Corruption: The long shadow of the Gulag

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Abstract

We study the long-run effect of the Gulag system on corruption in the countries of the ex-Soviet Union and in so doing provide insights into the transmission mechanisms of cultural norms. We hypothesize that the system of forced labour camps created in the 1930s had a lasting effect on corruption as it involved the traumatic and quasi-permanent relocation of over 6 million anti-regime intellectuals to highly-corrupt environments. We find that firms and households located within 10km of a Gulag are less likely to report that informal payments are necessary to get things done, and this effect is entirely driven by firms active in the same industry as the nearby Gulag was.

Our results thus suggest that anti-corruption norms may have been transmitted within industries within Gulags.

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