Corruption and Parking Violations

w203 Teaching Team

Background

Imagine that you have been hired by the World Bank to study the effect of 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. In 2002, enforcement authorities acquired the right to confiscate diplomatic license plates of violators, after which diplomatic behavior was constrained by both cultural norms and the legal penalties of unpaid tickets. [1]

Data

You are given a dataset for a selection of UN diplomatic missions, Corrupt.R. The dependent (or target) variable in this data is named *violations*.

The labels of some of the variables are listed below; the rest of the variables should be self-explanatory.

- corruption: Country corruption index, 1998

- violations: Unpaid New York City parking violations

- trade: total trade with the United States (1998 US$)

Objective

The World Bank would like to know what if any relationship there is between corruption and parking violations both pre and post 2002 and if there are any other relevant explanatory variables.

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[1] This paragraph includes excerpts from Fisman and Miguel, Journal of Political Economy, 2007, vol. 115, no. 6