



UiTM SABAH

**THE EFFECTS OF CORRUPTION ON ECONOMIC
DEVELOPMENT: EVIDENCE FROM A PANEL SET OF 40
ASIA PACIFIC; AND EUROPEAN UNION AND WESTERN
EUROPE COUNTRIES**

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ABSTRACT

The effects of corruption on economic development have been extensively studied but the theoretical and empirical debate on the effects of corruption on economic development is still ambiguous. The previous studies proposed that the effects of corruption on economic development could be either positive or negative. This study is conducted in order to investigate the effects of corruption on economic development by using the panel set of 40 Asia Pacific; and European Union and Western Europe countries for the time period of 1998 – 2010 and this study applies ordinary least square (OLS) method and the econometric panel data analysis. Based on the results found in this study, it is proposed that corruption hurts economic development.

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