

Nonlinear Relationship between Globalization and Control of Corruption along with Economic Growth

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Abstract : In recent decades, trade flows, capital, workforce, technology and information have increased between international borders and the globalization has turned to an undeniable process in international economics. Meanwhile, despite the positive aspects of globalization, the critics of globalization opine that the risks and costs of globalization for developing vulnerable economies and the world's impoverished people are high and significant. In this regard, this study by using the data of KOF Economic Institute and the World Bank for 113 different countries during the period 2002-2012, by taking advantage of panel smooth transition regression, and by taking the gross domestic product as transmission variables discuss the nonlinear relationship between research variables. The results have revealed that globalization in low regime (countries with low GDP) has negative impact whereas in high regime (countries with high GDP) has a positive impact. In spite of the fact that in the early stages of growth, control of corruption has a positive impact on economic growth, after a threshold has a negative impact on economic growth.

Keywords : globalization, corruption, panel smooth transition model, economic growth, threshold, economic convergence

Conference Title : ICBEFM 2016 : International Conference on Business, Economics, Finance, and Management

Conference Location : Paris, France

Conference Dates : October 24-25, 2016