Economic Freedom and Perceptions of Corruption: Granger Causality Tests

Adrienne Taylor

Department of Economics

UMBC

1000 Hilltop Circle

Baltimore, MD 21250

And

Dennis Coatesa

Department of Economics

UMBC

1000 Hilltop Circle

Baltimore, MD 21250

Abstract

The relationship between economic freedom and corruption has been studied by numerous researchers over many years.  The nature of the relationship remains unsettled, with some finding freedom results in more corruption and others finding the opposite. In this paper, Granger causality tests on a panel of countries are used to examine both the direction of causation and the time lag between cause and effect.  Differences related to developed versus transitioning and emerging economies are examined.

aContact author: email coates@umbc.edu.