

Tables to: Martin Paldam

The cross-country pattern of corruption. Economics, culture and the seesaw dynamics

Table 1. Four parts of the grand transition - the last is new

	Stable traditional	LDCs in transition	Stable modern DC
Economic	Poor, stagnating Large primary sector	High, unstable growth Industrial sector share grows	Rich, moderate growth Small primary sector
Demographic	High birth & mortality rates	Mortality rate down & then birth rate	Both rates low
Political	Traditional: hereditary & theocratic systems	Unstable: often one-party or military, but also periods with democracy	Democracy
Corruption	Traditional, sometimes low	High	Low

Table 2. Estimates of economic model: $\kappa_i = c + a_1y_i + a_2g_i + a_3p_i + a_4\phi_i + u_i$

	Reg 1	Reg 2	Reg 2b	Reg 3	Reg 4	Reg 5	Reg 6	Reg 7
Constant	-10.26 (9.1)	4.49 (20.1)	5.71 (13.3)	6.72 (21.4)	-3.07 (4.1)	8.00 (8.4)	-6.95 (4.4)	-5.47 (3.1)
GDP	1.79 (13.3)						1.46 (6.2)	1.54 (6.1)
Growth		0.24 (3.7)	0.18 (1.3)				-0.06 (1.0)	-0.10 (1.4)
Inflation				-0.82 (8.4)			-0.55 (3.5)	-0.66 (3.6)
Regulation					1.26 (10.9)		0.11 (0.6)	-0.07 (0.3)
Gini (x10)						-0.88 (3.7)		-0.20 (1.4)
N	100	100	41	100	86	75	86	69
R ²	0.64	0.12	0.04	0.42	0.59	0.16	0.75	0.79
Reset	54.0*	1.9	0.20	35.8*	8.7*	4.1(*)	15.2*	11.7*

Note: The numbers in brackets are the t-ratios. An * at the reset test points to problems. Reg 2b looks at the κ -index 1994-95 and growth 1996-98, to catch the causality from κ to g - the sample is much smaller.

Table 3. Estimates of variants of the economic model

	Reg 8	Reg 9	Reg 10	Reg 11	Reg 12	Reg 13
Constant	-9.59 (8.4)	-6.25 (4.7)	-10.20 (7.4)	6.97 (17.7)	-0.15 (0.1)	-6.08 (4.5)
GDP	1.70 (12.4)	1.43 (9.9)	1.45 (5.9)			1.42 (9.8)
Growth	0.10 (2.2)			-0.07 (1.0)		-0.03 (0.6)
Inflation		-0.39 (4.7)		-0.91 (7.1)	-0.46 (2.6)	-0.43 (4.1)
Regulation			0.44 (2.6)		0.95 (5.9)	
N	100	100	86	100	86	100
R ²	0.66	0.71	0.71	0.42	0.62	0.71
Reset	42.4*	37.4*	24.7*	34.2*	20.3*	37.1*

Note: see Table 2.

Table 4. Comparing the linear and two non-linear estimations of the economic model

	Reg 6 Linear	Reg 14 Log (κ)	Reg 15 Exp (κ)
Constant	-6.95 (4.4)	-6.85 (4.1)	-5.75 (1.3)
GDP	1.46 (6.2)	1.82 (7.3)	1.04 (1.6)
Growth	-0.06 (1.0)	-0.01 (0.2)	-0.31 (1.9)
Inflation	-0.55 (3.5)	-0.45 (2.7)	-1.24 (3.0)
Regulation	0.11 (0.6)	-0.05 (0.2)	0.27 (0.5)
N	86	86	86
R ²	0.75	0.74	0.37
Reset	15.2*	2.2	16.0*

Note: Reg 6 is repeated from Table 2 for easy reference. The coefficients to Reg 14 and to Reg 15 are scaled by 5 and 0.001 respectively.

Table 5. The cultural groups

Var	Name and description of group
D ^{WE}	19 Old OECD countries of West European type: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Luxembourg, The Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, United States.
D ^{LA}	16 Latin American countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay, Venezuela.
D ^{OC}	24 Old »Communist« countries - from East European to Central Asia: Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Czech Rep, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyz Rep, Latvia, Lithuania, Macedonia, Moldavia, Poland, Romania, Russia, Slovak Rep, Slovenia, Ukraine, Uzbekistan, Yugoslavia
D ^A	15 countries from South of Sahara Africa: Botswana, Cameroon, Ghana, Ivory Coast, Kenya, Malawi, Mozambique, Namibia, Nigeria, Senegal, South Africa, Tanzania, Uganda, Zambia, Zimbabwe
D ^O	11 Oriental countries from the »Chinese« cultural sphere: China, Hong Kong, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan, ^{a)} Thailand, Vietnam
D ^R	Residual no-group of 15 countries: Bangladesh, Egypt, Greece, India, Israel, Jamaica, Jordan, Mauritius, Mongolia, Morocco, Pakistan, Portugal, Spain, Tunisia, Turkey

Note: Many countries have missing observations - in particular most countries in the OC group are missing data before 1990/91. The variables are dummies with the value one, if a country belongs to the group, else they are zero.

a. Data for Taiwan are from: China Aktuell, Monatszeitschrift, Institut für Asien-kunde, Hamburg.

Table 6. Estimates of the culture model:

$$\kappa_i = c + b_0 D^R + b_1 D^{WE}_i + b_2 D^{LA}_i + b_3 D^{OC}_i + b_4 D^A_i + b_5 D^O_i + b_6 \gamma_i$$

	Reg 16	Reg 17	Reg 18	Reg 19
Constant	5.91 (14.2)		4.39 (11.5)	7.03 (20.1)
Residual group		5.91 (14.2)		
West Europe	2.90 (6.2)	8.81 (29.3)	3.89 (7.6)	
L America	-1.03 (2.3)	4.88 (12.4)	-0.90 (1.7)	
Old Comm	-1.05 (2.6)	4.86 (12.7)	-1.17 (2.4)	
Africa	-0.17 (0.4)	5.74 (10.9)	-1.05 (1.9)	
Orient	0.71 (1.4)	6.63 (12.0)	0.32 (0.6)	
Democracy	-0.53 (5.8)	-0.53 (5.8)		-0.86 (8.3)
N	99	99	99	99
R ²	0.74	(0.94)	0.42	0.42
Reset	0.0	0.0	0.0	22.4*

Note: The dummies plus the residual culture add to 1. The residual culture or the constant must therefore be deleted. The R²-score is calculated differently in Reg 17, where the constant is »hidden« as a tie.

Table 7. Estimates of the mixed model:

$$\kappa_i = c + a_1 y_i + a_2 g_i + a_3 p_i + a_4 \phi_i + b_1 D_i^{WE} + b_2 D_i^{LA} + b_3 D_i^{OC} + b_4 D_i^A + b_5 D_i^O + b_6 \gamma_i$$

	Reg 6	Reg 16	Reg 20	Reg 21	Reg 22	Reg 23	Reg 24
	Economic	Culture	Mixed			Variants	
Constant	-6.95 (4.4)	5.91 (14.2)	-7.02 (3.1)	-7.06 (4.2)	1.47 (0.9)	-4.22 (2.4)	-8.08 (4.6)
GDP level	1.46 (6.2)		1.31 (4.7)	1.19 (5.0)		1.14 (5.7)	1.56 (8.6)
Growth	-0.06 (1.0)		0.05 (0.8)	0.06 (1.0)	0.08 (1.1)		
Inflation	-0.55 (3.5)		-0.18 (1.1)	-0.15 (0.9)	-0.13 (0.7)		
Regulation	0.11 (0.6)		0.19 (1.0)	0.33 (1.7)	0.66 (3.3)		
West Europe		2.90 (6.2)	1.13 (2.2)	1.16 (2.2)	1.71 (3.0)	1.69 (2.8)	
L America		-1.03 (2.3)	-0.89 (2.1)	-0.93 (2.2)	-1.09 (2.3)	-1.09 (2.8)	
Old Comm		-1.05 (2.6)	-0.06 (0.1)	0.09 (0.2)	0.12 (0.2)	-0.81 (2.3)	
Africa		-0.19 (0.4)	0.45 (1.0)	0.36 (0.8)	0.03 (0.1)	0.43 (1.0)	
Orient		0.71 (1.4)	-0.96 (1.7)	-1.01 (2.0)	-0.70 (1.1)	-0.21 (0.4)	
Democracy		-0.53 (5.8)	-0.05 (0.4)		-0.27 (2.2)	-0.22 (2.3)	-0.21 (1.9)
N	86	99	85	86	85	99	99
R ²	0.75	0.74	0.82	0.82	0.77	0.81	0.67
Reset	15.2*	0.0	1.4	4.2 (*)	2.8	0.6	44.6*

Table 8. Controlling for multiplicative interaction

$$\kappa_i = c + a_1 y_i + a_2 p_i + b_1 D_i^{WE} + b_2 D_i^{LA} + b_3 D_i^{OC} + b_4 D_i^A + b_5 D_i^O + d_1 y_i D_i^{WE} + d_2 y_i D_i^{LA} + d_3 y_i D_i^{OC} + d_4 y_i D_i^A + d_5 y_i D_i^O$$

		Reg 25	Reg 26	Reg 27	Reg 28	Reg 29
	Constant	4.39 (13.6)	-6.41 (4.7)	-7.31 (2.7)	-4.99 (4.5)	-6.33 (2.4)
GDP level	y		1.33 (8.1)	1.44 (4.4)	1.22 (7.4)	1.38 (4.3)
Inflation	p				-0.24 (2.6)	-0.25 (2.6)
Culture area	D ^{WE}	7.24 (0.4)	1.81 (3.9)	18.94 (1.1)	1.60 (3.4)	18.95 (1.1)
dummies	D ^{LA}	-10.85 (2.2)	-1.06 (2.6)	0.86 (0.2)	-0.88 (2.2)	0.10 (0.0)
	D ^{OC}	-8.92 (3.1)	-0.84 (2.2)	2.78 (0.7)	-0.26 (0.6)	4.40 (1.2)
	D ^A	-9.03 (3.11)	0.25 (0.6)	2.67 (0.7)	0.30 (0.7)	3.27 (0.9)
	D ^O	-16.71 (4.7)	-0.44 (0.9)	-5.01 (1.2)	-0.51 (1.1)	-4.14 (1.0)
Interaction:	yD ^{WE}	-0.35 (0.2)		-1.78 (1.0)		-1.82 (1.0)
within-culture	yD ^{LA}	1.21 (2.0)		-0.23 (0.4)		-0.12 (0.2)
slopes	yD ^{OC}	0.98 (2.7)		-0.46 (1.0)		-0.58 (1.2)
	yD ^A	1.12 (2.8)		-0.32 (0.7)		-0.39 (0.8)
	yD ^O	1.96 (4.8)		0.52 (1.1)		0.41 (0.8)
	N	100	100	100	100	100
	R ²	0.75	0.78	0.79	0.80	0.81
	Reset	9.0*	7.8*	9.9*	8.5*	8.4*

Table 9. Four mechanisms behind the seesaw mechanics

Mechanism	High corruption	↔ ↔ ↔	⇒ ⇒ ⇒	Low corruption
A Incidence	Wages down will chase out honest		Labor markets clear for honest	
B Punishment	Everybody cannot be punished		Some can be punished	
C Advertisement	Flaunting R advertizes »business«		Flaunting R alerts police	
D Welfare	R can be enjoyed without fear		R must be consumed in secret	

Note: R is the proceeds from corruption.