TRANSPARENCY INTERNATIONAL
the global coalition against corruption

ANTI-CORRUPTION HELPDESK

PROVIDING ON-DEMAND RESEARCH TO HELP FIGHT CORRUPTION

THE IMPACT OF CORRUPTION ON GROWTH AND INEQUALITY

QUERY

Could you please provide me with counter-arguments, evidence as well as possible case studies, which refute the value of corruption as a positive economic force?

PURPOSE

Some development professionals argue that corruption can have a positive effect by generating parallel and neutral economic flows. Beyond the argument that corruption is necessary to "grease the wheels" of the economy, they see corruption as a "positive" (economically, socially) and "redistributive" force. We would like to have the counter-arguments.

CONTENT

Author(s)

Marie Chêne, Transparency International, tihelpdesk@transparency.org

Reviewer(s)

Robin Hodess, PhD, Transparency International

Date

Responded: 15 March 2014

SUMMARY

While there is a large consensus in the literature on the negative impact of corruption on economic growth, some researchers continue to argue that the effect of corruption on growth is context specific and associated with factors such as the country's legal and institutional framework, quality of governance and political regime. They conclude that, in some highly regulated countries that do not have effective government institutions and governance systems, corruption can compensate for red tape and institutional weaknesses and "grease the wheels" of the economy.

This argument does not stand up to scrutiny when looking at the long-term corrosive impact of corruption on economic growth, equality and the quality of a country's governance and institutional environment. Evidence indicates that corruption is likely to adversely affect long-term economic growth through its impact on investment, taxation, public expenditures and human development. Corruption is also likely to undermine the regulatory environment and the efficiency of state institutions as rent-seeking distorts incentives and decision-making processes.

Not only does corruption affect economic development in terms of economic efficiency and growth, it also affects equitable distribution of resources across the population, increasing income inequalities, undermining the effectiveness of social welfare programmes and ultimately resulting in lower levels of human development. This, in turn, may undermine long-term sustainable development, economic growth and equality.

© 2014 Transparency International. All rights reserved.

This document should not be considered as representative of the Commission or Transparency International's official position. Neither the European Commission, Transparency International nor any person acting on behalf of the Commission is responsible for the use which might be made of the following information.

This Anti-Corruption Helpdesk is operated by Transparency International and funded by the European Union.

European Commission

1 CORRUPTION HAS A CORROSIVE IMPACT ON GROWTH AND BUSINESS OPERATIONS

Many studies have focussed on establishing whether corruption adversely affects economic growth or whether it can have a positive impact by "greasing the wheels" of the economy.

While there is a broad consensus that corruption has a negative impact on economic growth and development (see below), some researchers continue to argue that corruption may be economically justified as it provides opportunities to bypass inefficient regulations and red tape, and allows the private sector to correct government failures and inefficiency. As such, it could potentially promote economic growth by removing bureaucratic barriers to entry and lowering companies' transaction costs when trying to comply with excessive regulations. Méon and Sekkat provide a good overview of the proponents and opponents of such a hypothesis (Méon and Sekkat 2005).

Some studies have also argued that the detrimental impact of corruption on growth may be context specific and associated with factors such as the country's legal and institutional framework, quality of governance, political regime, etc. For example, a few studies suggest that while corruption is consistently detrimental in countries where institutions are effective, it can potentially increase productivity and entrepreneurship in highly regulated countries that do not have effective government institutions and governance systems (Houston 2007; Méon and Weill 2008). Other studies further suggest that the impact of corruption on growth and development may also be regime specific and that the type of political regime is an important determinant in the relationship between corruption and economic growth (Méndez and Sepúlveda 2006).

Responding to this argument, some studies argue that rather than promoting economic growth, corruption can mitigate the impact of weak institutional and regulatory frameworks. For example, a 2011 paper suggests that corruption increases firm entry rate in the presence of administrative barriers to entry. However, the paper concludes that while corruption can counteract the effect of over-regulation and supports the "grease the wheels" hypothesis under conditions of excessive regulations, it does not necessarily increase economic growth (Dreher and Gassebner 2011).

More generally, there is a large body of evidence that indicates that while corruption may help to reduce the costs induced by cumbersome administrative processes in some contexts in the short term, it has a long-term detrimental effect on the operations of companies and a corrosive impact on a country's overall governance environment, eroding the efficiency and legitimacy of state institutions, and ultimately undermining sustainable development and the rule of law.

Corruption as an obstacle to economic growth

At the macro level, the literature generally shows that corruption has a negative, direct impact on economic growth and development. Corruption also has an indirect effect on a country's economic performance by affecting many factors fuelling economic growth such as investment, taxation, level, composition and effectiveness of public expenditure.

Economists have long identified a number of channels through which corruption may affect economic growth (Mauro 1995; Tanzi 1997; Gupta 2000; Gyimah-Brempong 2001, among others):

- Corruption distorts incentives and market forces, leading to misallocation of resources.
- Corruption diverts talent and resources, including human resources, towards "lucrative" rent-seeking activities, such as defence, rather than productive activities.
- Corruption acts as an inefficient tax on business, ultimately raising production costs and reducing the profitability of investments.
- Corruption may also decrease the productivity of investments by reducing the quality of resources. For example, by undermining the quality and quantity of health and education services, corruption decreases a country's human capital.
- Rent-seeking behaviour is also likely to create inefficiencies, fuelling waste of resources and undermining the efficiency of public expenditure.

Corruption is negatively correlated with economic growth

Macro level studies, using country-level data to explore cross-country variations in both governance and economic indicators, have consistently found that corruption significantly decreases economic growth and development.

For example, cross-country data indicate that corruption is consistently correlated with lower growth rates, GDP per capita, economic equality, as well as lower levels of human development (Rothstein and Holmberg 2011).

Similarly, a 2011 systematic review of available evidence of the effect of corruption on economic growth confirms that corruption has a direct and negative effect on growth in low income countries (Ugur and Dasgupta 2011). According to the analysis, corruption also has indirect effects through transmission channels such as investment, human capital and public finance/expenditure. While the direct and indirect effects of corruption on growth hold true for all countries under scrutiny, the review suggests that they can be mitigated by contextual factors such as the level of development and the overall quality of governance, with the effect of corruption expected to be more detrimental for countries with higher levels of per capita income and institutional quality.

Corruption affects the quantity, quality, cost and profitability of investment

Many studies have established that corruption discourages investment and acts as an additional cost of doing business, reducing the profitability of investment projects.

Firstly, empirical evidence suggests that corruption reduces the ratio of investment to GDP, lowers investment and retards economic growth to a significant extent (Mauro 1995).

Corruption is also known to distort the decision-making process associated with public investment and affects the composition of government expenditure. Corruption may lead public officials to allocate public resources less on the basis of public welfare than on the opportunity they provide for extorting bribes, such as large infrastructure or defence projects. Mauro finds that government spending on education as a ratio to GDP is negatively and significantly correlated with corruption in a cross-section of countries (Mauro 1998). Similarly, Tanzi and Davoodi have identified four channels through which corruption affects economic growth, including 1. higher public investments 2. lower government revenues 3. lower expenditures on other categories of public spending, such as health and education 4. lower quality of public infrastructure (Tanzi and Davoodi 1997).

In addition, some researchers have provided empirical evidence that corruption lowers capital productivity and constitutes an important element of investors' decision-making processes. According to Lambsdorff's findings, an increase in corruption by one point on a scale from 0 (highly corrupt) to 10 (highly clean) is found to lower productivity by 4 per cent of GDP and decrease net annual capital inflows by 0.5 per cent of GDP (Lambsdorff 2003).

The impact of corruption on levels of investment holds true for foreign direct investment (FDI), as reflected in a 2010 paper summarising the state of research on corruption and FDI (Zurawicki and Habib 2010). Wei (2000a, 2000b, 2001) also finds corruption to be a significant factor in reducing FDI in the host country. A 2008 study, looking at US FDI outflows in relation to levels of corruption in 42 host countries, also indicates that US firms are less likely to invest in countries where corruption is widespread (Sanyal and Samanta 2008). Consistent with these findings, other studies have confirmed FDI to be positively correlated with governance indicators such as rule of law, control of corruption, regulatory quality, etc (Gani 2007).

Corruption is also perceived to increase the costs of investment. A survey carried out by Control Risks and Simmons & Simmonsin 2006 reveals that a quarter of its respondents claimed that corruption increased their costs of international investment by up to 5 per cent, and nearly 8 per cent of respondents claimed that it increased their costs by 50 per cent (Control Risks and Simmons & Simmons 2006).

Corruption not only appears to increase costs and reduce levels of FDI, but also affects the composition of the countries where FDI originated.

A 2006 paper finds that corruption in host countries results in less FDI from countries that criminalise corruption abroad – which are the largest source of FDI – and more FDI from countries with higher levels of corruption. This suggests that laws against bribery may act as a deterrent to bribery in foreign countries (Cuervo-Cazurra 2006).

Corruption undermines a country's tax structure and its revenue collection capacity

When it takes the form of tax evasion, corruption may lead to a significant loss in tax revenue collected in a country, which in turn is likely to have adverse budgetary consequences, as described in a U4 literature review exploring the relationship between corruption and tax revenues (Nawaz 2010).The literature suggests that corruption not only lowers the tax to GDP ratio, but also causes long-term damage to the economy by increasing the size of the underground economy, distorting the tax structure and corroding the tax morality of taxpayers, which is likely to further reduce the tax revenue base of a country (Attila 2008; Nawaz 2010).

Similarly, Tanzi and Davoodi found that corruption has a statistically significant negative correlation with individual income taxes, taxes collected from VAT, sales tax and turnover tax (Tanzi and Davoodi 2000). More recently, a 2010 paper, using panel data for firms in Asian countries, finds that public sector corruption has a large negative impact on corporate tax payments, suggesting that reduction in public sector corruption could have a significant impact on a country's tax capacity (Fuest, Maffini and Riedel 2010). The study indicates that this is especially true for small and medium-sized national firms, which manage to reduce their tax burden in corrupt environments. Large multinationals, however, react to public sector corruption by investing in other countries, therefore pointing to the opportunity costs of corruption.

In line with these findings, the World Bank found that countries with high levels of corruption tend to collect less tax revenues, suggesting that only relatively incorrupt governments can sustain high tax rates (as measured by the tax to GDP ratio) (Friedman et al. 1999). The paper further indicates that entrepreneurs tend to go "underground" when confronted with onerous bureaucracy and high levels of corruption to avoid the burden of red tape and corruption across a sample of 69 countries. This further erodes the tax revenue base of the country, as countries with higher levels of corruption also tend to have larger unofficial or "shadow" economies growing at the cost of the official economy (Dreher and Herzfeld 2005).

The impact of bribery on business operations

Corruption also has a corrosive long-term impact on business activity at the company level. Even small facilitation payments, used to circumvent the administrative burden imposed on companies by excessive bureaucracy, have been proven to have a corrosive long-term impact on business operations and environment. The following section is mainly drawn from a previous Helpdesk answer on the impact of facilitation payments that presents and develops further evidence of the damages caused by petty bribery.

Corruption is costly for companies

There is a strong business case for fighting corruption. At the company level, corruption raises costs, introduces uncertainties, reputational risks and vulnerability to extortion. It depresses a company's valuations, makes access to capital more expensive and undermines fair competition (Transparency International 2009). While facilitation payments typically consist of small amounts, they can add up to substantial amounts when aggregated at the company, national or global level. Company level surveys conducted in Africa in 2007 indicate that petty bribery could represent the equivalent of between 2.5 and 4.5 per cent of sales (Clarke 2008).

Companies also lose significant business opportunities because of corruption risks. A 2008 PricewaterhouseCoopers report, based on a survey of 390 senior executives in 14 countries, confirms the high costs that businesses pay for corruption in terms of market distortion, reputational damages, legal risks and deterioration of the company's internal structure. Almost 45 per cent of respondents said they had not entered a specific market or pursued a particular opportunity because of corruption risks, while close to 40 per cent reported having lost a bid because of corrupt officials. More than 70 per cent of the respondents believe that a better understanding of corruption would help them compete more effectively, make better decisions, improve corporate social responsibility and enter new markets.

Corruption is ultimately economically inefficient for companies

Bribery is not an effective strategy to alleviate red tape if bureaucrats can choose the regulatory burden and the red tape delay to extract bribes. In highly regulated countries with widespread corruption, rent-seeking provides incentives for public officials to delay the performance of regular duties or even create more regulations to create more opportunities for extracting bribes. A few studies have found that corruption increases the time spent by managers on dealing with red tape and hampers companies' growth, not least because companies that pay bribes are likely to spend more management time (and not less) negotiating regulations with bureaucrats, as corrupt officials tend to target their demands on companies that have paid bribes before (Kaufman and Wei 1999; Fisman and Svensson 2007).

In addition, demand for facilitation payments is likely to grow in future as the culture of paying bribes spreads across the company, and the firm gains a reputation for paying bribes when solicited.

The cost of red tape for firms may also be over evaluated in terms of its impact on the firms' productivity. A 2010 World Bank working paper, looking at the comparative impact of informal payments to government officials to ease day-to-day operations on companies' productivity (referred to as "bribe tax") compared to the effect of red tape (referred to as "time tax") finds that only the "bribe tax" seems to have a negative impact on company level productivity, while the effect of "time tax" appears insignificant (De Rosa, Gooroochurn and Görg 2010).

The effects of corruption vary according to the indicators of growth and corruption used

From a methodological perspective, some authors also argue that the "corruption as greasing the wheel of the economy" argument does not hold when using a measure of managers' actual experience with corruption as an indicator. Aidt argues that evidence based on corruption perceptions indicators is rather weak, failing to produce robust evidence of the "greasing" effect of corruption on growth (Aidt 2009).

Corruption negatively affects firms' growth, productivity, investment patterns and efficiency

Empirical evidence also indicates that corruption may have a negative, indirect impact on firms, through its effects on many factors affecting firms' growth and productivity through its effects on factors such as investment patterns, efficiency, and innovation:

- Corruption is likely to negatively affect a firm's growth. For example, using a dataset on bribe payment by Ugandan firms, a study finds that bribes are negatively correlated with company growth and that bribery has a much greater negative impact on growth than taxation (Fisman and Svenson 2007).

- Corruption can significantly affect a firm's investment patterns. According to a 2008 cross-regional study, corruption is the most important determinant for investment in transition countries. Among the variables included in the regressions are: firm size, firm ownership, trade orientation, industry, GDP growth, inflation and openness to trade (Asiedu and Freeman 2009).

- Controlling corruption can also potentially have a positive impact on product innovation. Using World Bank data on Indian firms in 2005, a 2011 paper finds that corruption has an impact on company level resource allocation and diminishes the probability of new product introduction (Starosta de Waldemar 2010).

- Corruption may also have an impact on a firm's efficiency. A 2006 study exploring the impact of corruption on firms' efficiency in 13 Latin American countries shows that more-corrupt countries have less efficient firms that need more input (that is, more labour) to produce a given level of output (Rossi and Dal Bo 2006). The study suggests that corruption diverts managerial efforts away from the supervision and coordination of the productive process, compelling firms to employ more factors in order to make up for the poorer coordination and related inefficiency.

- Corruption is also likely to increase exit rates. Using panel data, a 2009 paper, testing (among other areas of the business climate) the importance of corruption and cronyism on firm exit in 27 Eastern Europe and Central Asian countries, indicates that in places with higher corruption exit rates are also higher, with bribes and red tape found to raise the probability of exit (Hallward-Driemeier 2009).

2 CORRUPTION AFFECTS INEQUALITY AND INCOME DISTRIBUTION

Corruption affects human development and wealth distribution

Not only does corruption affect economic development in terms of economic efficiency, it also has a distributional impact. While there is strong evidence of a negative correlation between corruption and the level of GDP per capita, some authors argue that such studies should also take into consideration indicators of social welfare and distribution of wealth.

As early of 1998, an International Monetary Fund (IMF) working paper, based on cross-country regression analysis for 1980-97, establishes the considerable impact of corruption on income inequality, with a one standard deviation point increase in corruption resulting in an income reduction for the poor of 7.8 percentage points a year (Gupta et al. 2002). The paper argues that corruption increases income inequality through lower economic growth, biased tax systems favouring the wealthy and well connected, lower levels and effectiveness of social spending, and unequal access to education and public services.

In line with these views, some researchers further argue that research looking at growth in terms of GDP per capita is not enough, as sustainable growth and development is also related to the ability of a country to sustain living standards and social welfare over time (Aidt 2010). Using an indicator of "genuine wealth per capita" as a direct measure of sustainable development, he studies the relationship between corruption and sustainable development in a sample of 110 countries between 1996 and 2007 and finds that cross-national measures of perceived and experienced corruption significantly reduces growth in genuine wealth per capita, suggesting that corruption is a hindrance to sustainable development.

Corruption is also positively correlated to income inequality as measured by the Gini coefficient. Using panel data from African countries, a study finds that a one point increase in the corruption index is associated with a seven point increase in the Gini coefficient of income inequality (Gyimah-Brempong 2001). This holds true for developed countries. A study looking at the effect of corruption on income inequality and growth using data from US states finds robust evidence that an increase in corruption increases the Gini coefficient of income inequality and decreases income growth (Dincer and Gunalp 2005). This can be explained by the fact that the benefits from corruption are likely to flow to better connected individuals and groups who typically belong to higher income groups. Better connected individuals are more likely to get the most profitable government projects, undermining the government's ability to ensure equitable distribution of resources.

Research also finds that dependent variables measuring human development are negatively affected by corruption, with more-corrupt countries tending to have lower levels of human development (Akcay 2006). Transparency International's Global Corruption Barometer's data also indicate that the poor are disproportionally affected by corruption.

Corruption creates a biased tax system that affects income distribution

An IMF paper provides empirical evidence of the impact of corruption on inequality and identifies one of the mechanisms leading to these results. Corruption affects the progressivity of the tax system, creating biased tax systems favouring the rich and well connected (Gupta et al 2002). As corruption facilitates tax evasion, ill-functioning tax administrations, and exemptions that favour the wealthy and well connected, this undermines the effectiveness of the tax base and the government's capacity to ensure equitable wealth redistribution from the rich to the poor.

As inequality increases and more people slide into poverty, it is likely that there will be higher pressure and demand for more extensive redistribution through higher progressive taxation to compensate for and correct inequalities and injustices generated by corruption. This, in turn, is likely to motivate the rich and well connected – who have more incentives and means to behave corruptly – to use political corruption to lower and circumvent tax rates (Jong-sung and Khagram 2005). With increased inequalities, the rich may have greater motivation and resources to buy influence, both legally and illegally, and the poor may be more vulnerable to corruption and less able to monitor and hold the rich and the powerful accountable. This, in turn, is likely to create and sustain a vicious circle of inequality-corruption- inequality.

Corruption affects the targeting, quantity, quality and outcomes of social spending

Corruption is not only bad for economic growth and business operations. It also hurts people, especially the poor. It reduces the resources available for other uses, including the financing of social spending, which primarily affects the poor. It can also result in poor targeting and undermine the redistributive potential of social programmes. As already mentioned, rent-seeking and corruption may affect the allocation of public resources by distorting decision-makers' incentives and diverting public spending towards lucrative projects and activities. Corruption in social programmes may also reduce the potential impact of social welfare programmes on poverty alleviation.

In some cases, losses due to corruption may be large enough to outweigh the redistributive potential of social welfare programmes. A study examining the extent of corruption in a large Indonesian transfer programme distributing subsidised rice to poor households finds that an average of 18 per cent of the rice disappeared between the time it left government warehouses and the time it reached poor households. Comparing the costs of this corruption with the potential redistributive benefits from the programme, the study finds that corruption was sufficiently large to outweigh the intended benefits of the programme (Olken 2005). This suggests that corruption can seriously hamper the redistributive efforts of developing countries.

Corruption also has a negative impact on the quality and quantity of public services, in the education and health sectors in particular, by reducing the effectiveness of public spending. In the Philippines, research indicates that corruption affects education outcomes through reducing test scores, lowering school rankings and reducing satisfaction ratings. Corruption has also been shown to lower child immunisation rates and delay the vaccination of newborns. Related impacts from "corrupted" public health services include the delayed treatment of patients, discouraged use of clinics, reduced satisfaction of households with services received and increased waiting times for patients (Azfar and Gurgur 2005). A study conducted in Indonesia finds that public spending appears to have a negligible effect on school enrolment in highly corrupt regions, but a statistically significant, positive and relatively large effect in less corrupt regions. This indicates that investing more public funds into the education system without effectively and simultaneously addressing corruption is unlikely to bring about the intended results (Suryadarma 2012).

Therefore, in the long term, corruption is likely to affect the investment in and formation of human capital through its impact on the effectiveness, outcomes and composition of public spending, which in turn may undermine long-term sustainable development, economic growth and equality.

3 CORRUPTION AFFECTS THE OVERALL GOVERNANCE AND INSTITUTIONAL ENVIRONMENT

Corruption has a long-term detrimental impact on the governance environment

As developed further in the above mentioned Helpdesk answer on the impact of facilitation payments, corruption is also likely to have a long-term detrimental impact on the regulatory environment and the efficiency of the state apparatus as it creates incentives for politicians and public officials to create more regulations, restrictions and administrative procedures in order to have more opportunities to extort small payments from citizens and companies. This, in turn, is likely to exacerbate rent-seeking behaviour and breed inefficiencies as the practice of obstructing matters until facilitating payments have been made spreads across the public service (Argandoña 2004; Dzhumashev 2010).

This is particularly true for the business environment. A recent study provides robust evidence that the quality of business regulation is determined by a country's level of corruption. Well regulated business environments can alleviate the burden of bureaucratic procedures and red tape, resulting in fewer transaction costs on individuals and companies. Corruption undermines the purpose and integrity of regulation as it enables corrupt officials to circumvent regulations or bend them for their own interests. Corrupt politicians and bureaucrats can manipulate the regulatory environment for their own benefit and create inefficient regulations that provide incentives for individuals and firms to pay bribes, with a corrosive impact on the regulatory environment. In a corrupt environment, special interest groups can also influence the quality of the regulatory environment by controlling the state institutions that design and enforce regulations, leading to various forms of regulatory capture. In terms of policy implications, this indicates that targeted efforts to curb corruption can yield significant benefits to improve the regulation of the business environment (Breen and Gillander 2010).

Corruption undermines state legitimacy and the rule of law

There is also a broad consensus that perceptions and experience of corruption erode citizens' confidence in public institutions and political processes, undermine social trust and the legitimacy of state institutions, and ultimately have a corrosive impact on the rule of law and democratic processes (Andreev 2008).

Corruption – especially petty corruption – has an impact on citizens' perceptions of corruption in a given country as it affects them in their daily lives, corroding public confidence in state institutions, democratic processes and government legitimacy. Recent events, such as the Arab Spring, have shown that corruption can erode public support for corrupt regimes. This is supported by empirical evidence indicating that corruption erodes citizens' beliefs in the legitimacy of political system and reduces interpersonal trust, as suggested by a study of four Latin American countries (Seligson 2003). Later studies have confirmed the strong correlation between trust (both interpersonal and political) and corruption (Morris and Klesner 2006).

Corruption also has a corrosive impact on the rule of law, as highlighted in a recent paper looking at the damages caused by various forms of corruption (David-Barrett 2012). The author concludes that any bribes – irrespective of who the payer is, whether the bribe is big or small, or whether it aims at easing bureaucratic procedures or securing an undue advantage – demonstrates to the public that the rules are not consistently applied in line with the law and results in a violation of public office rules, which severely undermines the rule of law.

4 REFERENCES

Aidt, T.S. 2009. "Corruption, Institution and Economic Development."
http://ideas.repec.org/p/cam/camdae/0918.html

Aidt, T.S. 2010. "Corruption and Sustainable Development."
http://www.dspace.cam.ac.uk/bitstream/1810/242086/1/cwpe1061.pdf

Akcay, S. 2006. "Corruption and Human Development."
http://www.cato.org/pubs/journal/cj26n1/cj26n1-2.pdf

Andreev, S. 2008. "Corruption, Legitimacy and the Quality of Democracy in Central and Eastern Europe and Latin America."
http://neic.iesp.uerj.br/textos2/internationalconference2008/Estonia_Conference_Svet_Andreev_.pdf

Argandoña, A. 2004. "Corruption and Companies: The Case of Facilitating Payments." IESE Business School, University of Navarra.
http://ideas.repec.org/p/ebg/iesewp/d-0539.html

Asiedu, E. and Freeman, J. 2009. "The Effect of Corruption on Investment Growth: Evidence from Firms in Latin America, Sub-Saharan Africa, and Transition Countries."
http://www2.ku.edu/~kuwpaper/2008Papers/200802

.pdf

Attila, J. 2008. "Corruption, Taxation and Economic Growth: Theory and Evidence." CERDI-CNRS. Working paper. http://ideas.repec.org/p/cdi/wpaper/1060.html

Azfar, O. and Gurgur, T. 2005. "Does Corruption Affect Health and Education Outcomes in the Philippines?" http://ssrn.com/abstract=723702

Breen, M. and Gillander, R. 2010. "Corruption, Institutions and Regulation." http://www.csae.ox.ac.uk/conferences/2011-EDiA/papers/508-Gillanders.pdf

Clarke, G. 2008. "How Petty is Petty Corruption? Evidence from Firm Survey in Africa." http://www.sciencedirect.com/science/article/pii/S0305750X10002196

Control Risks and Simmons & Simmons. 2006. "International Business Attitudes to Corruption: Survey 2006." http://www.csr-asia.com/summit07/presentations/corruption_survey_JB.pdf

Cuervo-Cazurra, A. 2006. "Who Cares about Corruption?" http://www.palgrave-journals.com/jibs/journal/v37/n6/full/8400223a.html

David-Barrett, L. 2012. "Are Some Bribes Better Than Others?" http://lgstdept.wharton.upenn.edu/corruption/DavidBarrett2.pdf

De Rosa, D. Gooroochurn, N. and Görg, H. 2010. "Corruption and Productivity: Firm-Level Evidence from the BEEPS Survey." http://ideas.repec.org/p/kie/kieliw/1632.html

Dincer, O. and Gunalp, B. 2005. "Corruption, Income Inequality and Growth: Evidence from US States." http://www.uib.es/congres/ecopub/ecineq/papers/099dincer.pdf

Dreher, A. and Gassebner, M. 2011. "Greasing the Wheels? The Impact of Regulations and Corruption on Firm Entry." http://corruptionresearchnetwork.org/resources/articles/greasing-the-wheels-the-impact-of-regulations-and-corruption-on-firm-entry

Dreher, A. and Herzfeld, T. 2005. "The Economic Costs of Corruption: A Survey and New Evidence." http://ideas.repec.org/p/wpa/wuwppe/0506001.html

Dzhumashev, M. 2010. "Corruption and Regulatory Burden." Department of Economics, Monash. http://mpra.ub.uni-muenchen.de/2081/1/MPRA_paper_2081.pdf

Fisman, R. and Svensson, J. 2007. "Are Corruption and Taxation Really Harmful to Growth?" http://www.sciencedirect.com/science/article/pii/S0304387806001106

Fuest, C., Maffini, G., and Riedel, N. 2010. "How Does Corruption in Developing Countries Affect Investment and Tax Compliance?" https://editorialexpress.com/cgi-bin/conference/download.cgi?db_name=IIPF66&paper_id=229

Gani, A. 2007. "Governance and Foreign Direct Investment Links: Evidence from Panel Data Estimations." http://ideas.repec.org/a/taf/apeclt/v14y2007i10p753-756.html

Gupta, S., Davoodi, H., and Alonso-Terme, R. 2002. "Does Corruption Affect Income Inequality and Poverty?" http://www.imf.org/external/pubs/ft/wp/wp9876.pdf

Gupta, S., Davoodi, H., and Tiongson, E. 2000. "Corruption and the Provision of Healthcare and Educational Services." http://www.imf.org/external/pubs/ft/wp/2000/wp00116.pdf

Gyimah-Brempong, K. 2001. "Corruption, Economic Growth and Income Inequality in Africa." http://link.springer.com/article/10.1007/s101010200045

Hallward-Driemeier, M. 2009. "Who Survives? The Impact of Corruption, Competition and Property Rights Across Firms." http://elibrary.worldbank.org/content/workingpaper/10.1596/1813-9450-5084

Houston, D. 2007. “Can Corruption Ever Improve an Economy?” http://object.cato.org/sites/cato.org/files/serials/files/cato-journal/2007/11/cj27n3-2.pdf

Jong-sung, Y. and Khagram, S. 2005. “A Comparative Study of Inequality and Corruption.” http://www.ksghauser.harvard.edu/PDF_XLS/workingpapers/workingpaper_22.pdf

Jong-Sung, Y. 2005. “Corruption and Inequality as Correlates of Social Trust: Fairness Matters More Than Similarity.” http://irps.ucsd.edu/assets/003/5295.pdf

Kaufmann, D., Friedman, E., Johnson, S., and Zoiso-Lobaton, P. 1999. “Dodging the Grabbing Hand: The Determinant of Unofficial Activity in 69 Countries.” http://ideas.repec.org/a/eee/pubeco/v76y2000i3p459-493.html

Lambsdorff, J. 2003. “How Corruption Affects Economic Development.” http://www.wiwi.uni-passau.de/fileadmin/dokumente/lehrstuehle/lambsdorff/Papers/C_Development.pdf

Méndez, F. and Sepúlveda, F. 2006. “Corruption, Growth and Political Regimes: Cross Country Evidence.” http://ideas.repec.org/a/eee/poleco/v22y2006i1p82-98.html

Mauro, P. 1995. “Corruption and Growth.” http://elsa.berkeley.edu/~saez/course131/Mauro95.pdf

Mauro, P. 1998. “Corruption and the Composition of Government Expenditure.” http://www1.worldbank.org/publicsector/anticorrupt/CoreCourse2005/Mauro.pdf

Méon, P. and Sekkat, K. 2005. “Does Corruption Grease or Sand the Wheels of Growth?” http://projects.iq.harvard.edu/gov2126/files/meonsekkat_2006.pdf

Méon, P. and Weill, L. 2008. “Is Corruption an Efficient Grease?” http://corruptionresearchnetwork.org/resources/articles/is-corruption-an-efficient-grease

Morris, D. and Klesner, J. 2006. “Corruption and Trust: Theoretical Considerations and Evidence from Mexico.” http://www.vanderbilt.edu/lapop/mexico/2006-corruptionandtrust.pdf

Nawaz, F. 2010. “Exploring the Relationships between Corruption and Tax Revenue.” http://www.u4.no/publications/exploring-the-relationships-between-corruption-and-tax-revenue/

Olken, B. 2005. Corruption and the Costs of Redistribution.” http://economics.mit.edu/files/2914

PricewaterhouseCoopers. 2008. “Confronting Corruption: The Business Case for an Effective Anti-Corruption Programme.” http://www.pwc.com/gx/en/forensic-accounting-dispute-consulting-services/business-case-anti-corruption-programme.jhtml

Rossi, M. and Dal Bo, E. 2006. “Corruption and Inefficiency: Theory and Evidence from Electric Utilities.” http://www.sciencedirect.com/science/article/pii/S004727270600154X

Rothstein, B. and Holberg, S. 2011. “Correlates of Corruption.” http://www.qog.pol.gu.se/digitalAssets/1357/1357840_2011_12_rothstein_holmberg.pdf

Tanzi, V. and Davoodi, H. 1997. “Corruption, Public Investment and Growth.” http://www.imf.org/external/pubs/ft/wp/wp97139.pdf

Tanzi, V., Davoodi, H. 2000. “Corruption, Growth and Public Finances.” IMF Working Paper. http://www.imf.org/external/pubs/ft/wp/2000/wp00182.pdf

Sanyal, R. and Samanta, S. 2008. “Effect of Perception of Corruption on Outward US Foreign Direct Investment.” http://econpapers.repec.org/article/idsgbusec/v_3a10_3ay_3a2008_3ai_3a1_3ap_3a123-140.htm

Seligson, M. 2003. “The Impact of Corruption on Regime Legitimacy: A Comparative Study of Four Latin American Countries.”

(http://onlinelibrary.wiley.com/doi/10.1111/1468-2508.00132/abstract)

Starosta de Waldemar, F. 2010. "New Products and Corruption: Evidence from Indian Firms." http://www.csae.ox.ac.uk/conferences/2011-EDiA/papers/035-Waldemar.pdf

Strauss, E.N. 2013. "'Easing out' the FCPA Facilitation Payment Exception." Boston University Law review. http://www.bu.edu/law/central/jd/organizations/journals/bulr/volume92n4/documents/STRAUSS.pdf

Suryadarma, D. 2012. "How Corruption Diminishes the Effectiveness of Public Spending on Education in Indonesia." http://ideas.repec.org/a/taf/bindes/v48y2012i1p85-100.html

Transparency International. 2009. "Global Corruption Report: Corruption and the Private Sector." http://www.cgu.gov.br/conferenciabrocde/arquivos/English-Global-Corruption-Report-2009.pdf

Ugur, M. and Dasgupta, N. 2011. "Evidence on the Economic Growth Impacts of Corruption in Low-Income Countries and Beyond." http://eppi.ioe.ac.uk/cms/LinkClick.aspx?fileticket=wrCtuggn-IQ%3D&tabid=3108&mid=5787

Wei, S-J. 2000a. "How Taxing is Corruption on International Investors?" http://www.nber.org/~wei/data/wei2000a/wei2000a.pdf

Wei, S-J. 2000b. "Local Corruption and Global Capital Flows." http://ideas.repec.org/a/bin/bpeajo/v31y2000i2000-2p303-354.html

Wei, S-J. 2001. "Does Corruption Relieve Foreign Investors of the Burden of Taxes and Capital Controls." http://elibrary.worldbank.org/content/workingpaper/10.1596/1813-9450-2209

Zurawicki, L and Habib, M. 2010. "Corruption and Foreign Direct Investment: What Have We Learned?" http://journals.cluteonline.com/index.php/IBER/article/view/593/579

"Anti-Corruption Helpdesk Answers provide practitioners around the world with rapid on-demand briefings on corruption. Drawing on publicly available information, the briefings present an overview of a particular issue and do not necessarily reflect Transparency International's official position."