

Corruption, Embedded in Relationships: The Public Transport Sector in the Congo*

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ABSTRACT: This paper analyzes the value of relationships between private actors and enforcers of corruption in the passenger transportation sector in Kinshasa, Democratic Republic of the Congo. We first document that being stopped by police officers in the street can lead to time wasted in bribe negotiations. However, a socially accepted, frequent, small, and stable toll fee has replaced most bribe payments and purportedly relies on having social ties with the officers. To analyze the role of relationships with the officers on corruption, we randomly re-route drivers to lines in which they do not have relationships with the officers. To isolate the role of relationships in the effect of re-routing, we randomly extend relationships of driver protection by third-parties against police harassment. To examine mechanisms, we randomize the time horizon of re-routing. Not having relationships with the officers exposes drivers to the risk of being detained, which decreases their bargaining power against drivers, leading them to accept lower passenger prices resulting in lower driving revenue. Drivers can create new relationships within three days by making large initial payments and spending time negotiating for those. The findings emphasize the role of the social structure, and relationships, in the form and the efficiency of corruption.

Keywords: Corruption, transaction costs, relational contracts.

JEL Codes: D23, D73, D74, L14

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