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Title of Project:	The Role of Wages and Auditing during a Crackdown on Corruption in the City of Buenos Aires
Type of Product (e.g., Book, Paper, Documentary Film, Serial Article):	Article
Précis of 100 Words or Less:	We study the prices paid for basic inputs during a crackdown on corruption in the public hospitals of the city of Buenos Aires, Argentina during 1996-97. We find a well-defined, negative effect on the measures used to capture corruption. Prices paid by hospitals for basic, homogeneous inputs fall by 15% during the first nine months of the crackdown. After this period prices rise, but they are still 10% lower than those prevailing before the crackdown. Relative to the pre-crackdown period, higher wages play no role in inducing lower input prices when audit intensity can be expected to be maximal (during the first phase of the crackdown), but have a negative and well-defined effect when audit intensity takes intermediate levels (the last phase of the crackdown). Controlling for fixed effects, we find that the wage elasticity of input prices exceeds 0.20. These results are consistent with the standard model of bribes of Becker and Stigler
Start Date:	
Projected Completion Date:	
Presentation or Publication Date:	2003
Presentation or Publication Venue:	Journal of Law and Economics

Original Language:	English
Projected Date of Availability in English:	
Relation to Other Efforts, Follow-on Projects (If Any):	
Available in Hardcopy or Electronically (Y/N):	Yes