

The Power of the Example: Corrupt Leaders Create Corrupt Citizens

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Abstract : I study how dishonest norms and uncivic behavior among the citizens are fostered by the negative example of the leaders in the context of Mexico. I combine data on local government corruption revealed in municipality audit reports and on cheating in school tests and find that, following revelations of corruption by local officials, high school students are significantly more likely to cheat in tests. The effect is large (10% over the baseline) and robust, it persists for over two years after malfeasance is revealed, and is more pronounced for older kids arguably more exposed to political discussions. Regarding the mechanism, I find that the effect is significantly larger in municipalities where the incumbent party was thought to be honest, consistent with a social learning process of norms in which the corruption scandal provides citizens new information about their leaders. In line with this, I use a longitudinal survey and show that self-declared values regarding honesty, rule abidance and trustworthiness are significantly eroded after the publication of the reports. Corruption has a multiplier effect: it generates more corruption through the bad example.