

Preferential trade agreements and corruption: a cross-country panel study of pre-WTO agreements

Debmalya Mukherjee

Department of Management, University of Akron, OH, USA

Deepraj Mukherjee

Department of Economics, Kent State University, OH, USA

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Abstract

Using a country level panel data we test whether the fact that a country decides to be a part of a given preferential trade agreement (PTA) or already being a part of one, affects its corruption levels. The time period used in this study includes mostly first generation PTAs, i.e. PTAs that were pre-World Trade Organization (WTO). Interestingly, the results suggest that member nations that entered into pre-WTO PTAs have increased levels of corruption. The claim, however, is general and is not indicative of the undesirability of trade agreements. Nevertheless, the findings reveal interesting facts related to such trade agreements in the pre-WTO period.
