

Corruption and culture

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First, you don't try to pay off the police because you know that this is unlikely to end well for you. By contrast, not only can you get away with bribing a Nigerian policeman, it is actually expected. That is, the economic incentives facing the would-be briber are very different.

But there is a second factor at play here: From a young age, our parents and teachers instill in us a culture of law-abiding behaviour. Our parents are not forced to pay bribes to government officials in order to survive day-to-day (for water, for phone service or electricity) as in many places.

Scholars are very good at capturing the effects of economic incentives. But cultural effects are harder to measure. Can you quantify the extent to which a given culture motivates corrupt behaviour -- even in the absence of the material inducements toward corruption contained in that milieu?

It turns out you can.

To perform such an experiment, you first need to bring together public officials from around the world to the same place, where they are given the opportunity to break the law. You also have to make sure that they are permitted to break the law without fear of consequence -- in order to remove the influence of tangible incentives, and isolate the effect of culture.

While this is not a common set of circumstances, it does accurately describe the situation faced by UN diplomats parking their cars on New York City streets between 1997 and 2002. Diplomats could park their cars illegally, and were protected by diplomatic immunity from any legal repercussions. This left a paper trail of illegal activities in the form of unpaid parking violations for diplomats from each represented nation. We obtained these data from the Finance Department of the City of New York. And in a National Bureau of Economic Research paper published this year, we analyzed the results.

So, who breaks the law when given the opportunity to do so?

Evidently, there is an inner Dudley Do-Right in each Canadian. Canada's UN mission never generated a single unpaid parking violation throughout the studied period. (Someone in the mission did get a couple of tickets, but these were both paid on time to New York City). Contrast Canadian diplomats with those from Chad and Bangladesh, the two countries that shared the bottom ranking last year in Transparency International's Corruption Perceptions Index. Chad accumulated 1,243 and Bangladesh 1,319 unpaid parking violations, respectively -- even though their UN missions are much smaller than Canada's.

Before pulling out the doughnuts and beer for a celebration of Canadian honesty, a few important words of caution. First, remember the Canadian in Nigeria and the Nigerian in Canada: People do adjust to local circumstances. That's why we don't typically find recently arrived immigrants from Nigeria or Bangladesh trying to bribe their way past Immigration Canada officials. Conversely, many Canadian businesspeople living in the developing world pay bribes on a regular basis.

Second, our results from New York City should not be taken as a measure of certain people's innate level of honesty. Rather, we all become accustomed to certain ways of living our lives, and these customs and attitudes are sticky. It isn't that people in corrupt countries necessarily think it is good that their daily lives involve bribe-paying and bribe-taking -- rather, it is something that has always been a part of their lives and is hard to change.

One final note: Some of you are surely wondering about all this talk of a strong Canadian character of legal compliance given, for example, the findings of the recent Gomery Inquiry. We would argue that this episode only reinforces our main point: Not only did this set of shady government deals come to light (suggesting that Canada has effective government and civil society institutions), the scandal generated public outrage and indignation that likely helped to topple the recent Liberal government. Corrupt Canadian officials are held accountable by the public; corrupt Nigerians are not.

Getting back to the big picture, what do these New York City parking violations tell us about how to fight corruption around the world? They tell us that reformers of government institutions -- whether local reformers or the World Bank -- must be aware that local values and social norms can undermine their attempts at reform. Changing the letter of the law may be insufficient to generate positive changes, in the presence of a pervasive culture of corruption.

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