Bureau d'économie théorique et appliquée (BETA)
UMR 7522

Documents de travail

« The Italian North-South Divide in Perceived Dishonesty: A Matter of Trust? »

Auteurs

Giuseppe Attanasi, Alessandro Bucciol, Simona Cicognani, Natalia Montinari

Document de Travail n° 2017 – 32

Novembre 2017

Bureau d'Économie Théorique et Appliquée
BETA - UMR 7522 du CNRS

BETA Université de Strasbourg
Faculté des sciences économiques et de gestion
61 avenue de la Forêt Noire
67085 Strasbourg Cedex
Tél. : +33 (0)3 68 85 20 69
Fax : +33 (0)3 68 85 20 70
Secrétariat : Géraldine Del Fabbro
g.delfabbro@unistra.fr

BETA Université de Lorraine
Faculté de droit, sciences économiques
et de gestion
13 place Carnot C.O. 70026
54035 Nancy Cedex
Tél. : +33(0)3 72 74 20 70
Fax : +33 (0)3 72 74 20 71
Secrétariat : Sylviane Untereiner
sylviane.untereiner@univ-lorraine.fr

http://www.beta-umr7522.fr

The Italian North-South Divide in Perceived Dishonesty: A Matter of Trust?

Giuseppe Attanasi *University of Lille 1*
Alessandro Bucciol *University of Verona*
Simona Cicognani *University of Verona*
Natalia Montinari[1] *University of Bologna*

Abstract

We present novel data on the perception of dishonesty in the public sector in Italy, from a survey we carried out in August 2017. They concern a sample of about 1,000 attendees at a mass-gathering music festival in Southern Italy, whose audience includes a relevant fraction of subjects residing in North Italy. The survey includes questions on perceived dishonesty at both an institutional and social dimension. We measure whether regional differences in the perception of dishonesty persist even when controlling for generalized trust, the quality of institutions at the regional level, as well as socio-demographic characteristics. We find that respondents from the North or living abroad perceive lower level of dishonesty in the public sector compared to respondents from the South. Once objective measures of corruption and governance at the regional level are accounted for, the geographical gap disappears, while generalized trust still matters. This evidence suggests that individual and geographic differences in generalized trust must be taken into account as they can affect the support for policy interventions aimed at reducing dishonesty in the public sector.

Keywords: Cultural event; Corruption; Dishonest behavior; Generalized Trust; Italy.

JEL Classification: A13; D73; K42; Z13.

Acknowledgements: G. Attanasi gratefully acknowledges financial support by the European Research Council (ERC) [Starting Grant DU 283953] and by the project "Creative, Sustainable Economies and Societies" (CSES) coordinated by Robin Cowan, funded through the University of Strasbourg IDEX Unistra. The authors thank Luigi De Mitri and Salvatore Vergine for useful research assistance in conducting the survey.

[1] Corresponding Author: Natalia Montinari, University of Bologna, Piazza Scaravilli 2, 40126, Bologna, Italy. E-mail: natalia.montinari2@unibo.it.

1. Introduction

Due to its longevity and magnitude, the Italian North-South divide is one of the most studied regional divides within a specific country (Bigoni et al., 2016; Putnam, 2000; Putnam et al., 1993).

In comparison with the North, the South has – for instance – a lower per-capita available income (13,188 vs. 20,838 Euros), a higher unemployment rate (19.2% vs. 6.6%), more homicides (1.1 vs. 0.5 out of 100,000 inhabitants), a higher child mortality rate (3.8% vs. 3.1% out of 1,000 born alive), and a lower rate of waste collection sorted for recycling (149 vs. 273.8 kg per inhabitant).[2] Beside these empirical facts, recent experimental studies have documented that people in the North achieve higher levels of cooperation (in terms of both contribution to a public good and amount sent in a trust game) than in the South, suggesting that these differences in behavior are explained by people from different regions reacting differently to the same incentives (Bigoni et al., 2016).

Previous empirical research mostly focused on cross-country comparisons has established the existence of a negative relationship between generalized trust, typically elicited using survey measures such as trust in unknown others, and corruption, mostly measured as perceived level of corruption (see, e.g., Bjørnskov, 2007; Uslaner, 2004).

In this paper, we provide two novel contributions to this topic. First, we focus on the differences between perceived dishonesty in the public sector by considering, as main variables of interest, both the geographic residence of the respondents and their level of generalized trust. Our goal is to measure whether there exists a difference in perceived dishonesty depending on the geographical residence and on the level of generalized trust of respondents, after controlling for the quality of institutions at the regional level and for other socio-demographic characteristics. Second, we extend this analysis to a smaller scale type of dishonesty, which is linked to the perceived damages caused by dishonesty in everyday life, as well as the social context (losing a wallet and having it returned).

Focusing on the Italian North-South divide, the main question we aim at answering – at both an institutional and social dimension – is: Does the effect of generalized trust overlap

[2] Data sources: ISTAT, the National Institute of Statistics of Italy (www.istat.it).

the geographical difference in perceived dishonesty or can we find an additional channel through which generalized trust operates?

The South of Italy has long been known for widespread criminality and, in particular, for the intrusion of criminal organizations (as, e.g., mafia) in the administration of the public sector (Rose-Ackerman, 2007). Given these facts, differences in the perception of dishonesty may reflect, to some extent, regional differences in objective measures of dishonesty and crime. When considering, for example, the number of crimes reported to the prosecution departments that were actually prosecuted, a difference between South and North can be observed, with this ratio being lower in the South of Italy (Del Monte and Papagni, 2007; Lisciandra and Millemaci, 2017).

However, in the last 20 years, widespread political corruption in the administration of the public sector has been documented not only in the South of Italy but also in many Northern regions and in many different fields, starting with the disclosure of pervasive political corruption through 'Tangentopoli – Clean Hands' in 1992 (Rose-Ackerman, 2007), and continuing with cases of fraud and embezzlement of public funds by one party (The Economist, 2012), and mismanagement in public hospitals (Maino, 2009). In light of these recent facts, it is not obvious that the perception of dishonesty mirrors the incidence of dishonest behaviors at the regional level, as these facts may have affected the level of generalized trust of the society.

In this study we interviewed, over 4 days, around 1,000 participants living in different Italian regions or abroad attending a mass-gathering music festival held in the South of Italy in August 2017, 'La Notte della Taranta Festival' (from now on, Festival). We have chosen this event to carry out our survey because of several methodological features, in line with our research scopes. Indeed, the Festival concerts guaranteed high population size and heterogeneity (e.g., a relevant fraction of Northern-Italian attendees at an event held in the South of Italy), similar environment over the 4 days of the survey, small interviewers' impact, and low refusal rate to undertake the guided interview (see Section 3 for a detailed discussion).

Respondents voluntarily participated in a survey consisting of several questions about the Festival, generalized trust in others and perceived dishonesty in the public sector. Specifically, we provided respondents with a definition of dishonesty as "Lack of integrity and

honesty to the detriment of a third party and/or the citizenry", and asked to judge the level of dishonesty in several contexts, taking as reference the city where they live in.

On top of this institutional dimension, we also elicited perceived dishonesty in everyday life circumstances and in social interactions. For the former, we ask about damages associated to dishonesty in everyday life, whereas for the latter we ask interviewees to state the probability of receiving back a lost wallet in a city in the North vs. South of Italy, in the city where they live in, and at the Festival during the same evening of the interview.

Our research hypotheses regard the connection between generalized trust, the geographical area of respondents, and perceived dishonesty both in an institutional and a social setting. In particular, we investigate whether generalized trust in others is higher in Northern than in Southern Italy. Furthermore, we check whether a different geographical residence is correlated with different perceived dishonesty in the public sector, after controlling for the quality of the institutions and of the local governance (institutional dimension), with dishonesty in everyday life, and with a different perceived probability of receiving back a lost wallet in specific locations (social dimension). Finally, we explore whether a different level of generalized trust may explain individual differences in perceived dishonesty in the public sector and in social interactions.

We find higher levels of generalized trust among respondents living in the North vs. the South of Italy, in line with previous literature contributions which employed trust and public good games (e.g., Bigoni et al., 2016). Concerning dishonesty in the public sector and in everyday life, respondents from the North or living abroad perceive a lower level compared to respondents from the South. Once objective measures of corruption and governance at the regional level are accounted for, the geographical gap disappears, while the effect of generalized trust persists.

Interestingly, when looking at dishonesty in social interactions (probability of not having a lost wallet returned), we do not find prejudices from Northerners towards Southerners, but we report a lower probability of not getting back the wallet if this is lost by those living abroad, in their own city. However, we find a stronger link between generalized trust and perceived dishonesty in social interactions than in institutional contexts.

Taken together, this evidence suggests that individual and geographic differences in generalized trust should be taken into account as they can affect the support for policy interventions aimed at reducing dishonesty in the public sector.

The remaining part of the paper proceeds as follows. Section 2 discusses the related literature and formulates our research hypotheses. Section 3 presents the data collection methodology and the data. Section 4 reports the econometric analyses and main results, and Section 5 proposes concluding remarks.

2. Related Literature and Research Hypotheses

We are interested in investigating the amount of perceived dishonesty in a context characterized by widespread socio-economic disparities, such as the Italian North-South divide (Putnam, 2000; Putnam et al., 1993). Policies aimed at reducing stark regional disparities have attracted much attention in the past decades, especially since it has been reported that a slower economic growth is associated to vast disparities within countries (Ezcurra and Rodríguez-Pose, 2013). Along these lines, also perceived dishonesty (in a broad sense, perceived corruption) is important inasmuch it affects economic growth, through the mediating channel of investments. Indeed, subjective perceptions of dishonesty impact investment decisions, as well as the political behavior of citizens (Mauro, 1995).

Perceived dishonesty may be related to the underlying level of generalized trust towards others. In our case-study based on Italy, prior research documents that Northerners exhibit higher levels of generalized trust than Southerners. This has been elicited in highly controlled environments, namely laboratory experiments, both in public good and trust games (Bigoni et. al., 2016). The different games have been played by experimental subjects in two cities in the North and in two cities in the South of Italy. Based on the established relationship between measures of trust elicited in the trust game and common-sense survey measures of trust (Ben-Ner and Halldorsson, 2007), we expect that our measure of generalized trust reflects the North-South divide documented by previous research. This leads us to enunciate our first research hypothesis:

Research Hypothesis 1:

Generalized trust is higher for subjects living in Northern Italy and abroad than in Southern Italy.

Unlike prior studies investigating the roots of the North-South divide, which focus on cooperation, trust and altruism in individual interactions (variables that are commonly considered to represent social capital), in our study we consider a broader perspective, namely perceived dishonesty, towards the public sector (institutional dimension), in everyday life circumstances, and unknown others (social interactions dimension).

The institutional focus allows us to shed light on whether individuals are discouraged by a widespread situation which goes beyond one-to-one interactions. Due to the higher diffusion of criminality and corruption in the South vs. the North of Italy, in line with previous works on the North-South divide (see, e.g., Bigoni et al., 2016; Del Monte and Papagni, 2007; Lisciandra and Millemaci, 2017; Rose-Ackerman, 2007), it is reasonable to predict that perceived dishonesty in the *public sector* is higher in the South.

A similar prediction can be stated for perceived damages in *everyday life* due to dishonesty, in line with previous studies in Spain (Villoria et al., 2013), and Russia (Semukhina and Reynolds, 2014).

Finally, we also study whether, at the individual level, prejudices against others in terms of geographical origin are at play (see, e.g., Bigoni et al., 2017). We measure relation between the North-South divide and perceived dishonesty in *social interactions* through the stated probability of having a lost wallet returned. We formulate the prediction that, in a given environment and location, Southern Italian subjects assign a lower value to this probability than Northern Italian ones. All this leads to the following hypothesis:

Research Hypothesis 2:

Perceived dishonesty is lower for subjects living in Northern Italy and abroad than in Southern Italy in:

2.a) the public sector

2.b) everyday life

2.c) social interactions

Prior research also documented a negative relationship at the level of societies, between corruption and generalized trust, typically measured using indexes incorporating both experience and perception of corruption (see, e.g., Bjørnskov, 2007; Nannestad, 2008; Uslaner, 2004). In contrast to prior research, which focused on state-level data, our methodology allows us to elicit both generalized trust and perceived dishonesty at the individual level, hence controlling for a set of individual characteristics. We test this for each of the three above-mentioned dimensions of perceived dishonesty, formulating our third research hypothesis, which is in line with the so-called 'corruption-trust theory' (see Rothstein, 2013):

Research Hypothesis 3:

Perceived dishonesty is negatively correlated with generalized trust in:

3.a) the public sector

3.b) everyday life

3.c) social interactions

An important clarification is in order relative to Research Hypotheses 2 and 3. For perceived dishonesty in the public sector, it is important to control for objective components of dishonesty when eliciting its perception. Indeed, a higher level of perceived dishonesty among Southerners could simply be driven by a higher criminality and overall corruption in Southern Italian regions (see the 'EQI – European Quality of Government Index' in Section 3.2). Therefore, *Research Hypotheses 2 and 3 for perceived dishonesty in the public sector should hold after controlling for the quality of the institutions and of the local governance.*

Finally, notice that our study builds on prior research based on the same cultural event where we carried out our survey. Previous studies, based on data up to 2011, were aimed at answering different research questions – assessing the economic impact of the event (Attanasi et al., 2013), and attendees' willingness to accept private ownership of the event (Attanasi et al., 2016). Our study addresses essentially different research questions, which are unrelated to the event itself.

3. Methodology and Data

The survey took place at a cultural Festival in late August 2017. In this section, we first describe the main features of this event, as well as the methodology implemented in order to select interviewees and collect their responses to the questionnaire. Then we quickly describe our dataset, by providing summary statistics on the variables we use.

3.1 Data Collection Methodology

The cultural event where we carried out the survey is "La Notte della Taranta" Festival, held each year since 1998 in the province of Lecce (South of Italy) in late August (www.lanottedellataranta.it/en/). The event is among the most important European folk festivals: in the last 10 years, it was able to attract approximately 250,000 attendees on average per year, with this number increasing to 300,000 per year in the last five editions.

The Festival consists of a series of itinerant *minor concerts* (19 in 2017) and a *final concert*. All concerts are held in the main square of one of the villages of Grecìa Salentina – an independent cultural area within the province of Lecce –, each village being a few kilometers away from all the others. Minor concerts usually last for about 3 hours, while the final concert lasts for about 6 hours. In 2017, data provided by the Local Police and the Traffic Officer Commands show approximately 100,000 attendees at the minor concerts as a whole (with a median of 6,000 attendees per concert), and approximately 200,000 attendees at the final concert. Further, the event touristic attraction has exponentially increased since the first edition, with more than half of attendees being non-local in the last ten editions. The majority of tourists come from Northern Italy, and only a small percentage of them (around 5%) are foreigners (see Attanasi et al., 2013).[3]

Due to the huge number of attendees, since 2014 the *rehearsal of the final concert*, held the day before on the same stage, has been opened to the general public, thereby attracting older attendees (especially families and locals) who wish to enjoy the Festival's traditional music in a quieter and contained atmosphere. The 2017 rehearsal of the final concert has attracted 50,000 attendees.

[3] Detailed data about provenance of attendees and their distribution across Italian regions for editions 2007-2010 are reported in Attanasi and Giordano (2011), pp. 320-321.

Our survey has been carried out in the last edition of the Festival (August 2017) by means of guided interviews addressed to a representative sample of attendees during: (i) the last two minor concerts (August 23-24), (ii) the official rehearsal of the final concert (August 25), (iii) the final concert (August 26). The three Southern Italian villages where the four concerts were held (rehearsal and final concert being held on the same stage) are located within a 10-km radius in the province of Lecce, and are similar in terms of economic and social indicators.[4] We interviewed in the last four concerts of the Festival so as to minimize the time delay between the first and the last interview, at the same time profiting from the huge number of attendees in the final concert.

Estimated number of attendees for each of the four concerts, together with interviewee's sample size and its representativeness are reported in Table 1. The sample representativeness has been controlled for through the Marbach test (Marbach, 2000). In each concert the margin of error is within the tolerance limit of 0.10: the sample probability oscillates between 93% and 95% and, therefore, the sample proved to be representative of the target population.

TABLE 1 ABOUT HERE

The same 18 interviewers per concert, both males and females, approached Festival attendees in a *random* and *independent order* during each concert, from 8pm until 1am (5 hours) during the first three concerts, and from 6pm until 4am (10 hours) during the last concert. Each interviewer made on average around 11 interviews during the first three concerts and 22 during the final concert. Although each interview only lasted 7 minutes on average, interviewers were distributed uniformly over the whole duration of the events, so as to better capture population heterogeneity. Indeed, Festival concerts usually have different types of attendees according to different timespan, e.g., mainly families before the beginning of the concert, and young-only audience after the end of the concert. No attendee was interviewed twice either in the same concert or in two different concerts.

[4] The three villages are Sternatia (2,500), Martano (9,500) and Melpignano (2,000 inhabitants). They are located at the end of Southeast Italy, at the very bottom of the Apulia region, the Italian heel (see the map at http://www.punto-salento.it/immagini/cartina_lecce.gif).

The questionnaire was organized in four sub-parts. Part I of the questionnaire included questions collecting information on attendees' idiosyncratic features and on the role the Festival played in leading those not residing in the Province of Lecce to go there on vacation. Questions of Part II were aimed at appraising attendees' perception of the Festival and cultural tastes. Part III encompassed questions eliciting attendees' generalized trust and all dishonesty-related questions. Part IV included questions on tourism-related indicators, meant at assessing the economic impact of the event. The sequence of questions as well as the list of possible answers to each question were presented in reverse order to half of the sample, so as to check for order effects in the interviewees' answers. Furthermore, the questionnaire contained a series of control questions meant to assess respondent's level of attention during the interview and the reliability of his/her answers. In Appendix A we report questions belonging to Part I and Part III of the questionnaire, which are those analyzed in this paper.

There are several methodological advantages of carrying out the survey during the 'La Notte della Taranta' Festival. First of all, due to previous survey studies on the Festival (see, e.g., Attanasi et al. 2013, 2016), we were aware about the relevance of the event in terms of population size and heterogeneity. These studies have shown a good dispersion in terms of gender, age, occupation and provenance. Especially the last feature (high fraction of Northern-Italian attendees at an event held in the South of Italy) is crucial for our focus on the Italian North-South divide.

Second, the itinerant structure of the Festival allows to interview *different* subjects in the *same* environment. A similar choreography and close space and time distance among subsequent concerts strengthen this feature. Indeed, one can achieve more than 1,000 interviews in four days, at less than 10 km distance, within the same environment (in terms of both concert and hosting village), with the same group of (relatively few) interviewers.

Finally, we are aware that the population of our survey is characterized by selection bias due to the specific location of the event (over-representation of Southern-Italian subjects) and by the specific nature of the event (over-representation of culturally-sensitive subjects). However, for all Festival concerts entry was free. Free entry should reduce selection bias in the sample of attendees. Furthermore, despite a selection bias in the population due to the choice of attending the event, we find no bias in the interviewed sample of attendees. Indeed, only

20% of subjects, when randomly asked by our interviewers, refused to be interviewed. The interviewers also recorded some idiosyncratic features of subjects who declined the guided interview: gender, age, and provenance. While recording a slightly higher average age among subjects refusing the interview, we find no statistically significant difference between subjects accepting vs. those refusing the interview in terms of gender and provenance. Especially the last result is important for the 'North-South divide' focus of our paper, since it states that the percentage of Northern-Italian subjects estimated in the interviewed sample represents the one in the population of event attendants.

3.2. Summary Statistics

Table 2 shows summary statistics on the variables we use; the underlying questionnaire is reported in Appendix A.[5]

Specifically, we provide respondents with a definition of dishonesty as "Lack of integrity and honesty to the detriment of a third party and/or the citizenry", and ask to judge the level of dishonesty in several contexts, taking as reference the city where they live in. Relying on this definition, our variables of interest are represented by three key indicators: the perception of dishonesty in the public sector,[6] the damage associated to dishonest behaviors, and the probability of not having a lost wallet returned.[7]

Our set of explanatory variables includes standard socio-demographic variables on gender, age, education, occupation, and geographical variables on living in the North or abroad, as opposed to living in the South,[8] and being emigrate (more typically, from South to North). We also measure generalized trust following the traditional World Value Survey question.

---

[5] The number of observations of the variables changes because of missing values.

[6] In the questionnaire, we also included a question about perceived dishonesty in environments which can be assimilated to private sectors. In the paper, we disregard this question for two reasons: i) we have many respondents not answering one question about private schools, as they are not very common in Italy; ii) we do not have any objective measure of dishonesty in these environments, differently from what we have in order to complement the analysis for the public sector. Estimates relative to the private sector can be obtained from the authors upon request.

[7] The latest variable is extracted from the questionnaire (question 17; we transformed it in order to have higher values measuring more dishonesty), while the others are single factors obtained with polychoric factor analysis from raw questions on dishonesty in the public sector (question 15), and on the damage resulting from dishonesty (question 16). Factor analysis is performed with a polychoric correlation matrix because of the discrete nature of the input variables.

[8] We consider as South all areas from the Rome region (Lazio, included) downward.

TABLE 2 ABOUT HERE

Since it is difficult to measure dishonesty, especially at the local level, we complement our analysis of perceived dishonesty in the public sector by using data from the "EQI – European Quality of Government Index" provided by the Quality of Government Institute[9] and available at the regional level. The institute manages a survey on corruption in the public sector involving more than 80,000 respondents from all the regions across Europe. Although focused on a specific type of dishonesty (corruption) in a specific environment (the public sector), this index is representative of both respondents' experience and perceptions about dishonesty in the society (Charron et al., 2015; 2016).

When considering the EQI for the year 2013 (the latest available year at the time of this writing), the distribution of the index was highly polarized, with Southern regions showing systematically higher levels of corruption (see Figure 1, panel b)).

FIGURE 1 ABOUT HERE

Data from our key indicators depict a more variegated, but similar picture. Figure 2 displays the average by region[10] of our three key indicators. All variables are reported in a 0-100 scale. It seems that our respondents have a perception in line with the EQI index, showing more widespread dishonesty in the South.

FIGURE 2 ABOUT HERE

In the next section, we present a more rigorous analysis of the perceived dishonesty exploiting more information collected in our survey.

[9] http://qog.pol.gu.se/data/datadownloads/qogeuregionaldata
[10] We do not have data on two regions: Valle d'Aosta and Trentino-Alto Adige.

4. Data Analysis

First of all, we find that generalized trust is more widespread for Northern Italian (0.52) than among Southern Italian subjects (0.42), this difference being significant at the 5% level (p-value = 0.022, Mann-Whitney test). This holds regardless of the other dimensions we will consider in the regression analysis. Therefore, Research Hypothesis 1 is confirmed, in line with results found in previous survey and experimental studies.

Our study of perceived dishonesty is based on several regression analyses. In general, our full models can be described as follows:

$$Y = f\left(\beta_0 + \beta_1 T + \beta_2 A + \beta_3 D + \beta_4 F\right) + \varepsilon \qquad (1)$$

where Y is the dependent variable (we consider several variables), $f(.)$ is the link function between dependent and explanatory variables (linear or normal, referring to either OLS or probit models according to the nature of the dependent variable), the βs are sets of parameters to be estimated, T denotes generalized trust, A regards the geographical area (the respondent currently lives in the North of Italy, as opposed to the South or abroad) and the emigrate status (the respondent moved away from the birthplace), D regards socio-demographic dimensions (gender, age thresholds, education and occupation), F incorporates fixed effects (time, location and interviewer), and ε is an error term.

We report the output of our analyses in Tables 3-6. For probit models the output shows average marginal effects. Going from one model to the other, the number of observations changes because we have a varying number of answers on the different dependent variables. In what follows we take the convention to comment only on coefficients that are significant at 5% or lower level.

For each research hypothesis introduced in Section 2, we consider *three dimensions* of perceived dishonesty: in the public sector, in terms of implied damage in everyday life, and as decrease in the probability of not having a lost wallet returned. The first one relates to the institutional dimension of dishonesty; on top of this, we are interested in detecting a smaller scale type of dishonesty, which is linked to the perceived damages caused by dishonesty in everyday life, as well as social interactions (losing a wallet and having it returned).

Each of the three dimensions of perceived dishonesty was elicited through our guided interviews under several different (hypothetical) environments. These environments vary for

each dimension (in Appendix A, see question 15 for the public sector, question 16 for damages in everyday life, and question 18 for social interactions).

In Section 4.1, we rely on a summary based on *general measures* derived with a polychoric factor analysis (variables on perceived dishonesty in the public sector and on perceived damages in everyday life), or taking one specific variable from the questionnaire (variable on the lost wallet at question 17). At this general level, we do not consider differences in the elicited dimension of dishonesty due to specific environments.

In the next three subsections, we deepen our analysis so as to disentangle each dimension of perceived dishonesty according to the *specific environment* it was referred to. More precisely, in Section 4.2 we disentangle the perception of dishonesty in the public sector according to public offices, hospitals, public school and politicians operating at the national level. In Section 4.3 we study the damage resulting from dishonest behavior in everyday life separately for public office certificates, public healthcare booking, public school, and police fines. Finally, in Section 4.4 we analyze subjects' stated probability of not receiving back a lost wallet in a city in the North vs. South of Italy, in the city where he/she lives in, and at the Festival during the same evening of the interview.

4.1. General Perception Measures of Dishonesty

Table 3 reports the output of a set of OLS regressions each having as dependent variable one of the three general measures of perceived dishonesty. Panel a) only includes as explanatory variable our measure of generalized trust and the dummy accounting for the geographical factors (i.e., the region where the respondent lives and where s/he comes from), in addition to the control variables on time, location and interviewer. Panel b) includes the socio-demographics listed in Equation (1).

Consider panel a) first. In Columns (1)-(2), respectively 'Public Sector' and 'Damages in Everyday Life', there is a marked *North-South difference* supporting Research Hypotheses 2.a and 2.b, with respondents living in the North and abroad more likely to report lower perceptions of dishonesty. We notice that the distinction by geographical area is more evident when referring to perceived dishonesty in the public sector than to its perceived damages in everyday life, as the coefficients for living in the North and abroad are larger in Column (1)

than in Column (2). Notably, the coefficient for living in the North does not achieve significance in Column (3), which is referred to the probability of not having a lost wallet returned ('Lost Wallet not Returned'), suggesting that the North-South divide does not affect the interactions with peers (Research Hypothesis 2.c not supported). In all models, the point estimate of the coefficient on living abroad is always higher (in absolute terms) than the coefficient on living in the North, although the difference is not statistically significant.

In all models, the coefficient on *generalized trust* is always significantly negative, indicating that more trust in others is linked with a lower perception of dishonesty along the three dimensions considered: in the public sector, in terms of implied damage in everyday life, and in terms of social context (losing a wallet and having it returned). This supports Research Hypotheses 3.a, 3.b, and 3.c, respectively. Notice that in Column (3) the coefficient of generalized trust is much bigger compared to Columns (1) and (2). This suggests that the link between higher generalized trust and lower perceived dishonesty is stronger in social interactions than in institutional contexts.

Once all the socio-demographic variables are introduced, in panel b), our main results related to the geographical variables and the measurement of generalized trust are unchanged.[11]

TABLE 3 ABOUT HERE

4.2. Perceived Dishonesty in the Public Sector

We consider the perception of dishonesty in several public environments: public offices, public health (i.e., hospitals), public school and politicians operating at the national level. The output of our analysis on the perceived corruption in the public sector is shown in Table 4, to which we add one further column on dishonesty in the police.

The raw variables in the questionnaire are set in a four-level answer scale from "low" to "high": in the analyses we create dummy variables equal to one if the answer is "high" or

[11] Detailed estimation can be obtained from authors upon request. In the models of panel b), no other explanatory variable is systematically significant across all the specifications; in some model specifications, we find significant coefficients of age and education.

"rather high" and run a set of probit models.[12] Also for these models, the dependent variables are those listed in Equation (1): panel a) of Table 4 only includes explanatory variables accounting for generalized trust and the geographical factors, while panel b) includes all the other variables listed, and in addition the measure of EQI (European Quality of Government Index) for the year 2013 (see Section 3.2).

Consider panel a) first. Living in the North or abroad is associated with a significantly negative coefficient. The geographical variable is significant in all models with the only exception of the one displayed in Column (5) and relative to the perception of dishonesty in the police. The marginal effect of living abroad is also statistically higher than that of living in North Italy, in all models except the one in Column (5).[13] Moreover, in all models the coefficient of generalized trust is always significantly negative, indicating that more trust in others is linked with a lower perception of dishonesty in each of the environments of the public sector.

When considering panel b), after the controls for the socio-demographics as well as the measure for the EQI are introduced, the effect of generalized trust is confirmed, as the coefficient is always significantly negative, except for the model in Column (3) which refers to the public schools, while the picture is slightly different for what concerns the geographical factors: the coefficient for living in the North achieves significance only in Column (1).

These results, besides providing further support for Research Hypotheses 2.a and 3.a, suggest that the geographical difference in the perceived dishonesty is essentially driven by differences in the quality of the institution and in the governance, as measured by the EQI, while a component of the perceived dishonesty is still explained by the level of generalized trust.

TABLE 4 ABOUT HERE

[12] A set of ordered probit regressions conducted on the original variables do not display relevant differences with respect to Tables 4 and 5. The output of this analysis is available from the authors upon request.

[13] A set of Chi-squared tests on the equality of the two coefficients give the following results: Column 1: 4.06, p-value = 0.044; Column 2: 11.29, p-value = 0.001; Column 3: 5.66, p-value = 0.017; Column 4: 16.70, p-value < 0.001; Column 5: 1.31, p-value = 0.253.

4.3. Perception of Damages in Everyday Life associated to Dishonesty

Dishonesty may have severe consequences on daily life behavior. Here we exploit the answers to questions on the perception of the damages resulting from dishonest behavior, in several environments regarding daily life circumstances: public office certificates, public healthcare booking, public school (interaction with teachers, students' cheating), and police fines.

The output of a set of probit regressions is shown in Table 5. As in Section 4.2, the dependent variables are dummy variables equal to one if the answer reported in the questionnaire is "high" or "rather high" damage. Inspection of Table 5 shows that, in contrast to our previous results, the perceived damage is not always correlated with geographical areas and generalized trust in all the dimensions considered. In fact, we find that the geographical area is relevant for public hospitals only, while generalized trust matters for public hospitals and police fines. Therefore, here we find weak support for either Research Hypothesis 2.b or Research Hypothesis 3.b.

TABLE 5 ABOUT HERE

4.4. Probability of Not Having a Lost Wallet Returned

We conclude our analysis by reporting, in Table 6, the output from OLS regressions on the perceived probability of not having a lost wallet returned, in several places: during the Festival, in the respondents' city, somewhere in North Italy or somewhere in South Italy. All the variables are inverted with respect to the questionnaire, with larger values indicating more dishonesty, in line with the other dishonesty dimensions we study.

The probability of not having a lost wallet returned is always highly negatively correlated with generalized trust (Research Hypothesis 3.c verified). In contrast, we do not find evidence of a correlation between the probability and the place of living (Research Hypothesis 2.c not verified). The only exception is Column (2), where only respondents living abroad report to be less likely that they do not have a lost wallet returned in their city. These individuals seem to have perception of more honesty in their own place.

TABLE 6 ABOUT HERE

5. Conclusion

In this paper, we analyze novel data on the perception of dishonesty in the public sector in Italy, relying on a large-scale survey that we carried out in August 2017 during a mass-gathering music Festival in the South of Italy. The audience of this Festival included a relevant fraction of Northern Italian subjects, thereby allowing for a sufficient level of heterogeneity in terms of interviewees' geographic residence, needed to analyze the relation between the Italian North-South divide and perceived dishonesty.

We consider three non-mutually exclusive dimensions of perceived dishonesty: in the public sector, in terms of implied damage in everyday life, and as decrease in the probability of not having a lost wallet returned in specific environments. While the first can be interpreted as an institutional dimension of dishonesty, the last mainly relates to dishonesty in social interactions (losing a wallet and not having it returned).

We formulate three research hypotheses. The first hypothesis, in line with previous literature on the relation between North-South divide and trust, states that generalized trust is higher for subjects living in Northern Italy and abroad than in Southern Italy. Our data confirm this hypothesis.

The second and the third hypotheses link perceived dishonesty to the North-South divide and generalized trust, respectively, for each of the three above-mentioned dimensions of perceived dishonesty.

We find that respondents from the North or living abroad perceive a lower level of dishonesty in the public sector compared to respondents from the South. Furthermore, this dimension of perceived dishonesty negatively correlates with generalized trust. Finally, and more importantly, once objective measures of corruption and governance at the regional level are accounted for, the geographical gap disappears (they are essentially driven by differences in the quality of institutions and in the governance), while generalized trust still matters. This evidence suggests that individual and geographic differences in generalized trust must be taken

into account as they can affect the support for policy interventions aimed at reducing dishonesty in the public sector.

We do not find similarly robust results for the second dimension under scrutiny: perceived damages caused by dishonesty in everyday life. While at a general level it presents the same relations with the geographical gap and generalized trust that we found for the public-sector dimension, these do not hold when disentangling for the different environments where this dimension has been referred to in the survey. Indeed, the perceived damage is not always correlated with geographical areas and generalized trust in all the dimensions considered: the geographical area is relevant for public hospitals only, while generalized trust matters for public hospitals and police fines. No correlation with either variable is found for public office certificates and public school. This result leads us to conclude that perceived dishonesty in everyday life is highly dependent on the specific environment at stake, with the geographical gap and generalized trust becoming relevant (in the predicted direction) only for the most important environment (health issues).

A completely different picture emerges for perceived dishonesty in social interactions, measured through the subjective probability of having a lost wallet returned. We find that, while the North-South divide does not affect the interactions with peers (with the only exception of respondents living abroad, who report a higher probability in their foreign city), it positively correlates with generalized trust in each of the proposed environments: during the Festival, in the respondents' city, somewhere in North Italy or somewhere in South Italy. Furthermore, and more importantly, in the regression analysis we detect a much bigger coefficient of generalized trust with respect to those found for the other two dimensions of perceived dishonesty. This shows that the link between higher generalized trust and lower perceived dishonesty is stronger in social interactions than in institutional contexts.

Coupled with the above results, this leads us to conclude that, while a low level of generalized trust only explains a component of the perceived dishonesty in institutional contexts, it can be seen as the main determinant of perceived dishonesty in social interactions. In our view, this finding provides supports for anti-corruption policies relying more on interpersonal trust.

Our study presents a few limitations, mostly related to the self-selection of the respondents. Despite the advantages of carrying out a survey during a mass-gathering event (discussed in Section 3.1), this entails an over-representation of respondents living close to the place where the event is held (in our case, Southern Italian subjects). Furthermore, the specific nature of the event leads to an over-representation of culturally-sensitive subjects, and, more in general, of subjects more oriented toward an experience in the place where the event is held (in our case, Northern subjects moving to the South of Italy for vacation).

However, we shall note that the study of corruption and dishonesty would be better performed within the same country, by holding the institutional variables constant (Del Monte and Papagni 2007). Compared to previous studies achieving this goal, we produced survey data with many and highly heterogeneous observations within a short time span, and under similar conditions. In addition, when dealing with corruption and dishonesty, Italy represents an 'ideal' country worth investing: "International indicators on the quality of government highlight Italy as an outlier among democratic and industrialized countries, with poor performance since the 1980s" (Del Monte and Papagni, 2007, p. 380).

References

Attanasi, G., Casoria, F., Centorrino, S., & Urso, G. (2013). Cultural investment, local development and instantaneous social capital: A case study of a gathering festival in the South of Italy. *Journal of Socio-Economics*, *47*, 228-247.

Attanasi, G., Cosic, H., Passarelli, F., & Urso, G. (2016), Privatization of a tourist event: Do attendees perceive it as a risky cultural lottery?. Working Paper n. 2016 – 26, BETA, University of Strasbourg.

Attanasi, G., & Giordano, F. [Eds.] (2011). *Eventi, cultura e sviluppo. Il caso de "La Notte della Taranta"*. EGEA, Milan, pp. 380 + XXXVIII.

Ben-Ner, A., & Halldorsson, F. (2007). Measuring trust: Which measure can be trusted?. Working

Paper n. 0207, Human Resources and Labor Studies, University of Minnesota.

Bigoni, M., Bortolotti, S., Casari, M., & Gambetta, D. (2017). At the root of the North-South cooperation gap in Italy: Preferences or beliefs?. Working Paper DSE n. 1092, Università di Bologna.

Bigoni, M., Bortolotti, S., Casari, M., Gambetta, D., & Pancotto, F. (2016). Amoral familism, social capital, or trust? The behavioural foundations of the Italian North–South divide. *Economic Journal*, *126*, 1318-1341.

Bjørnskov, C. (2007). Determinants of generalized trust: A cross-country comparison. *Public Choice*, *130*, 1-21.

Charron, N., Dahlberg, S., Holmberg, S., Rothstein, B., Khomenko, A., & Svensson, R. (2016). The quality of government EU regional dataset, version Sep16. University of Gothenburg: The Quality of Government Institute, http://www.qog.pol.gu.se

Charron, N., Dijkstra, L., & Lapuente, V. (2015). Mapping the regional divide in Europe: A measure for assessing quality of government in 206 European Regions. *Social Indicators Research*, *122*, 315-346.

Del Monte, A., & Papagni, E. (2007). The determinants of corruption in Italy: Regional panel data analysis. *European Journal of Political Economy*, *23*, 379-396.

Ezcurra, R., & Rodríguez-Pose, A. (2013). Does economic globalization affect regional inequality? A cross-country analysis. *World Development*, *52*, 92-103.

Lisciandra, M., & Millemaci, E. (2017). The economic effect of corruption in Italy: A regional panel analysis. *Regional Studies*, *51*, 1387-1398.

Maino, F. (2009). The Italian health system: Cost containment, mismanagement, and politicization. *Italian Politics*, *24*, 203-220.

Marbach, G. (2000). *Le ricerche di mercato*. Utet, Torino.

Mauro, P. (1995). Corruption and growth. *Quarterly Journal of Economics*, *110*, 681-712.

Nannestad, P. (2008). What have we learned about generalized trust, if anything?. *Annual Review of Political Science*, *11*, 413-436.

Putnam, R. (2000). Bowling alone: The collapse and revival of American community, New York: Simon & Schuster.

Putnam, R., Leonardi, R., & Nanetti, R. (1993). Making democracy work: Civic traditions in modern Italy, Princeton: Princeton University Press.

Rose-Ackerman, S. (Ed.). (2007). *International handbook on the economics of corruption*. Edward Elgar Publishing.

Rothstein, B. (2013). Corruption and social trust: Why the fish rots from the head down. *Social Research*, *80*, 1009-1032.

Semukhina, O., & Reynolds, K. M. (2014). Russian citizens' perceptions of corruption and trust of the police. *Policing and Society*, *24*, 158-188.

The Economist (2012), *Italy's Northern League: Bossi booted*, April 5th 2012, https://www.economist.com/blogs/newsbook/2012/04/italys-northern-league

Treisman, D. (2000). The causes of corruption: A cross-national study. *Journal of Public Economics*, *76*, 399-457.

Uslaner, E. M. (2004). Trust and corruption. *The New Institutional Economics of Corruption*, *76*.

Villoria, M., Van Ryzin, G. G., & Lavena, C. F. (2013). Social and political consequences of administrative corruption: A study of public perceptions in Spain. *Public Administration Review, 73*, 85-94.

Appendix A. Questionnaire[14]

PLACE and DAY of the interview:

TIME of the interview:

Interviewer's name:

PART 1

1. Gender:
   Male / Female

2. Age range:
   Up to 25 / 26-30 / 31-39 / 40-60 / more than 60

3. Where do you regularly live during the year?
   Village where the Concert is held / Province of Lecce / Apulia, but outside the Province of Lecce / Italy, but outside Apulia / Abroad

4. Where are you spending your vacation?
   Village where the Concert is held / Province of Lecce / Apulia, but outside the Province of Lecce / Italy, but outside Apulia / Abroad

5. Are you originary from the area (Province of Lecce)?
   Yes / No (indicate where)

6. First time in Salento?

7. Length of vacation:
   1 day / up to 3 days / up to 7 days / above 7 days

8. Which is the type of your accommodation?
   Friends or relatives / B&B / Camping / Second home / Hotel / Agritourism / Rent of house or room / Other (specify)

9. First time at "La Notte della Taranta Festival"?
   Yes / No

10. If no to the previous question, in which year did you attend the concert for the first time? (specify the exact year)

[14] The full version of the questionnaire is available upon request.

PART 3

11. Generally speaking, do you think that most people can be trusted, or that “not to trust is better"?
    Yes / No (not to trust is better)

12. From 0 to 10, how much do you trust other people in general, where 0 indicates “it is better not to trust at all” and 10 indicates “it is better to fully trust”?
    0/1/2/3/4/5/6/7/8/9/10

13. Education:
    Primary school / Secondary school / High school / University degree / Post-graduate degrees (Master/Ph.D.)

14. Job:
    Artist / Housewife / public or private Employee / Out-of-work / Freelance / Self-employed / Retired or Invalid / Student / Other (specify)

Consider the following definition of DISHONESTY:

“Lack of integrity and honesty to the detriment of a third party and/or the citizenry”.

15. How do you consider the level of dishonesty in the following contexts? Take as reference the city you live in.

Dishonesty level	**High**	**Medium-High**	**Medium-Low**	**Low**	**Don’t know**
Public sector (municipal and provincial offices)					
Public health (public hospitals and clinics)					
Public schools					
Police forces (local police, Carabinieri)					
Private sector (firms, lawyers, artisans)					
Private health (specialists, dentists)					
Private schools					
Local politicians (mayor/council members of the city you live in)					
National politicians (members of parliament)					

16. In your opinion, how often people like you are damaged by dishonesty in the following daily life circumstances? Take as reference the city you live in.

Dishonesty level	**Never**	**Rarely**	**Sometimes**	**Often**	**Always**	**Don't know**
Certificates by municipal and provincial offices (e.g. birth, residence certificates)						
Booking of a specialized visit at a public hospital (e.g. sonogram, CAT scan)						
Attendance of public schools (e.g. interaction with professors, behavior during exams)						
Actions of police forces (e.g. fines, passport release)						
Release of receipt for maintenance work at your house (e.g. plumber, house painter)						
Release of receipt for a visit at the dentist						

17. Suppose you have lost your wallet. In the wallet you carried 100 euros. Independently from the place where you are, with which probability do you think that the wallet will be returned to you with the 100 euros inside?
SPECIFY VALUE ____

18. With which probability do you think that the wallet will be returned to you with the 100 euros inside if you have lost it…
    - tonight at "La Notte della Taranta Festival" SPECIFY VALUE ___
    - in the city/village you live in SPECIFY VALUE ___
    - in a city of North Italy SPECIFY VALUE ___
    - in a city of South Italy SPECIFY VALUE ___

Appendix B. Tables and Figures

Table 1. Population, sample and its representativeness

Concert	Date	Place	Population of attendees	Sample size (margin of error)
1	Aug. 23, 2017	Sternatia (Minor)	5,000	200 (0.0692)
2	Aug. 24, 2017	Martano (Minor)	10,000	202 (0.0696)
3	Aug. 25, 2017	Melpignano (Rehersal)	50,000	200 (0.0705)
4	Aug. 26, 2017	Melpignano (Final)	250,000	407 (0.0495)

Note: Margin of error has been calculated according to the Marbach test (Marbach 2000). It associates the pair of variables N (size of the target population) and n (sample size) with a parameter x that specifies the tolerated margin of error occurring when the sample of size n is taken as representative of the whole population N: $x = \sqrt{N/(N-1)n - 1/(N-1)}$.

Table 2. Summary Statistics

	Obs.	Mean	Std. dev.	Min.	Max.
Dependent variables					
Public sector	876	53.499	25.492	0	100
Public offices (d)	965	0.622	0.485	0	1
Public health (d)	980	0.531	0.499	0	1
Public school (d)	917	0.255	0.436	0	1
National politicians (d)	988	0.873	0.333	0	1
Police (d)	901	0.334	0.472	0	1
Damages in Everyday Life	779	46.445	18.084	0	100
Public offices (d)	958	0.282	0.450	0	1
Public hospitals (d)	980	0.416	0.493	0	1
Public school (d)	886	0.156	0.363	0	1
Police (d)	935	0.180	0.384	0	1
Lost wallet not returned	995	82.527	21.959	0	100
At “Notte della Taranta”	993	88.163	18.770	0	100
In your city	993	78.279	26.379	0	100
In North Italy	992	79.908	22.487	0	100
In South Italy	993	82.191	20.923	0	100
Explanatory variables					
Generalized trust (d)	1,009	0.428	0.495	0	1
Lives in the North (d)	1,009	0.148	0.355	0	1
Lives abroad (d)	1,009	0.036	0.186	0	1
Emigrate (d)	1,009	0.026	0.159	0	1
EQI index					
Female (d)	1,007	0.500	0.500	0	1
Up to 25 (d)	1,001	0.215	0.411	0	1
Between 26 and 30 (d)	1,001	0.258	0.438	0	1
Between 31 and 39 (d)	1,001	0.248	0.432	0	1
Between 40 and 60 (d)	1,001	0.221	0.415	0	1
High school (d)	1,002	0.549	0.498	0	1
College (d)	1,002	0.317	0.466	0	1
Employee (d)	974	0.366	0.482	0	1
Self-employed (d)	974	0.223	0.416	0	1
Retired (d)	974	0.051	0.221	0	1

Note: (d) denotes a dummy variable.

Table 3. Generic Perception Measures of Dishonesty

a) without socio-demographic variables

Dep. variable	(1) Public sector	(2) Damages in Everyday Life	(3) Lost Wallet not Returned
Generalized trust	-6.748***	-3.535***	-11.466***
	(1.740)	(1.331)	(1.372)
Lives in the North	-13.637***	-5.071**	-1.953
	(2.499)	(2.008)	(1.755)
Lives abroad	-24.511***	-15.440***	-7.974*
	(4.140)	(4.223)	(4.486)
Emigrate	6.758	2.968	-5.722
	(5.622)	(4.537)	(5.554)
Socio-demographics	NO	NO	NO
Time fixed effect	YES	YES	YES
Location fixed effect	YES	YES	YES
Interviewer fixed effect	YES	YES	YES
Observations	875	778	993
R-squared	0.197	0.200	0.270

b) with socio-demographic variables

Dep. Variable	(1) Public sector	(2) Damages in Everyday Life	(3) Lost Wallet not Returned
Generalized trust	-6.499***	-3.271**	-11.366***
	(1.804)	(1.370)	(1.392)
Lives in the North	-13.684***	-3.599*	-1.458
	(2.604)	(2.082)	(1.756)
Lives abroad	-24.474***	-16.117***	-4.672
	(4.207)	(4.167)	(3.931)
Emigrate	5.307	2.365	-6.426
	(5.729)	(4.499)	(5.686)
Socio-demographics	YES	YES	YES
Time fixed effect	YES	YES	YES
Location fixed effect	YES	YES	YES
Interviewer fixed effect	YES	YES	YES
Observations	839	743	952
R-squared	0.204	0.225	0.292

Note: OLS regression.
Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 4. Perceived Dishonesty in the Public Sector

a) without EQI index (objective indicator)

Dep. Variable	(1) Public offices	(2) Public health	(3) Public school	(4) National politicians	(5) Police
Generalized trust	-0.090***	-0.067**	-0.055*	-0.038*	-0.071**
	(0.030)	(0.030)	(0.032)	(0.022)	(0.032)
Lives in the North	-0.146***	-0.137***	-0.108**	-0.061**	-0.049
	(0.044)	(0.046)	(0.045)	(0.031)	(0.045)
Lives abroad	-0.333***	-0.460***	-0.367***	-0.291***	-0.155*
	(0.086)	(0.086)	(0.099)	(0.051)	(0.088)
Emigrate	0.109	0.034	0.122	0.067	0.022
	(0.098)	(0.099)	(0.098)	(0.058)	(0.090)
EQI index	NO	NO	NO	NO	NO
Socio-demographics	YES	YES	YES	YES	YES
Time fixed effect	YES	YES	YES	YES	YES
Location fixed effect	YES	YES	YES	YES	YES
Interviewer fixed effect	YES	YES	YES	YES	YES
Observations	921	938	795	859	867

b) with objective indicator

Dep. Variable	(1) Public offices	(2) Public health	(3) Public school	(4) National politicians	(5) Police
Generalized trust	-0.091***	-0.066**	-0.050	-0.038*	-0.067**
	(0.030)	(0.030)	(0.032)	(0.022)	(0.032)
Lives in the North	-0.232**	-0.066	0.077	-0.069	0.137
	(0.117)	(0.123)	(0.108)	(0.080)	(0.108)
Lives abroad	-0.479**	-0.341	-0.048	-0.303**	0.160
	(0.202)	(0.211)	(0.191)	(0.130)	(0.191)
Emigrate	0.110	0.033	0.123	0.067	0.023
	(0.098)	(0.099)	(0.096)	(0.058)	(0.089)
EQI index	YES	YES	YES	YES	YES
Socio-demographics	YES	YES	YES	YES	YES
Time fixed effect	YES	YES	YES	YES	YES
Location fixed effect	YES	YES	YES	YES	YES
Interviewer fixed effect	YES	YES	YES	YES	YES
Observations	921	938	795	859	867

Note: Average marginal effects from probit regressions.
Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 5. Perceived Damages in Everyday Life associated to Dishonesty

Dep. Variable	(1) Public offices	(2) Public hospitals	(3) Public school	(4) Police
Generalized trust	-0.056*	-0.086***	-0.046*	-0.056**
	(0.030)	(0.032)	(0.026)	(0.026)
Lives in the North	-0.044	-0.121***	0.033	0.050
	(0.046)	(0.046)	(0.036)	(0.036)
Lives abroad	-0.136	-0.328***	-	-0.114
	(0.086)	(0.095)		(0.075)
Emigrate	0.044	0.033	0.057	-0.025
	(0.095)	(0.101)	(0.077)	(0.079)
Socio-demographics	YES	YES	YES	YES
Time fixed effect	YES	YES	YES	YES
Location fixed effect	YES	YES	YES	YES
Interviewer fixed effect	YES	YES	YES	YES
Observations	912	934	822	894

Note: Average marginal effects from probit regressions. The coefficient for "Lives abroad" is omitted in Column 3 because the variable predicts perfectly the dependent variable (always equal to 0). Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1.

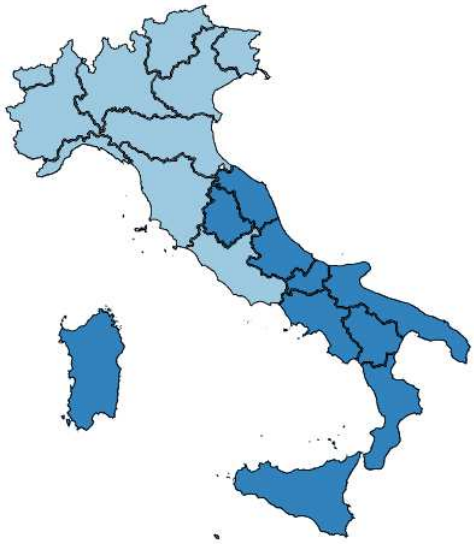
Table 6. Probability of Not Having a Lost Wallet Returned

Dep. Variable	(1) At 'La Notte della Taranta'	(2) In your city	(3) In North Italy	(4) In South Italy
Generalized trust	-10.114***	-10.361***	-11.421***	-9.923***
	(1.265)	(1.728)	(1.415)	(1.340)
Lives in the North	-1.877	-1.521	-1.380	-2.279
	(1.724)	(2.313)	(1.845)	(2.074)
Lives abroad	3.091	-16.247***	-5.437	1.327
	(2.405)	(5.108)	(3.581)	(2.873)
Emigrate	-2.261	-7.194	-5.118	-2.310
	(4.847)	(6.224)	(5.426)	(5.110)
Socio-demographics	YES	YES	YES	YES
Time fixed effect	YES	YES	YES	YES
Location fixed effect	YES	YES	YES	YES
Interviewer fixed effect	YES	YES	YES	YES
Observations	950	950	949	950
R-squared	0.231	0.247	0.312	0.251

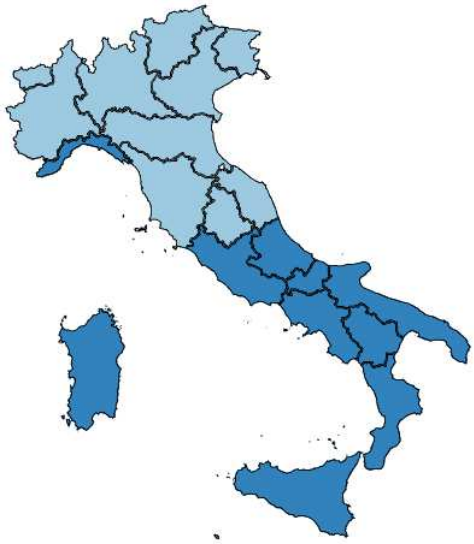
Note: OLS regressions.
Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Figure 1. Geographical Distribution of GDP and EQI Index

a) Per capita GDP



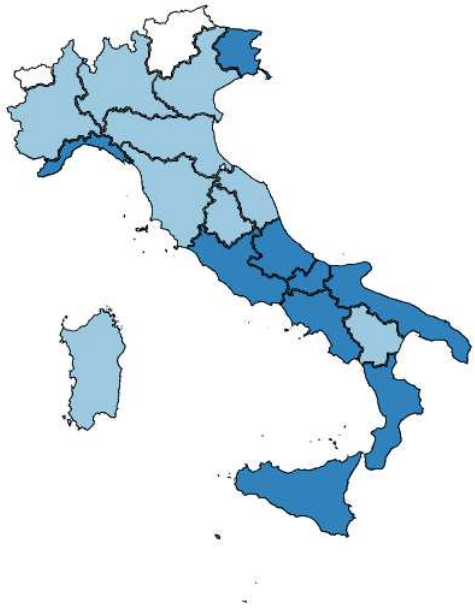
b) EQI index



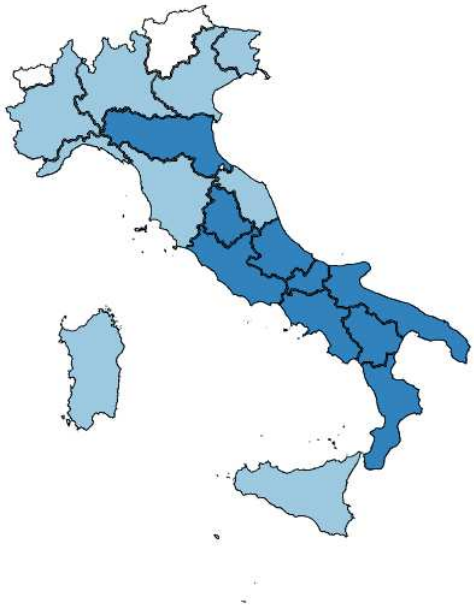
Note: *Darker* shadowed regions denote *lower* average levels of GDP and EQI index, respectively.

Figure 2. Geographical Distribution of Perceived Dishonesty

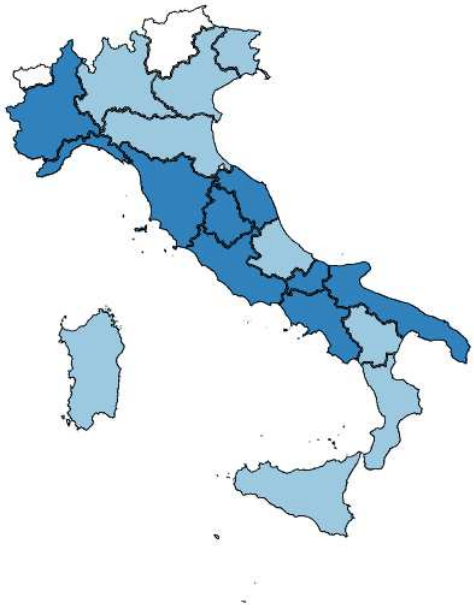
a) Dishonesty in the Public Sector



b) Damage in Everyday Life associated to Dishonesty



c) Not Having a Lost Wallet Returned



Note: *Darker* shadowed regions denote *higher* average levels of each variable.