

Is there a relationship between
corruption perception and **income
inequality** across countries?

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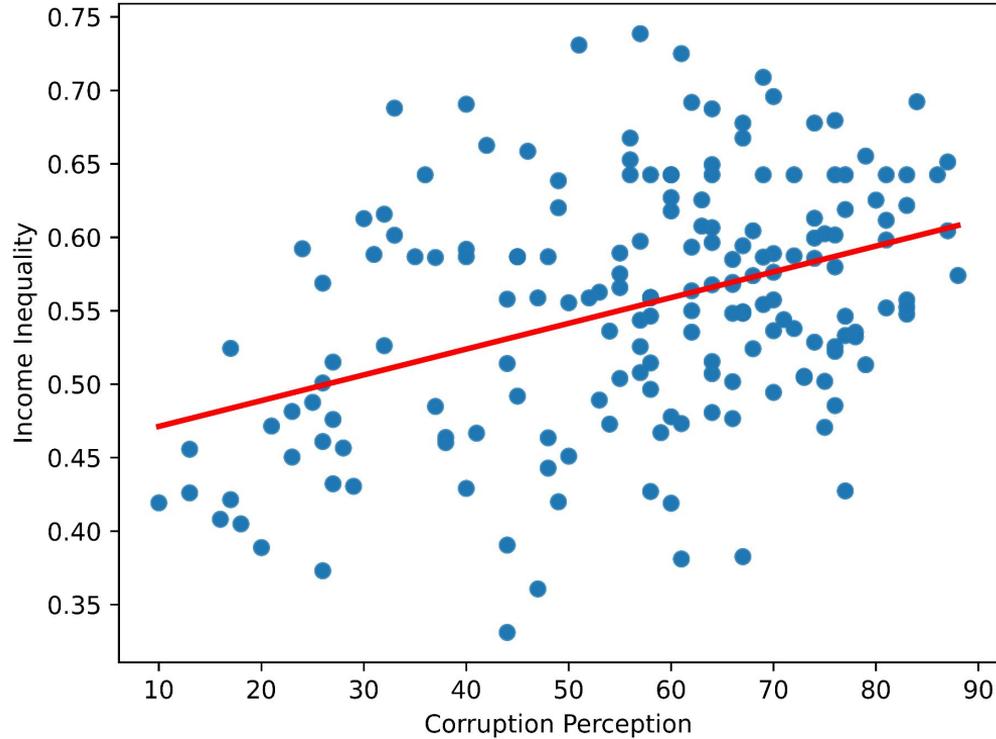
Corruption Perceptions Index

- Based on expert opinions and business surveys
- Inherently subjective
- Formally: 0=No Corruption, 100=Extreme Corruption
- We inverted the scale so that:
 - 0=No Corruption, 100=Extreme Corruption

Gini Coefficient

- 0=Perfect Equality, 100=Complete Inequality
- More objective
- Somewhat complicated mathematical derivation

Relationship between National Corruption and National Income Inequality



For every unit increase in the Corruption Perceptions Index, the Gini Coefficient (measuring income inequality) increases by 0.0018.

Results are Statistically Significant: $p\text{-value} = 0.000 < 0.05$

Conclusion: There is a small but statistically significant positive correlation between perceived corruption and income inequality in a country. As perceived corruption increases, so does income inequality.

Discussion: Increased corruption could mean that a few powerful individuals are receiving more money than they should, leading to increased income inequality as money is being unfairly concentrated among those participating in the corruption.