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## ACCEPTED MANUSCRIPT

## Corruption, Social Judgment and Culture: An Experiment\*

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#### Abstract

Modern societies rely on both formal and social mechanisms to enforce social norms of behavior. Formal enforcement mechanisms rely on monetary or other tangible incentives while social enforcement mechanisms rely on some form of social judgment involving informal sanctions. We experimentally investigate the extent to which social observability and the possibility of social judgment affect individuals' decisions to engage in corruption at the expense of others. We are also interested in the degree to which culture matters. We use a laboratory experiment with a sample of individuals who live in the U.S. but is also characterized by cultural heterogeneity due to the immigration of their ancestors to the U.S. We find that the possibility of social judgment reduces corruption only among individuals who identify culturally with countries characterized by low levels of corruption. Our findings suggest that the effectiveness of social enforcement mechanisms is at least partly dependent on the sociocultural norms prevailing in the target population.

**JEL Codes:** C90; D73; K42; Z10

**Key Words:** Theft; Corruption; Social Enforcement; Culture; Experiments

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