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RELATIONSHIP BETWEEN CORRUPTION AND ECONOMIC GROWTH: THE CASE OF DEVELOPING COUNTRIES

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Abstract

We analyze the concept of corruption that is defined in the literature as the abuse of public office for private gain withdraw, and we will address the issue of the influence of this corruption on economic growth developing countries, showing how corruption could affect the accumulation of human capital by discouraging young people to pursue higher education. Then we will explain the causes and consequences of this phenomenon on different socioeconomic levels our interest is to address the direct and indirect influence of corruption through the accumulation of human capital on economic growth. We present an empirical application and panel data that covers a sample of 26 developing countries for an observation period extending from 1996 to 2013. The results show that corruption has a negative impact on capital accumulation human which undermines the economic growth of developing countries.

Keywords: Corruption, Human capital, Economic growth, Panel data, Developing countries

INTRODUCTION

In contemporary literature, several economists such as Hirscham, Myrdal, Coase, Stiglitz, North, Olson and Williamson have treated the theme of the interaction between institutions and economic variables. Precisely with the study of Rose Ackerman and Klitgaard, attention turned to corruption because of the terrible consequences of this phenomenon on economic development.

This corruption defined in the literature as the abuse of public office for private gain withdraw, affects all countries and more particularly the developing countries with different degrees. In recent decades, several authors have stipulated that corruption fostered economic growth [Nathaniel H. Leff (1964), Samuel P. Huntington (1968) and Francis T. Lin (1985)], given that "pots-de wine "avoid administrative delays for business men. Similarly, the idea that questions the principles of good governance, did not last much, since this notion when she childhood in the management of public affairs, because of poor allocations and resource allocation.

However, on the question of the influence of corruption on economic growth in the country, one of the least treated subjects in research is that corruption could undermine the accumulation of human capital by discouraging young people to pursue higher education. In fact, in a high-corruption environment, easy gains excite young people to stop their studies to catch up with the mafia rich layer. This corruption changes the distribution of public expenditure on education and health by substituting the latter in favor of increased in military and security ones, and thereafter, it decreases the quality of services provided [Ablo and Reinikka (1998)].

Collapse this misfortune and would achieve significant improvements in terms of economic policies. To do this, Pranab Bardhan (1996) states that the control of corruption stems from the government's credibility vis-à-vis its people and the establishment of credible and reliable institutions.

At this level, Africa is losing in this area due to its very credible institutions and less reliable, while Asia with a centralized system is very reached important results, even with higher corruption. Good governance institutions of any state, is an important part of any policy against corruption.

The interest of our work is to focus on slowing economic growth that could lead to the corruption and especially on the obstacle to development by reducing the efficiency of public spending. Indeed, many economists have explored the direct impact of corruption on economic growth or a set of specific interests (investment, human capital formation, rule of law, etc ...), but have not examined channels through which corruption can influence economic growth. Hence the idea to study the likely interaction between corruption and human capital, and prove their effect on economic growth.

Our problem is to so treat direct and indirect influence of corruption on economic growth. We will expand the impact of corruption, which appears more complex in the literature on investment in human capital, demonstrating that the negative influence of corruption on human capital accumulation and the share of economic growth, is not a surprise.

This work is structured as follows; first, we examine in more detail the concept of corruption, its causes and effects. A literature review on the impact of corruption on the

macroeconomic performance of countries and an empirical application illustrating the impact of the interaction between corruption and human capital on economic growth, are presented in a Second. Finally, we conclude with recommendations to economic policy makers for interventions more rational and effective in developing countries.

Definition of Corruption

Corruption manifests itself more and more as a central problem of development economics. The economic and social costs it generates, it forms the obstacles to the realization of economic reforms or quality infrastructure became a main objective that imposes itself in the real analysis of development economists. It is difficult to give a definition that economists gathered; there is not a definition that satisfies the various practices of corruption in each country. It has been discussed for a number of years.

Corruption is usually defined as the abuse of public office for the purpose of personal gain. However, Alesina and Weder (2002) had corruption as the misuse of state property by a public official for personal gain.

Mishra (2005) adopts the same approach Him Corruption (1996), writing that corruption is a phenomenon integral to the human person who is sensitive to bribe and tends to benefit from its location professional. This phenomenon can exist in the form of an exchange, favor or ease the public service or an injustice against a currency table below or reciprocal favor [Ganuza and Celentani (2002)].

Similarly, international institutions have become interested in this concept, and the non-governmental organization "Transparency International" has defined corruption as the abuse of public or private power to satisfy particular interests, while the definition of the World Bank places the public sector in the center of the phenomenon.

The causes of corruption

Theoretical studies based on the causes of corruption are fresh. The results of available research implement the thesis seeing corruption in a sign of deep institutional weaknesses. Therefore, it is interesting to determine the causes of corruption to ensure the development of policies and initiatives against this disaster. In fact, Tanzi (1998), Mauro (1996), Gray and Kaufmann (1998) and World Bank (2002) classified the causes of corruption in four categories: institutional, political, social and economic. Corruption is higher in countries where the public sector is developed and where we find over-regulation, taxes and trade restrictions. Monopolistic economies encourage corruption that restrictions and government intervention eventually create annuities and amplify the conditions for corruption.

The sources of corruption originate the various government interventions in the economy, trade restrictions (tariffs and import quotas), price controls, multiple exchange rates and discretionary industrial policies.

Similarly, confidential decisions taken by the government increases the opportunities for corruption and citizens' access to information about the government work allows to design an environment in which it is difficult for an official to declare prohibited transactions.

The absence or near absence of transparency in government activities, is the basis of this scourge. Also without severe application of criminal and administrative codes, officials believe they can bypass laws without being be hunted. It is the inefficiency of the judiciary in the implementation and enforcement of the law in a country that encourages corruption.

Naturally, the weak institutionalization of power favoring the opacity of the management of public action and fenced funding of political groups are a source of inequality between them. On this point, it is to record that outside the public financing made by the public treasury, private funding is not regulated.

Corruption can be a function of how political power is exercised. And political institutions have particular influence on corruption. Most industrial countries have a bedrock of democratic values, transparent processes established, active and independent media.

These traditions define corruption; Indeed, political rights (What is included democratic elections, a legislature and opposition parties) and individual liberties (which include freedom of the press, of assembly and expression) are negatively correlated with corruption. While in developing countries, government institutions are weak, civil society is less engaged and political processes are less transparent. Kaufmann (1998) suggests that the empirical evidence derived from the world claim that the integration of women, whether measured in terms of parliamentary representation or social rights, helping to strengthen this capacity. Similarly, fiscal decentralization as devolution measure may prompt the control of corruption when circumstances provide them [Collier (1999); Fisman and Gatti (2000)].

When individuals are driven by positions and social and personal practices, group or tribe rather than by the rule of law, this encourages corruption. At this level, self-interest is more important than the general interest of society, this is so true that officials are more concerned with the public interest and respect for public property. In other words, the dedication is not the best distributed following objective and moral values disappear.

In addition, the cultural conception of corruption is not the same depending on whether one is in a traditional society or in a modern society. In a country where the vast majority of the population is illiterate, only those who hold a contemptuous legal culture go before the administrative judge because they take the sense and the interest of judicial review.

Indeed, in developing countries the sudden impact of modernity was not enough to remove the traditional solidarity that continues to some extent driving behavior. Collective relationships that emerge in traditional African communities, societies in transformation and obedient to an accelerated modernization process, solidarity and attitudes resulting, directly affect the framework in which the relations take place, that is i.e the structure and the operation state.

Corruption is commonly traced back as an economic crime. The most important practices of corruption are perceived in economies with low levels of growth. Indeed, low wages, low purchasing power of officials, limited labor resources, are the basis of corrupt practices.

While these difficult economic situations are not the cause of corruption, we can admit that they participate in its growth in developing countries. Thus, the public official perceive corruption as a review method for injustice he feels victim. For the public official, it is the weakness of his salary by comparing the wages paid by the private sector, projects, international cooperation or international organizations that justify irregular payments and other informal wage supplements

So we can add that the levels of development have an impact on the forms and the sectors in which corruption is most frequent. Petty corruption is particularly present in developed countries, because high income offer the opportunity for corruption to occur on a large scale. Corruption is also more favorable in countries where governments control monopolistic economic entities, offering opportunities for officials to encourage their own interests.

Similarly, many countries that defend their economies may face internal corruption, but also multinational corporations. Tariff barriers and similar protective measures incite private interests to offer "of bribes" to public officials. Therefore, the level of corruption and the various indicators of a market economy are negatively correlated [Henderson et al (1999)]. Also, Gerring and Thacker (2005) and Ades and Di Tella (1999) suggested the existence of a negative relationship between competition and corruption.

The consequences of corruption

Corruption helps destroy the growth, as it reduces the incentives for domestic and especially foreign investment. Thus, Wei (1997), through bilateral foreign direct investment in the early 1990s from fourteen source countries to forty-one host countries, showed that corruption discourages investment, given that local and foreign entrepreneurs are forced to pay "of bribes" before they can start their activities in the market and set up their businesses. Mauro (1997) suggested that corruption reduces the growth rate of countries.

The main examples representing the assignment of economic growth by corruption are the misuse or under-utilization of substantial parts of society such as women [Murphy et al (1991)], the low level of domestic and foreign investments [Mauro (1997); Wei (1997)], the appearance of an unofficial economy because of the distorted development of enterprises [Johnson et al (1998)], distortion of expenditures and public investments and deteriorating physical infrastructure [Tanzi and Davoodi (1997)]. The consolidation of laws and police advantaged by some companies also limits the growth of output and private sector investment [Helman et al (2000a)].

In this case, Mauro (1996) shows that corruption reduces economic growth through the reduction in private investment, which represents one third of the overall negative effects of corruption. To reduce the magnitude of this phenomenon, a number of countries plagued by corruption, offer tax relief to attract multinationals and encourage foreign investors without requiring tax incentives.

Klitgard (1988) and Rose-Ackerman (1989) by addressing the corruption of the economy study focused on the relationship between corruption and the allocation of public funds. For their part Tanzi and Davoodi (1997) estimated that corruption favors unproductive investments, since it has the wrong composition of public expenditure by deflecting the acquisition of equipment that reduces the productivity of public investment especially by lowering the quality of infrastructure and public services, increased cost of goods and services leading to a deterioration in the quality of any service and any production under state control. In a corrupt regime, individuals to provide rentseeking rather than productive activities by altering the organization of public spending.

Moreover, corruption diverts public spending on social programs resulting neglect of education, health and social services. The impact is even more serious among marginalized groups, women and children. Mauro (1998) and Gupta et al (2000) have also shown that corruption reduces the share of education and health spending in GDP and that the increases in military spending.

Corruption continues and results in huge impacts on poverty; in fact, it ensures the implementation of a policy that distorts income distribution and diverts resources. Furthermore, the poor have more limited access to social services such as health and education, which is explained by the presence of an infant mortality rate and a too high literacy rates and a life expectancy lower [Kaufman et al (1999b)]. In addition, as part of aid to poor project this false corruption infrastructure investments, due to the deviation to small microfinance companies to fight against poverty.

LITERATURE REVIEW

By studying the causes and consequences of the performance of local governments in a climate of great corruption, Rotberg (2004) shows that this last night significantly to economic growth through its impact on investment.

The work of Mauro (1995) are interested in the study of the relationship between corruption and investment precisely the ratio of investment to GDP. On the other side, Tanzi and Davoodi (1997) have argued that corruption is likely to increase public investment while reducing productivity, they proved that a high level of corruption is associated with lower expenses maintenance and infrastructure which will have a negative impact on economic growth.

However, corruption reduces the total investment, affects its composition, and reduces the quality of the infrastructure of a country, these adverse effects on executions and infrastructure projects are also treated Laffon and N'Guessan (1999) and Laffon and N'Gbo (2000) in a model taking into account the expansion of networks for developing countries. Braguinsky (1996) and these authors have reached the same result indicating that the asymmetry of information embodied in a discretionary power is an important factor of corruption. This corruption may also have effects on the change in the structure of public expenditure. The most corrupt countries have less public expenditure on education [Mauro (1998)]. This result was confirmed by Gupta, Davoodi and Alonso- Term (1998) showing that anti-corruption policies reduce income inequality and poverty.

In fact, high corruption causes a decrease in the share of public expenditure in education and health, but it increases military and government expenditures to the case of the State [Gupta, Mello and Sharan (2000)]. In addition, Tanzi and Davoodi (1997) showed that for countries where the level of corruption is high, from the collection of tax revenue is lower.

Gupta, Davoodi and Tiongson (2000) suggest that corruption increases infant mortality rates. Certainly, there is a positive and significant relationship between corruption and unproductive activities. The high level of corruption in developing countries is explained in part by the primary share of indirect taxes in total tax revenues. For this, countries applying VAT tend to reduce the level of corruption and improve productivity [Tanzi and Davoodi (2000)].

THE RESEARCH MODEL

Starting from the literature showing that human capital is one of the determinants of economic growth, we try to quantify the impact of corruption on this variable.

$$\ln(y_{it}) = \alpha_i + \beta_1 \ln k_{it} + \beta_2 \ln h_{it} + \beta_3 \ln FL_{it} + \beta_4 INS_{it} + \varepsilon_{it}$$

With, i = 1,……, 26 , and t = 1996,……, 2013.

Y: is the real per capita GDP taken in constant US dollar in 2000, ***k*** is physical capital, **FL** on force growth rate of labor, ***h*** is human capital, ***INS*** is the quality of institutions. : Individual and specific effect: the error term.

Since the quality of institutions in addition to their direct impact on the Solow residue, it has an indirect impact via human capital, for this reason and in order to examine the effect of the interaction between corruption and human capital economic growth, equation (1) is expanded to include the interaction term as follows:

Equations (1) and (2) represent the empirical models that are considered in this work. ,,, And are parameters to be estimated in this model.

The physical capital stock

In our work, the physical capital stock is calculated using the method of perpetual inventory traced by Van Pottelsberghe (1996). Thus, the stock of physical capital "K" of the year "t" is equal to its stock "t-1" adjusted by depreciation rate over the investment "I" in T:

$$K_t = K_{t-1} + I_t - \delta K_{t-1}$$

Where I is the Gross fixed capital formation (GFCF) and δ (= 7% see Benhabib and Spiegel (1994)) is the rate of depreciation. The initial stock of physical capital ***K*** is equal to the initial investment divided by the sum of the annual growth rate **g** of investment and δ the depreciation rate of physical capital:

$$K_0 = I_0 /(g + \delta)$$

The stock of human capital

At this level, the index of education level in education (Education Index) is used as a proxy of human capital, calculated from the literacy rate (2/3) and gross combined enrollment rate primary, secondary and tertiary (third).

The macroeconomic database itself consists of international macroeconomic series available through the World Development Indicators "WDI" (World Bank, 2007). To the index of education level, the database is collected successively from the World Reports on Human Development "HDR" (Data source- http://www.undp.org).

The institutional variables

A database built by Kaufman in 1996 contains annual evaluations on the quality of governance for période1996-2013. This is a base that provides measures of different aspects of governance.

-The Corruption measure the abuse of public office for personal gain. It ranges from 0 to 6. Low scores indicate that officials are corruptible and that corruption has spread throughout the administration.

- Political stability (GS), which reflects the political violence and instability in the country. It ranges from 0 to 12. The highest values reflect better grades, that is to say a weak government instability.

ANALYSIS AND ESTIMATION OF RESULTS

Table 1: direct and indirect impact of institutional quality on economic growth

Variables	M1		M2		M3		M4		M5	
	Within	MCG	Within	MCG	Within	MCG	Within	MCG	Within	MCG
Cst	4.64 (23.43)	5.59 (25.62)	3.83 (25.23)	5.60 (36.04)	5.7 (35.92)	5.72 (25.11)	4.11 (26.30)	5.84 (41.94)	5.21 (25.43)	6.17 (42.83)
Lnk	0.25 (6.29)***	0.03 (1.41)	0.21 (5.43)***	0.01 (1.31)	0.26 (6.66)***	0.03 (1.66)	0.22 (5.25)***	0.02 (1.36)	0.27 (6.57)***	0.03 (1.90)
Lnh	0.62 (4.11)***	0.64 (4.19)	0.26 (2.05)**	0.36 (2.07)	0.46 (3.16)***	0.52 (3.42)	-	-	-	-
LnFL	-0.29 (-9.94)***	-0.32 (-10.94)	-0.20 (-6.50)***	-0.21 (-6.90)	-0.27 (-9.24)***	-0.30 (10.37)	-0.19 (-6.31)***	-0.20 (-6.62)	-0.30 (-10.59)***	-0.34 (-11.78)
GS	-	-	0.02 (7.05)***	0.02 (7.72)	-	-	-	-	-	-
COR	-	-	-	-	-0.03 (-3.53)***	-0.02 (-2.76)	-	-	-	-
h*GS	-	-	-	-	-	-	0.03 (8.14)***	0.03 (8.86)	-	-
h*COR	-	-	-	-	-	-	-	-	-0.05 (-3.91)***	-0.04 (-3.13)
No.d'ob	472	472	472	472	472	472	472	472	472	472
R^2	0.20	0.25	0.25	0.24	0.22	0.26	0.22	0.33	0.20	0.24
t-Hausman P-values	-	27.27 (0.00)	-	13.39 (0.00)	-	30.05 (0.00)	-	37.54 (0.00)	-	31.80 (0.00)

Notes: The values in parentheses represent the student of statistics;

**** Significant at 5% and * significant at 1%.*

The results found and presented in this table, gives us all the estimated models, statistical Hausman that is greater than chi-K degrees of freedom (K is the number of explanatory variables for each model), which means rejection the null hypothesis. The models chosen in this case are those with fixed individual effects, in other words, the estimate with within (unbiased estimator) is most suitable.

For macroeconomic variables, the model results (1) are similar to those provided; Indeed, the strength of the work, investment in physical and human capital are statistically significant, this confirm the results found by Levine and Renelt (1999), in their review of the strict principles of the determinants of growth that they have suggested that physical investment were positively and significantly correlated with growth rates on different types of sample.

These results were reaffirmed by various recent studies, including those of Easterly, Loayza and Montiel (1997), which stipulated that investment in education and human capital leads to the acquisition of skills which increases efficiency, increases the The intensity with which existing technologies are used and encouraged technological advances.

The empirical evidence provided by Barro (1991, 1997), Benhabib and Spiegel (1994) and various other researchers have suggested that the initial level of education was an important determinant of future growth. Thus, it is the physical, natural or human (capital, labor, technology, human capital, natural resources) that explain economic growth and development. However, they are only the direct causes and have only limited effect in the absence of supportive institutions, real determinants of development. The impact of institutional quality on economic growth can be made either directly on the Solow residue, or indirectly through the accumulation of human capital.

The direct effects of the stability of government and corruption on economic growth

One of the main characteristics of developing countries, according to the broad base of international data, it was a more enhanced political instability accompanied by a higher corruption, for this reason we have neglected our sample countries (Lebanon, Palestine Israel, etc) that political instability is the most serious, to prove the important role of the stability of the government in the implementation of a more efficient economy.

For Kaufman institutional variables, we add them one by one. Thus, we also find that when you add the indicator of the stability of the government (GS), the R2 goes from 0.30 to 0.36% and with the introduction of the indicator Corruption (COR) it goes to 0.32%. These two indicators are statistically more significant at 5% and have expected signs but lower, the most significant is the indicator of the stability of the government. Political stability is positively correlated with economic growth, ie a stable environment is more conducive to the sustainability

of economic growth, while corruption has a negative sign, which harms against improving growth in developing countries.

We can see that these empirical results for all 26 countries confirm those reached by Barro (1991) and Londregan and Poole (1996) for political stability, Mauro (1995, 1996) for corruption, showing first it is considered the decisive source of the failure of the majority of investment projects and secondly as a direct source of the deterioration of economic development.

However, good institutions and good governance are important not only in themselves, but also to help developing countries improve their economic performance. Similarly, political stability seems to be an important prerequisite for developing countries to benefit from a high standard of living. At this level, several studies have dealt determine the relationship that may exist between political stability and economic development in developing countries; Venieris and Gupta (1986), Devereux and Wen (1996) showed that political instability - which includes government instability (or institutional), the number or probability of changes of government and sometimes enclose the number of changes in Executive regular but also the number of irregular transfers of power (or successful coups) - Reduced investment.

Similarly, Edwards and Tabellini (1991), Alesina et al (1996) suggested that political instability, coups of the States lead to poor governance and negatively affect economic growth. This poor economic and political management and weak government control would enhance the opportunity for the use of rentseeking and subsequently increases the corruption that acts negatively on economic growth in developing countries in our sample. This was confirmed by Murphy, Shleifer and Vishny (1991); Shleifer and Vishny (1993) and Mauro (1995) showing that corruption reduces economic growth.

In the same context, the most recent work has shown that the quality of institutional variables -in our work political stability and corruption- in addition to their direct effects on economic growth, they indirectly affect the accumulation via human capital.

The indirect effects of government stability and corruption on economic growth through human capital accumulation

Given that institutional quality may have an indirect effect on economic development through human capital accumulation, so we built two interaction terms. The first term of interaction between human capital and political stability is a positive sign and statistically more significant than 5%, this expresses that in a stable environment, military expenditures must be decreased in favor of public education spending, and Following this political stability, which could directly affect the Solow residual if translated as the result of a process of accumulation of knowledge-

based investment in physical and human capital, will encourage citizens to complete their higher education to foster a more productive human capital. In other words, political stability through public spending on productive education is able to increase the economic growth of developing countries.

The relationship between political instability and growth can be explained by the accumulation and the efficiency modified production factors, as supported by Fosu (1992) and Dixit and Pindick (1994). The instability diverts political institutions ensure property rights, increasing their return to the likelihood that the benefits of the investment will be absorbed. Fosu (1992) shows that the same applies to the accumulation of human capital, as political instability could cause the abandonment of skills. In the final event of instability such as revolutions or coups, Fosu (1992) shows that the cuts in the production process can directly produce a reduction in the level of GDP.

However, the impact on the accumulation of production factors can also be accompanied by a negative effect on productivity. The accumulation of human capital is therefore regarded as a channel through which political instability affects growth. Guillaumont Guillaumont and Brown (1999) challenge the results in the case of African countries show that political instability, defined as a combination of blows of the state and foreign wars / civil, directly affects the residual of the growth equation.

Political instability can also reduce the accumulation of human capital, in this regard, Maloney (2002) shows that the endemic political instability in Latin America has been one of the main reasons why countries in the region have levels low human capital. Thus, without relying on the direct effect of the accumulation of human capital, political instability may have adverse effects on the political environment and governance in general. However, the executives who are politically precarious will be unable to undertake the necessary economic reforms.

The second term added in our model was the interaction between human capital and corruption is negatively correlated with economic growth, but it is statistically significant at 5%. This result is consistent with studies indicating that governance as measured by the indices of corruption changes the structure of public spending. Specifically, through governance countries, expressed by a high perceived levels of corruption, tend to have a less productive human capital.

It is clear from this result that the level of corruption would justify the volume of public expenditure on education. Indeed, it was Devarajan et al (1996) who developed the concepts of productive and unproductive public spending. Also, Guetat (2006) reported that the indirect impact of corruption on the long-term economic growth in the MENA region is transmitted through investment and human capital. The implication of all this research is that corruption is

damage that weakens the key factors in long-term growth stems. Corruption diverts scarce resources from private investment, discourages public expenditure on education and health and investment in human capital, making the government less efficient and increases political instability. This corruption directly and indirectly increases poverty and income inequality [Gupta et al (2002)].

This result leads to a reflection on the nature of the socio-economic environment and the need and the efficiency of public contributions of developing countries. Since reducing unproductive public spending trends in economic performance and limit the economic well-being and social, should be that the effectiveness of public actions in education is accompanied by a political decision to defend corruption. Therefore to do good governance the main preponderance in developing countries, ie it is to reorganize the civil service, improve budgeting and financial management and administration refound tax [Ciocchini et al (2003)]. The origin of effective governance is a challenge, not a technical challenge, since the agencies whose role is to provide public services need to be considered and to be accountable for their actions to certify the effectiveness, inclusiveness in the quality of these services.

Indeed, the negative impact of the interaction between human capital and corruption is explained in two ways: First, the expenditure must be financed by taxes, which alter the economic decisions and thus generate losses of welfare. Second, any public expenditure can be a rent-seeking problem, which, by diverting activity to non-productive functions, acts mainly as a second tax. Devarajan and al. (1996) find a negative effect when considering the overall costs, this is explained by the fact that, in many countries, capital costs are excessively high and general expenditures such as education and health are insufficient.

In fact, developing countries suffer from weak institutions, determined by the inefficiency of the tax system, poor management skills, weak technological knowledge, corruption, inefficient financial market the low credibility of the states, capture phenomena [Laffont (1998)]. We also highlighted the impact of human capital on growth recalling the specific problems of education in developing countries that are not unrelated to the institutional failures.

CONCLUSION

The discussions on the concept of corruption continue to be pursued over time to find an appropriate definition that can accurately trace the phenomenon. Thus, corruption occurs when the bribe secretly provides a service for bribing or to an authorized candidate to influence the action that enjoy the briber or the nominee, and for which the authority is corrupting.

Throughout this work, we have seen different definitions of corruption that summarize the debate we have tried to show also the different forms and types that may have corruption

according to economic literature, and their main causes and consequences the economic environment of the country.

At this stage, we have proven the effect of this corruption on economic growth as conceived by the economic literature and then we tried to verify empirically. The results show that political stability has a direct effect and an indirect effect through positive human capital on economic development, while corruption has a negative impact on the accumulation of human capital that night against economic growth. It appears from these results that developing countries, characterized by institutional weaknesses and shortcomings relating to political instability and high levels of corruption, not a privileged intended for economic growth. Indeed, the failure of public institutions discourages education and will result in a negative impact on economic development. Political, economic and sustainable social stability in developing countries is an important step on the path to economic growth.

In fact, a high level of corruption in developing countries means that political institutions are less democratic. Therefore, any policy against corruption has a significant impact on economic growth and public spending on education. This is to strengthen control structures, implement institutional reforms adjusted to developing countries and enforce regulations to all economic agents.

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