

PETER GORDON'S BLOG

A BLOG EXPLORING THE INTERSECTION OF ECONOMIC THINKING AND URBAN PLANNING / REAL ESTATE DEVELOPMENT AND RELATED BIG-THINK THEMES.

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SATURDAY, MAY 04, 2013

LA is no Norway

Ray Fisman and Edward Miguel have garnered well deserved attention for their "Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets" in the 2007 *Journal of Political Economy*. For those who have not seen or heard of it, here is the abstract:

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 study marries a natural experiment (gold in the social sciences) with a profound question (the link between culture and trust). This matters greatly for private as well as public sector performance -- and economic growth.

I have long suspected that Los Angeles (not a country and not in the study) is no Norway.

The *NY Times* recently included "For Los Angeles, an End to the 'Free' Subway Ride" (H/T Brad Hill). After our own twenty-year experiment, we see that the honor system has not fared well here.

Station platforms will look even more lonely once the free riders stay away. But that is not yet certain because it appears that installing and making the turnstiles work is presenting its own challenges.

Transit dreams have long been a fixture among LA elites (most of whom never use transit). But there are these realities.

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