Civic Honesty across the Globe

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Extended Abstract

Civic honesty—that is, people’s compliance with norms of good conduct—has been suggested to play a key role in the development and economic success of companies, geographical regions, and entire countries. In the absence of civic honesty, production and trade is difficult to sustain because, in general, not all obligations that arise in the various contingencies of economic exchanges can be contractually regulated and legally enforced. Thus, in a world with uncertainty and incomplete contracts, it is essential that people behave honestly. However, in many situations being honest or “doing the right thing” is in direct conflict with material self-interest.

In this study, we investigate i) to what extent higher material incentives to behave opportunistically erode people’s honesty in an everyday life situation, and ii) to what extent civic honesty differs across regions and countries. We conducted nation-wide field experiments in 30 countries and approximately 250 cities around the globe to collect a behavioral measure of civic honesty. Specifically, we turned in more than 15’000 apparently lost wallets at the receptions of various public (e.g., police stations, courts of law, post offices) and private institutions (e.g., banks, hotels) and measured whether the employees contacted the owner to return the wallet. Our main experimental manipulation varies the amount of money in the wallet which allows us to measure the sensitivity of civic honesty with respect to the financial temptation to steal.

Strikingly, we find that in no country people become more dishonest in response to a higher financial incentive to steal. In fact, for all types of institutions and for the majority of countries people are more likely to return a wallet the more money the wallet contains. Additional treatments provide insights into the mechanism underlying this unexpected phenomenon: People are sensitive to the harm their behavior would cause the owner and this social motive outweighs the material incentive to steal, even under high stake conditions involving wallets with almost US $100. Moreover, we document important cross-country differences in return rates. Roughly two-thirds of the variation between cities can be attributed to national differences in civic honesty. This cross-country variation in civic honesty can be largely explained by different levels of education as well as economic factors, including GDP and income inequality.
Finally, while the existing literature typically assumes that causality runs from civic honesty to economic prosperity, we present evidence from an additional experiment in Spain suggesting that causality can also run in the opposite direction. When we unobtrusively reminded the recipients of the recent financial crisis, they became less likely to return the wallet. Overall, this study points to important societal differences in civic honesty which helps us to better understand development differences across countries.