

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

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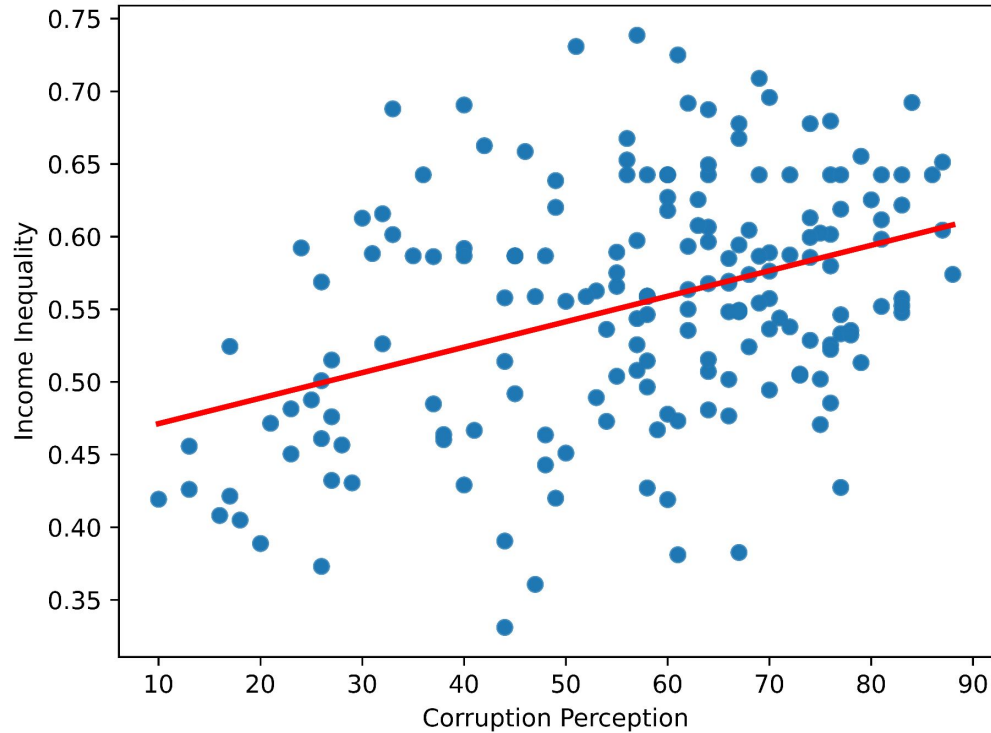
## **Corruption Perceptions Index**

- 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.