

Business

### **Here's a new way to judge the risk of investment**

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Corruption in its many forms can distort and harm economies.

Fraud, bribery, influence peddling, bid rigging, stock manipulation, tax evasion - even extreme salaries - can undermine confidence, the work ethic and the collective good.

Now a pair of young researchers is proposing a new but rather mundane yardstick of international corruption: parking infractions among diplomats in New York City. The researchers have ranked 146 nations by the behaviour of emissaries for five years prior to November 2002, when delegates to the United Nations lost diplomatic immunity from local bylaws.

The period of immunity put each diplomat on the same footing, but all did not all behave the same. The differences became evidence of the cultural norms at home, at least in the eyes of Raymond Fisman of Columbia University's graduate school of business and economist Edward Miguel of the University of California at Berkley.

The two suggest that anyone looking to invest abroad should watch out for places where friends of government are most likely to take a free ride, or parking spot.

Fisman and Miguel are also studying whether the nation of origin affects economic decisions of lowly taxi drivers plying their trade at John F. Kennedy International Airport in New York.

"We find that this (parking ticket) measure is strongly correlated with existing measures of home country corruption," the men write in *Cultures of Corruption: Evidence from Diplomatic Parking Tickets*.

"Even when stationed thousands of miles away, diplomats behave in a manner highly reminiscent of officials in the home country. Norms related to corruption are apparently deeply engrained, and factors other than legal enforcement are important determinants of corruption behaviour."

Canadians may be pleased to learn that our own diplomats were good Guides and Scouts, along with representatives of 22 other nations who had zero tickets per diplomat.

Many of New York's most respectful guests were from countries with economies allowing the highest standards of living, such as Australia, Denmark, Ireland, Japan, the Netherlands, Norway, Sweden, the United Arab Emirates and the United Kingdom.

But other countries with equally good parking etiquette are not so wealthy, such as Azerbaijan, Burkina Faso, Central African Republic, Colombia, Ecuador, Greece, Israel, Jamaica, Latvia, Panama and Turkey.

The worst offenders were Kuwait, Egypt, Chad, Sudan, Bulgaria, Mozambique, Albania, Angola, Senegal, Pakistan, Ivory Coast, Zambia, Morocco, Ethiopia, Nigeria and Syria. All had more than 50 violations per diplomat over the five-year period.

French diplomats ranked in the middle of the pack, on a par with India and Laos and only slightly better than Vietnam, China, Portugal, Tanzania, Libya, Congo and the Slovak Republic.

Fisman and Miguel noted a higher number of misdemeanours among nations that hold the United States in low regard. Infractions dipped after the attacks on the World Trade Centre, suggesting it was no time to stand out as a foreigner.

One glaring omission from the study was the United States of America itself, and it would seem its ordinary citizens are no paragons of parking when visiting our fair city.

American tourists paid only about 18 per cent of tickets they collected while in Toronto last year. The only visiting drivers who showed less respect were our fellow Canadians.

According to figures that city manager Shirley Hoy reported to municipal counsellors in June, out-of-province Canadians paid fewer than 13 per cent of their tickets, knowing the city has yet to get help to force payment.

Hoy's report did not deal with the city's 100 or so foreign consulates, but a city spokesperson said there were a mere 81 tickets were waived last year under a special program for visiting diplomats.

Respect for Toronto parking bylaws varied widely among both Americans and Canadians. The highest rates of payment were 33 per cent among visitors from the Northwest Territories and 35.7 per cent from North Dakota. The lowest rates of payment were Alberta at 5 per cent out of 10,961 tickets and South Dakota at 2.3 per cent of 175.

Our closest neighbours, Quebec and New York, had the most tickets at 25,798 and 11,383 respectively. But these visitors also had among the highest rate of payment, at 21.5 per cent and 19.4 per cent.

Apart from Quebec, no province's visitors showed as much respect for Toronto's laws as people from New York, Michigan, Arizona, Kansas, Arkansas, West Virginia, Wyoming, Delaware and Idaho.

The lesson is: watch where you park; you could ruin your reputation.

James Daw, CFP, appears Tuesday, Thursday and Saturday.

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