

Mostly Economics

Blogging on research work in Economics with focus on India

Gauging corruption in a country via monitoring parking violations

This blog is a big fan of papers which use innovative ways to gauge some micro / macro issue.

This paper (http://elsa.berkeley.edu/~emiguel/pdfs/miguel_parking.pdf) by Raymond Fisman and Edward Miguel use a similar way to track corruption in an economy.

NY City is place to large no. of diplomats. Before 2002, these diplomats could engage in parking violations, get tickets but were not really liable to pay penalties. A law after 2002 changed this. So, the authors look at these violations and analyse it with corruption in their home countries. They find that people who violate more happen to be from more corrupt countries!

We study cultural norms and legal enforcement in controlling corruption by analyzing the parking behavior of United Nations officials in Manhattan. Until 2002, diplomatic immunity protected UN diplomats from parking enforcement actions, so diplomats' actions were constrained by cultural norms alone. We find a strong effect of corruption norms: diplomats from high-corruption countries (on the basis of existing survey-based indices) accumulated significantly more unpaid parking violations. In 2002, enforcement authorities acquired the right to confiscate diplomatic license plates of violators. Unpaid violations dropped sharply in response. Cultural norms and (particularly in this context) legal enforcement are both important determinants of corruption.

The paper is a way to capture Revealed preference of corruption:

This approach allows us to construct a "revealed preference" measure of corruption among government officials across 149 countries, based on real rule breaking in parking.⁴ Corruption levels, particularly across countries, have proved challenging to measure objectively because of the illicit nature of corrupt activities. In our main empirical results, we find that this parking violation corruption measure is strongly positively correlated with other (survey-based) country corruption measures and that this relationship is robust to conditioning on region fixed effects, country income, and a wide range of other controls, including government employee salary measures.

This suggests that home country corruption norms are an important predictor of propensity to behave corruptly among diplomats: those from low-corruption countries (e.g., Norway) behave remarkably well even in situations in which there are no legal consequences, whereas those from high-corruption countries (e.g.,

Nigeria) commit many violations. It also goes somewhat against the predictions of standard economic models of crime in situations of zero legal enforcement (e.g., Becker 1968), which would predict high rates of parking violations among all diplomats in the absence of enforcement.

Before 2002, the parking penalties of diplomats just became defaults:

The New York City parking violations data are at the level of the individual unpaid violation.⁸ Drivers have 30 days to pay a ticket before it goes into default, at which point an additional penalty is levied (generally 110 percent of the initial fine). Diplomats then receive an additional 70 days to pay the ticket plus this penalty before it is recorded in our data set as an unpaid violation in default. The information on each violation includes the license plate number; the name and country of origin of the car's registrant; the date, time, and location of the violation; the fine and penalty levied; and the amount paid (if any)... Also note that in 20 percent of violations the registrant is the mission itself, signifying an official rather than personal vehicle. While the majority of violations are located within a mile of either the country's UN mission or the UN complex, many are committed in other parts of the city.

In 2002, Clinton-Schumer law changed things:

A crucial change in legal enforcement took place in October 2002, when the State Department gave New York City permission to revoke the official diplomatic plates of vehicles with three or more outstanding unpaid violations (Steinhauer 2002). In addition, the Clinton-Schumer Amendment (named after the two New York senators), put in place at the same time, allowed the city to petition the State Department to have 110 percent of the total amount due deducted from U.S. foreign aid to the offending diplomats' country, although this latter punishment was never invoked in practice (Singleton 2004).

I was actually puzzled to see India finding.

- » Indian Diplomats just have 6.2 parking violations per diplomat (against highest 249.4 f Kuwait, Egypt – 141.4 etc).
- » The corruption index is high at 0.17 (1998 reading...could be higher now). The highest violators like Egypt, Chad etc have corruption indices at 0.25, 0.84 etc. So much closer to the high corrupt countries.
- » Indian diplomat violations are ranked 82 in a list of 142 countries
- » Indian diplomats seem to one of the exceptions having higher corruption but lower violations.

What could be the reasons? May be our diplomats are different from the usual corrupt system? May be we are corrupt only in our own country and behave better outside? Or a bit of both..What other reasons?