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**Action of public power between the control of corruption  
and economic growth in the MENA region**

**Action des pouvoirs publics entre lutte contre la corruption  
et croissance économique dans la région MENA**

**Abderraouf Mtiraoui**

Teacher and Doctor-Researcher at the  
Higher Institute of Finance and Taxation (HIFT) of Sousse-Tunisia  
Laboratory of research: LAMIDED  
University of Sousse-Tunisia  
[abderraouf100@yahoo.fr](mailto:abderraouf100@yahoo.fr)

**Abstract:** The objective of this article is to study first the effects of the control of corruption on economic growth by putting into consideration the role of the action of the public power during the period 1984-2018 while using the models with simultaneous equations. Second, we analyze the findings and show the extent to which public action is effective in combating corruption and slowing economic growth for our study region.

**Keywords:** *Action of public power, Control of corruption, Economic growth and models with simultaneous equations*

**JEL Classification :** *K0, C13, C23*

**Résumé :** L'objet de cet article est d'étudier, en premier lieu, les effets du contrôle de la corruption sur la croissance économique en mettant en considération le rôle de l'action du pouvoir public durant la période 1984-2018 tout en utilisant les modèles à équations simultanées. En second lieu, nous analysons les résultats trouvés tout en montrant dans quelle mesure l'action du pouvoir public est efficace de lutter contre la corruption et de relancer la croissance économique pour notre région d'étude.

**Mots clés :** *Action du pouvoir public, Contrôle de la corruption, Croissance économique et Modèles à équations simultanées.*

**Classification JEL:** *K0, C13, C23.*

## **I. INTRODUCTION**

To activate the economic circuit, governance remains the most important element that affects the role of institutions in the economic development of nations according to North (1990). The author emphasizes institutional quality as a favorable element for economic growth, in terms of regulatory structures, quality of service, bureaucratic competence and the independence of the judiciary. Currently, Acemoglu and Robinson (2012) emphasize that the good quality of political and economic institutions would explain the successful development of nations. Moreover, the abundance of empirical work offers a clear idea of the international differences in annual gross domestic product (GDP) per capita, which are explained by differences in governance patterns and also in institutional qualities. Developing countries (DCs) could improve their economic performance while at the same time building on the quality of their institutions, which set the economic rules of the game that are necessary for economic growth during the period of operation. Thus, good institutional quality respects laws, resolves conflicts, protects property rights, and maintains order. It ensures highly efficient management of public goods, efficient bureaucracy, and important public investments that stimulate economic growth.

However, issues of governance, transparency and public accountability have severely hampered economic, social and human growth, creating barriers to investment and reducing the country's ability to optimize the use of its resources and further improve the living conditions of the citizens. In this work, we choose the governance-institution channel that reflects a very clear path to show the existence of public corruption in certain areas. In fact, the general idea of this path is as follows: "governance is the institutional image of a country bound by the existence of corruption or not".

Moreover, economic governance encompasses the central decisions of the economic activities provided by a nation in a relative framework with the rest of the world. It inevitably has important consequences for growth. The objective of this article is therefore to study the relationship between governance, institutional quality (public action) and economic growth on the one hand and to show the link between the effectiveness of public action and the growth indicator. Governance and funding in a few core sectors such as education and health will need to take into account countries' stable participatory development as well as the potential of human resources. Confemen (2008b) argues that governance must describe the overall goals of education and the means to achieve them. This approach then requires the way to

govern (good governance) to fight against corruption through the effectiveness of the action of public power which justifies our present study on the relationship between governance (public action) and growth economic.

In conclusion, given the ambiguity of the relationship between governance (the action of the public prosecutor) and institutional quality on the one hand and the missing justification of the link between the fight against corruption and economic growth, we will post later We will propose to treat the notion of governance as the first link, and secondly we will focus on the nature of the relationship between the consequence of governance and economic growth while empirically showing the direct and indirect effect of the action of the public power on growth through the fight against corruption. Finally, to interpret the results obtained for our MENA region.

## II. LITERATURE PAPER

### 1. Governance

According to Pierre Hamel (2001)<sup>1</sup> *"It is the capacity of institutions and policymakers to ensure and implement a favorable economic environment that supports and encourages production, accumulation and skills acquisition and technology transfer activities. This requires the existence of a responsible and credible state, an uncorrupted administrative capacity, the participation of all, the transparency of the public sector, and a judicial system that protects property rights. "*

The general structure of governance derives from this definition based on several characteristics namely:

- Strong public accountability, government stability, and the most effective judicial system.
- Institutional capacity with administrative, political and economic reforms.
- The creation of economic institutions to develop markets.

Overall, the definition of governance shows the effectiveness of public power and its ability to take responsibility for the application of laws and legislative legal rules. Governance is the set of economic and institutional measures. It is at the heart of economic development. State action on structures and economic conditions to improve the growth potential is one of the most complex problems of our societies today. Economic development is not independent of

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<sup>1</sup>According to Pierre HAMEL in his intangible contribution: Governance: a valid perspective to rethink cooperation and conflicts ? Governance is linked to policy makers and institutional capacities

the development of state intervention. Musgrave (1959) defined the three functions of a modern state, namely the function of allocating public resources, the function of income redistribution and the regulatory function of economic activity. Thus, the intervention has undoubtedly made it possible to increase the economic development of the country and the existence of faulty political structures is one of the explanatory causes of underdevelopment in certain countries.

## **2. Action of public power<sup>2</sup>**

According to Kaufmann and al. (2003), the effectiveness of public action reflects the perception of the quality of public services, the quality of the public service and the degree of its independence from political pressures, the quality of the formulation and the application of policies, and the credibility of the government's commitment to these policies.

It is a measure of the competence of the public bureaucracy and the quality of public services. This variable is explained mainly by the following aspects:

- The quality of government policies.
- The reversals that may affect the quality of government staff.
- The quality of the services provided by the State.
- The predictability of changes in rules and laws.
- The waste of government spending.
- The degree of exposure of public services to political interference.

Finally, this tendency to measure "*Government Effectiveness*" is insufficient to give the exact institutional indicator.

## **3. Empirical approaches**

Hall and Jones (1999) show that differences in social infrastructure (institutions and government policy) explain differences in capital accumulation, level of education, and productivity, which explain the disparity in the level of income and development of countries. Also, Amable and Guellec (1992) expose a link between the institutions and the rest of the economic activities. They find that economic outcomes depend on national institutional configurations, in addition to which technological elements can determine, for example, the

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<sup>2</sup>The Worldwide Governance Indicators (2010); "A Summary of Methodology, Data and Analytical Issues"  
[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1682130](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1682130).

accumulation of physical capital, investment in research and development and the type of vocational training. Concerning the authors of the new institutional economy (NIE), they support the idea that effective institutions (effective property rights, operational judicial system, fight against corruption, etc.) create a suitable environment for the accumulation of capital. . They promote a more flexible adjustment of resources to changes in general conditions, generating rapid growth Institutional quality thus reduces the uncertainty between human relations. Some authors, such as Rosenberg and Birdzell (1986), stress the existence of an interaction between institutional quality and economic growth; a growth supported by adequate institutions is necessary. So Rodrik's (1998) studies show that the quality of institutions accounts for growth gaps between East Asian nations. Moreover, the World Bank (2003) has launched several anti-corruption programs in several countries and it is also committed by the projects it finances are not tainted by corruption.

These actions of the World Bank in corruption also relate to the research given the activity of the phenomenon of corruption in all sectors of growth. Most of the articles published on the subject are by members of this research group, or people who have collaborated or belonged to it. Kaufmann, Kraay and Mastruzzi. (2005) showed the weak development of countries by:

- - Fundamental aspect of governance and its link with corruption.
- - Relationship between governance and economic growth.

### **III. QUALITE INSTITUTIONNELLE AND GROWTH**

#### **1. Theories of development based on the State**

The majority of global organizations such as the International Monetary Fund and the International Bank for Reconstruction and Development (IBRD), better known as the World Bank, show the importance of fighting corruption.

Indeed, the period of European reconstruction and independence for many countries in the world, such as the countries of Africa and Asia, depends heavily on economic and institutional reforms. The emergence of Third World countries is explained by a deep study of developing economies. So in recent years, different theories have dominated the thought of real development.

The period between 1950 and 1970 presents the great period of departure of the economic theory of development. The first major economic theories of development, advanced in the middle of the twentieth century, advocated the Marshall Plan model (1951) and thus large international financial transfers to Third World countries. This financial entry should generate the global start-up of society and reduce poverty. For most western development economists,

according to Nurkse and Lewis (2009), the state plays a role in efficiently allocating investment in an open economy; while the heterodox Europeans recommended increased state interventionism in a protected industrial sector. The essential idea was that third world countries should favor public investment in favor of the most strategic industrial sectors explained.

Moreover, the most interventionist strategies were the most used by Third World states. The elites of these countries should make a selective public investment in favor of the industrial sectors considered the most strategic in terms of economic benefits.

In this theory, politics is not too present compared to economics. Political elites in developing countries did not have the autonomy or the freedom to put in place the desired economic policies.

## **2. Institutions, FDI and economic growth**

Given the experiences and studies in the economic literature dealing with the issue of FDI, this economic phenomenon is seen as a development tool for developing countries. In this context, it fits in this logic and it deals with the relationship between economic growth and FDI via human capital explained

Indeed, under certain conditions, on the role of FDI in accelerating growth and integration into the global economy, a consensus seems to be emerging among academics. The current debate focuses on identifying the channels through which FDI affects economic performance.

In this context, we will focus on the reviews of theoretical approaches to the impact of FDI on growth and the channels of intermediation through which the induced effects transit before accounting for the main stylized facts concerning FDI and their determining factors for developing countries (developing countries) and developing countries (developing countries). Bouoiyour and al. (2007) examine the relationship between inflows, FDI, human capital and productivity, human capital negatively affects growth in developing countries. The results show that FDI does not affect productivity, for the entire sample.

Moreover, there are four indirect effects on economic growth, namely the indirect effect through diversified sectoral productivity, the effect in terms of transfer of knowledge and technology to host countries under certain conditions of availability in human capital and the transformational effect of the international specialization of the host country under the effect of sectoral diversification.

In addition, the query that persists if the IDEs can transfer technology and knowledge. Dissemination may be deliberate, for example when the subsidiary licenses a local business. For example, we will cite the case of a multinational that reinforces the technological capital of companies dealing with it to enable them to meet the technological specifications it imposes on them.

On the contrary, there are vertical spillovers when the subsidiary transfers, free of charge, technology to firms that supply inputs or services downstream (distribution or retail sale, for example).

#### **IV. ECONOMIC CONTRIBUTION: CORRUPTION-GOVERNANCE**

##### **1. Kaufmann's ideas on governance and corruption**

Several questions remain unanswered about the importance of governance in the framework of international financial institutions (IFIs) then see the fundamental sources of governance by examining the ideas gained on governance and corruption according to Kaufmann (2003).

- Governance and the fight against corruption are one and the same
- Governance and corruption can not be measured
- Governance and the fight against corruption are overvalued
- Improvement of governance exists if we find other generations
- Fight corruption by fighting corruption

To combat corruption, Kaufmann, Kraay and Mastruzzi (2005) proposed six indicators measuring the quality of governance. The first variable retains only the indicators of the year, which makes it possible to better take the changes from one year to the next. The second of which the two indicators (control of corruption and corruption perception index) also differ by the procedures of regularization of primary sources for their aggregation and precision of composite indicators. By the way and according to Kaufmann<sup>3</sup>(2003), the control of corruption is a standardized, continuous quantitative measure ranging from **-2.5** (high level of corruption) to **+2.5** (minimum level). It is also accompanied by precision measures (confidence interval, minimum and maximum scores). The change in a country's score from one year to the next should be interpreted as the change in the relative position of a country in relation to the average of the countries included in the sample in a given year, and not as an improvement or a deterioration in the absolute (the index of perception of corruption).

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<sup>3</sup> *Kaufmann is Director of Global Programs at the World Bank Institute.*

According to Gupta, Davoodi, and Tiongson (2000), Rajkumar and Swaroop (2008) and Suryadarma (2008), the low scores indicate that senior officials are highly corruptible and that corruption is widespread across the administration. The perception of control index and the control of corruption are the indicators of corruption that have been used in the vast majority of empirical studies on the relationship between corruption and education.

## 2. Empirical work: Macroeconomic contribution

### - Some studies on governance

Barro (1996) gives a specific interest to democracy, Clague, Keefer and Olson (1996) stress the importance of respect for property rights, so the authors Alesina and Perotti (1994) stress the need to take into account the stability and Rodrik (1999) supports the idea that good governance is a necessary condition for improving economic outcomes.

**Table N ° 1:** Contributions of some authors related to governance

<i>Authors</i>	<i>Years</i>	<i>Durée</i>	<i>Region and country</i>	<i>Conclusions</i>
<i>Andrea Bassani, Philip Hurmings,</i>	<i>2001</i>	<i>1971-1998</i>	<i>OCDE</i>	- Trade increase of 10% increases per capita GDP by 4%.  - A positive effect (0.62) of the level of human capital on the growth gap in Canada.  - Trade of Belgium has a positive effect (0.53) on its growth gap with respect to the growth medium of the OECD.
<i>Alendro Quijada</i>	<i>2004</i>	<i>1942-2002</i>	<i>Venezuela</i>	<i>Institutional deterioration and growth rate reduction.</i>
<i>Paolo Mauro</i>	<i>1995</i>	<i>1980-1983</i>	<i>DSC</i>	<i>Corruption has a negative effect on investment and significant (- 0.018)</i>
<i>Seka</i>	<i>2005</i>	<i>1995-1996</i>	<i>DIC</i>	<i>Corruption significantly reduces school enrollment by (0.25)</i>

*Source: IC-IMF Staff*

### - Quality of institutions in MENA countries

The region of the Middle East and North Africa (MENA) has crossed the threshold of the new millennium with very complex problems. If the region does not succeed, it could face tens of millions of disgruntled workers, as well as political and social unrest. To avoid this unenviable situation, it is imperative that the region encourage investment. While progress has been made in a number of areas, many efforts are still needed and need to be undertaken at a faster pace. In particular, a complete overhaul of institutional economic and political frameworks in the region is needed.

MENA countries must strive to reduce the size of the public sector, uphold the principle of legality, protect property rights, eradicate corruption, respect human rights, promote freedom press, and to seek greater integration at the regional and global levels. The region's human, financial and natural resources enable MENA countries to build truly strong institutional frameworks and attract the investment they need.

Having shown that the quality of institutions is the concrete result of governance, institutional quality is a necessary condition for economic growth, and the questions here are: is there a relationship between economic growth and political institutions? If it exists, does it have a direct or indirect effect on economic growth? The effect of institutional quality on economic growth differs from one region to another?

Finally, to answer these questions we will study in the third part the work concerning the impact of institutions on economic growth in several regions of the world, by identifying the institutional failures in each region. The second section will focus on the role of governance quality in economic performance, especially the indicator of economic growth, while presenting a review of the governance literature in relation to economic growth.

*- Effect of corruption on growth via investment*

In an economic context the importance of institutional quality was not an original theme, empirical work grew during the 1990s especially in the presence of indicators measuring the multidimensional governance. The main findings of the work showed the importance of governance quality and institutional quality for economic development. Empirically, the use of methods and the use of recent databases allows us to show a problem in the empirical validation of the determinants of growth. The first contribution focuses on the impact of corruption on growth that was made by Mauro (1995).

This author aimed to appropriate the ways in which corruption and other institutional factors affect economic growth and to quantify the magnitude of these effects. Mauro used the corruption index provided by Business International (BI) for the period 1980-1983. It restricts the analysis to several indicators of institutional effectiveness. All BI indices are positively

correlated; this is explained by several mechanisms: corruption is widespread in countries where the bureaucratic procedure is slowed down.

First, the author combines the simple average of the judicial system with the corruption index for the measurement of bureaucratic efficiency. Then he chooses to work with a simple average that takes into account institutional and social changes, work stability, relations with countries and the phenomenon of terrorism is used as a measure for political stability.

Next, the author has aggregated the bureaucratic efficiency index and the political stability index into an index called institutional efficiency. The results indicate that corruption significantly decreases growth levels in a nation's economy under consideration. Mauro (1997) studied a wider sample of countries while examining the links between corruption and investment and the effects of corruption on the composition of public spending, namely education spending and health spending. The findings from this study confirm the findings that clarify that corruption significantly affects economic growth and investment in the economy.

Finally, studies by Jain (2001) have shown that the impact of corruption on the economy has negative effects on country developments. Thus, the majority of work has elevated the importance of institutional quality as a component of good governance for economic growth.

## **V. CHOICE OF VARIABLES AND METHODOLOGY OF ESTIMATION**

### **1. Simultaneous Equations in Panel Data**

Empirical studies have examined very simple models limited to an equation, generally linear where there is an endogenous variable or to be explained. We have assumed (Y) that is explained by a set of exogenous variables and a random perturbation.

Indeed, the economic events, which have a little complex, are described by a set of variables, but their modeling requires by equations, linking these economic quantities, we are talking about models with simultaneous equations.

We specify the endogenous variables, which are determined by the exogenous variables in the model. Then modeling is done by three phases namely:

- The design, ie the writing or the specification of the model.

- Estimation of equations of the model, according to adapted techniques.

There are a large number of studies on this theoretical field, and many books that are at different levels that describe some problems.

- Endogenous problem:

The study of several economic models such as the growth rate (**GDP**) and the fight against corruption (**CC**) require taking into account the endogenous problem as long as the variables tested interact simultaneously. Indeed, there are strong reciprocal causalities between these factors, which brings us back to the problems of endogeneity and simultaneity. The estimation methods that can be used in this framework of simultaneous equation models depend on the identification criteria of the model to be estimated and the problem of endogeneity.

- Method used "SUR": In our case, the presented model is Over-identified. The econometric method adopted was the method **SUR** (Seemingly Unrelated Regression). This method is adequate for dealing with this kind of model. However, our model is characterized by the presence of a second order endogeneity problem, by its definition, which is why the estimation by the method of triple least squares would be more recommended. The SUR estimation method is based on the principle of applying the ordinary least squares method in three steps. One technique for solving problems of endogeneity is to introduce the variables at the origin of these problems as instrumental variables. However, the version used in our study is that of *STATA 15*. Using the SLS 2 method, the processing by Stata software allows us to make the complete resolution of the results to be criticized.

## 2. The variables used in the estimation

We present in this paragraph the indicators used in our econometric contribution.

- **GDP**: This is the annual growth rate of GDP per capita. (BM)
- HK**: This is the tertiary enrollment rate. (BM)
- **INV**: This is gross fixed capital formation in relation to GDP (BM)
- POP**: This is the growth rate of the population (BM)
- FDI**: This is the net flow of foreign direct investment. (BM)
- TRADE**: This is the sum of exports and imports relative to GDP. (BM)
- CC**: This is the level of government consumption as a percentage of GDP. (BM)
- GE**: It's the efficiency of the public authorities. (IG)

## 3. Model specification

- Equation of economic growth

We use the endogenous variable in this first equation the annual growth rate of GDP per capita (GDP). Indeed, Andersen (2003) argues that the growth rate of GDP per capita is a good measure of economic growth, and one variable is justified by the abundant literature that states that foreign direct investment has a positive impact on growth. Economic growth such as Ikiara, Moses M. (2003) and N.Fosto, which prove that technology transfer from (FDI) is having a positive effect on growth. A population variable (POP) represents the growth rate of the population. Regarding the second variable, which shows the open trade index (TRADE), which is measured by the ratio of the sum of imports and exports to GDP, it is included in our model as an explanatory variable of the growth rate. .

Like Berthélemy and Varoudakis (1995), we introduce the indicator of increased trade openness accelerates economic growth and therefore the expected sign of this variable is positive. It is for this purpose that Kaufmann et al. Created a variable is the effectiveness of public authorities (EG) reflects the perception of the quality of public services, the quality of the public service and the degree of independence from the pressures policies, the quality of policy formulation and implementation, and the credibility of the government's commitment to these policies. We will regress, thus, the annual growth rate of GDP per capita on these explanatory variables whose objective is to verify the effect of the effectiveness of the public authorities (EG) on the growth rate.

The model is specified in equation (A) which is the equation of economic growth:  $Y_{i,t} = \alpha_0 + \alpha_1 CC_{i,t} + \sum_{i=2}^5 \alpha_i X_{i,t} + \varepsilon_{i,t}$

The equation becomes like this:

$$GDP_{i,t} = \alpha_0 + \alpha_1 CC + \alpha_2 HK_{i,t} + \alpha_3 INV_{i,t} + \alpha_4 FDI + \alpha_5 POP_{i,t} + \alpha_6 TRADE_{i,t} + \varepsilon_{i,t}$$

With  $X_{i,t}$  it is the vector of economic indicators (FDI, INV, POP, TRADE) determinants of growth and specific to equation (A) where ( $i = 1 \dots 17$ ;  $N = 595$ ;  $t = 1 \dots 35$ ).

*- Equation of control of corruption*

The second endogenous variable is the control of corruption (CC). There is a complementary relationship between the effectiveness of public action.

The impacts of Government Effectiveness (EG) and Economic Growth Indicator (GDP) on a Governance Quality Index (CC). So the model is specified in Equation (B) of the corruption check:

$$CC_{i,t} = \beta_0 + \beta_1 Y_{i,t} + \beta_2 G_{i,t} + \mu_{i,t}$$

The equation becomes like this:

$$CC_{i,t} = \beta_0 + \beta_1 GDP_{i,t} + \beta_2 EG_{i,t} + \mu_{i,t}$$

With  $G_{i,t}$  it is the variable vector (EG) specific to the corruption equation where ( $i = 1 \dots 17$ ;  $N = 595$ ;  $t = 1 \dots 35$ ).

*- Presentation of the model*

The structural model allows us to test the direct effect of each indicator on the endogenous variable and to observe feedback effects between endogenous variables.

The set of relations of this model is explained in the following diagrams:

$$GDP_{i,t} = \alpha_0 + \alpha_1 CC + \alpha_2 HK_{i,t} + \alpha_3 INV_{i,t} + \alpha_4 FDI + \alpha_5 POP_{i,t} + \alpha_6 TRADE_{i,t} + \varepsilon_{i,t}$$

$$CC_{i,t} = \beta_0 + \beta_1 GDP_{i,t} + \beta_2 EG_{i,t} + \mu_{i,t}$$

- The growth rate variable is a variable explained in the first equation and is transformed into an explanatory variable in the second and third equations, and vice versa. The dual status of these two variables leads to a bias in the estimates of the coefficients if the estimate is made, equation by equation, by OLS. Estimation by the simultaneous equations method offers the possibility of overcoming this simultaneity bias.

## VI. ANALYSIS OF THE RESULTS OF THE MODEL

### 1. Effect of the action of the public power on growth

The results of estimating the simultaneous equations by the double least squares method of the direct and indirect effects of Government Efficiency (EG) on Growth (GDP) are given in Table 2.

**Table N°2:** Analysis of the results of the regression model on the direct effect of the action of the public authorities on the control of corruption and the indirect effect on economic growth

<i>Variables</i>	CC	GDP
<i>Cst</i>	<i>(-0.28308)***</i> <i>(-4.81)</i>	<i>(5.14818) ***</i> <i>(3.79)</i>
<i>GDP</i>	<i>(-0.04613)***</i> <i>( 3.58)</i>	-----
<i>CC</i>	<i>(1.052278)***</i> <i>( 3.84)</i>	
<i>EG</i>	<i>(0.6019745)***</i> <i>( 9.47)</i>	-----
<i>POP</i>	-----	<i>0.06772</i> <i>(0.65)</i>
<i>IN</i>	<i>(0.03915)***</i> <i>(2.06)</i>	
<i>TRADE</i>		<i>-0.24582</i> <i>(0.587)</i>
<i>FDI</i>	<i>(0.15356)*</i> <i>( 1.701)</i>	
<i>HK</i>	<i>(-0.7016593)*</i> <i>(-1.68)</i>	
<i>Observations</i>	<i>595</i>	<i>595</i>
<i>R<sup>2</sup></i>	<i>0.1608</i>	<i>0.139</i>

*Note: The terms in parentheses correspond to t-Student and \*, \*\*, \*\*\*: significant at a threshold of 10%, 5% and 1% respectively.*

## 2. Results interpretation

Table n° 2 presents the results obtained using simultaneous equation models that highlight the direct effect of anti-corruption on growth taking into account the efficiency of public power for the MENA region during a period well determined (1984-2018). This study therefore tests the direct and indirect effects of the effectiveness of the public authorities' action as an institutional indicator on socio-economic variables. The latter participate in the

creation of the wealth of a country? The fight against corruption, in this case, as an endogenous element plays a key role in economic growth through public action.

Our intuition is to know the weight of government and its ability to fight against corruption, on the one hand while applying an adequate strategy to fight against corruption. In fact, what concerns first of all the direct effect of the control of corruption on growth. The results found show that anti-corruption is significant at **1%** and positively colored with economic growth. According to Ali and Hodan (2003), good knowledge of the determinants of corruption can help the authorities to put in place measures to reduce its adverse effects on investment and growth. But for BardhanPranab (1997), the possibility for the state's control of corruption depends on its credibility vis-à-vis its people and the establishment of credible and strong institutions.

Then, the effect of the action of the public power remains always significant at 1% and positively colored (**0.61**) with the control of the corruption, two institutional indicators are very related and complementary. If there is an effective public power action then there is a control against corruption and vice versa. The result found collaborates studies Mauro (1996), any improvement of the fight against corruption, through the control of anti-corruption positively on economic growth.

This is why the fight against corruption by the effectiveness of the government can not stop some of the multiplication of corruption in these countries. The fight against corruption has become one of the most prominent economic policy goals today. According to Podobnick et al. (2008), the opportunity to increase the country's wealth while reducing corruption.

## **VII. CONCLUSION**

The relationship between the quality of public policy action and economic growth offers another angle of research to clarify the political decisions of economic growth through investment and human capital. The central question raised in this section is to shed light on the nature of public policy decisions and its effectiveness in stimulating growth by promoting the control of corruption.

Indeed, it is necessary to adopt the notion of governance at the level of the effectiveness of the public power to fight against corruption by improving the productivity of nations especially the study areas. By comparing the results found from the different estimates for the MENA area. The quality of governance (government efficiency) shows some shortcomings for the MENA region at the level of investment decisions in the public sector, especially in

the productive sectors. According to Laffont (1998): "Developing countries suffer from the weakness of their institutions, determined by the inefficiency of the taxation system, the insufficiency of management skills, the weakness of technological knowledge, corruption, inefficiency of the financial market, low credibility of states, capture phenomena".

Moreover, the effectiveness of public action is accompanied by a decision of the fight against corruption to accelerate growth, which is a necessary and insufficient condition for the economic development of the countries. Guetat (2006) reported that "*the indirect impact of corruption on long-term economic growth in the MENA region is transmitted through investment and human capital. The implication of all this research is that corruption is a damage that weakens the main factors from which long-term growth results.*"

On the whole, the ambiguity of the link between the quality of public action and economic development via the basic social sectors remains another complementary research path to enrich this work, which will be treated in another research window.

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