

Control of Corruption and Public Debt in Emerging and Developing Europe: A Konya Bootstrap Causality Analysis

Şebnem Tosunoğlu

Anadolu University

ABSTRACT

This study investigates the relationship between control of corruption and public debt in twelve Emerging and Developing European countries from 2000 to 2022 using the Konya Bootstrap Panel Causality approach. Governance quality is measured using the World Bank's control of corruption indicator, while public debt is represented by general government gross debt (% of GDP) from the IMF World Economic Outlook Database. The findings reveal that only in three countries there is a significant causal relationship between corruption control and public borrowing, with a particularly strong effect. In the other nine countries, however, there is no evidence that corruption control influences public borrowing. Furthermore, no causal relationship is found in the opposite direction, meaning that public debt does not significantly impact corruption control. This suggests that while anti-corruption measures may support fiscal sustainability, debt management alone is not enough to improve governance. Policymakers should adopt a comprehensive approach that integrates governance reforms with fiscal discipline to ensure long-term economic stability.

Keywords: Economic Stability, Fiscal Policy, Governance, Panel Causality Analysis, Transparency