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## Regulatory Causes of Corruption

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### Abstract

The aim of the article is to explain some of the empirical regularities found in the literature on corruption. It is shown that: (i) democratic countries are less corrupt (ii) higher administration efficiency and a lower number of regulations entail a lower level of corruption and (iii) countries at higher level of development are less corrupt. These hypotheses are then tested and confirmed true in the data using pooled WLS regression for 117 countries over five years (2003-2007). From a policy standpoint, based on these conclusions, policy-makers could direct more attention not only to corruption per se, but also to the regulatory environment. These results underscore the need for corrupt countries to undertake appropriate reform measures such as curtailing regulation, speeding up of administrative decisions, that would strengthen their bureaucracies and thereby reduce the level of corruption and its potentially destructive effects on their economic growth and development.

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