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Corruption Perceptions vs. Corruption Reality

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Abstract

This paper examines the accuracy of corruption perceptions by comparing Indonesian villagers' reported perceptions about corruption in a road-building project in their village with a more objective measure of 'missing expenditures' in the project. I find that villagers' reported perceptions do contain real information, and that villagers are sophisticated enough to distinguish between corruption in a particular road project and general corruption in the village. The magnitude of the reported information, however, is small, in part because officials hide corruption where it is hardest for villagers to detect. I also find that there are biases in reported perceptions. The findings illustrate the limitations of relying solely on corruption perceptions, whether in designing anti-corruption policies or in conducting empirical research on corruption.

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