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Abstract:

In this paper, we study the relationship between corruption, as measured by the Corruption Perceptions Index (CPI), and the probability of determining the outcome of a contest in a real competitive setting, in which agents in different countries are faced with exactly the same task under fixed and known rules. To that end, we utilize data from sensitive soccer matches in 75 countries during the period 2001 and 2013. In these matches, one team was in immediate danger of being relegated to a lower division (Team A) and another team was not affected by the result (Team B). Using within-country variation, we find that the more corrupt the country, the higher the probability is for Team A to achieve the desired result to avoid relegation in the sensitive matches relative to achieving this result in other, non-sensitive matches against the same team. We also find that in the later stages of the following year, the probability of Team A to lose against Team B compared to losing against a similar team (usually better than Team B) is significantly higher in more corrupt countries than in less corrupt countries. This result serves as a suggestive evidence of a *quid pro quo* behavior. Our findings indicate that the virus of corruption, as measured by the CPI, may infect social activities that are not necessarily directly linked to governmental activities.

Keywords:

Corruption, cultural norms, soccer.

JEL Classification:

C91, C92, D20, Z20.