0.6343]	-0.9580 [0.6382]	-0.8175 [6.2487]
Values publicly available first principal component	-0.0003 [0.0627]	0.0061 [0.0199]	-0.0757 [0.0751]	0.0766 [0.0843]	0.6564 [0.6124]
Sources publicly available first principal component	0.8256 <sup>b</sup> [0.3515]	0.5456 <sup>a</sup> [0.1310]	-1.0902 <sup>b</sup> [0.5157]	0.8927 <sup>c</sup> [0.4849]	3.1642 [4.7217]

*Notes:* The table shows the results of OLS regressions using the subsample of countries with high democracy score (above the mean democracy score 1950–2006). Each cell in the table shows the coefficient and standard error of a regression of the dependent variable (shown in the first row) on the corresponding disclosure index (shown in the first column), log of GNI per capita (2006), democracy (1950–2006), fuel exports, freedom of the press, and a constant. Robust standard errors are shown in brackets. Robust standard errors in brackets.

<sup>a</sup>Significant at the 1 percent level.

<sup>b</sup>Significant at the 5 percent level.

<sup>c</sup>Significant at the 10 percent level.

APPENDIX B7: CORRUPTION MEASURES AND DISCLOSURE INDICES, INCLUDING  
TREISMAN CONTROLS  
(Subsample of countries with high democracy score)

Dependent variable is:	ICRG corruption index	Kaufmann corruption index	Transparency International corruption index	Heritage Foundation corruption index	GCR corruption index	Firms that pay bribes (%)
<i>Panel A. Disclosure indices</i>						
Disclosure required	-1.1865 <sup>a</sup> [0.4154]	-0.4273 <sup>c</sup> [0.2145]	-0.8771 <sup>c</sup> [0.5016]	-6.9731 [5.3530]	-0.6925 <sup>b</sup> [0.2776]	-23.1479 <sup>a</sup> [6.0676]
Publicly available	0.5643 <sup>b</sup> [0.2380]	0.2610 <sup>b</sup> [0.1269]	0.5323 [0.3210]	4.5861 [3.4921]	0.0643 [0.1818]	-16.5610 <sup>b</sup> [7.3539]
Values available to congress	-1.5101 <sup>b</sup> [0.6638]	-0.8105 <sup>a</sup> [0.2983]	-1.9325 <sup>b</sup> [0.7347]	-15.7269 <sup>b</sup> [7.8073]	-0.9523 <sup>b</sup> [0.4579]	-33.7367 [22.9327]
Sources available to congress	-0.8431 [0.5023]	-0.0497 [0.2389]	-0.1669 [0.5537]	0.8060 [5.8259]	-0.1793 [0.3390]	-33.1899 <sup>c</sup> [18.4506]
Values publicly available	0.4168 [0.5663]	-0.0466 [0.3100]	-0.3891 [0.7468]	-5.1029 [7.5524]	-0.4757 [0.3458]	-35.1410 [20.9351]
Sources publicly available	0.8806 <sup>b</sup> [0.3905]	0.4505 <sup>b</sup> [0.2034]	0.8529 [0.5277]	7.5728 [5.8483]	0.2176 [0.2856]	-32.1727 <sup>b</sup> [14.5021]
Strength of registrar	-1.4748 <sup>a</sup> [0.4332]	-0.5019 <sup>b</sup> [0.2333]	-1.0923 <sup>c</sup> [0.5668]	-11.2640 <sup>c</sup> [5.6313]	-0.4890 [0.3180]	-24.8156 <sup>c</sup> [13.3803]
Strength of checking unit	-1.8910 <sup>a</sup> [0.4384]	-0.6533 <sup>b</sup> [0.2483]	-1.6374 <sup>a</sup> [0.5772]	-15.2761 <sup>b</sup> [5.9003]	-0.7350 <sup>b</sup> [0.3089]	-16.8204 [19.2511]
<i>Panel B. First principal components of content disclosure indices</i>						
Values available to congress first principal component	-0.2130 <sup>a</sup> [0.0713]	-0.0951 <sup>b</sup> [0.0362]	-0.2320 <sup>b</sup> [0.0882]	-2.1495 <sup>b</sup> [0.9004]	-0.1127 <sup>b</sup> [0.0449]	-3.7743 <sup>c</sup> [2.0228]
Sources available to congress first principal component	-1.0577 <sup>b</sup> [0.5187]	-0.1198 [0.2549]	-0.2200 [0.5774]	0.2842 [6.0490]	-0.2635 [0.3556]	-37.0148 <sup>b</sup> [16.7731]
Values publicly available first principal component	0.0007 [0.0611]	-0.0174 [0.0282]	-0.0602 [0.0733]	-0.6801 [0.7225]	-0.0566 [0.0355]	-3.6264 <sup>b</sup> [1.5213]
Sources publicly available first principal component	0.8434 [0.3544]	0.4658 <sup>b</sup> [0.1891]	0.9322 <sup>c</sup> [0.5037]	8.5385 [5.5304]	0.2427 [0.2835]	-28.7331 <sup>b</sup> [12.2629]

*Notes:* The table shows the results of OLS regressions using the subsample of countries with high democracy score (above the mean democracy score 1950–2006). Each cell in the table shows the coefficient and standard error of a regression of the dependent variable (shown in the first row) on the corresponding disclosure index (shown in the first column), log of GNI per capita (2006), democracy (1950–2006), fuel exports, freedom of the press, and a constant. Robust standard errors are shown in brackets.

<sup>a</sup>Significant at the 1 percent level.

<sup>b</sup>Significant at the 5 percent level.

<sup>c</sup>Significant at the 10 percent level.

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