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## Political Economy of Middle-Income Trap Concept

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## *Abstract*

*Middle-income trap (MIT), being a popular concept in development economics, examines why and how middle income level countries fail to share high income level countries' path in the long-run. Benefiting from income-based measurements and certain productive mechanisms of developing countries, this concept has been used by scholars to provide possible solutions for countries which are considered as being stuck in this trap. However, performance of institutions and, more importantly, political economy of the concept, to some degree, have been neglected by these studies.*

*This paper, thus, argues that, in addition to macroeconomic conditions of MIT countries, political institutions of them, being inclusive or exclusive, might play a central role in determining one country's position in the trap. In this study, first, a broad definition of MIT concept is provided. Then, institutional performances of upper-middle income countries are presented by giving weight to certain indices. In the final part, it is argued that inability of certain institutions might disable MIT countries to escape from this trap.*

*Keywords: Middle Income Trap, Political Economy, Upper Middle Income Countries*

*JelCodes: O10, O17, O57*

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## **1) Introduction**

Middle-income trap (MIT), emerging as a popular term, has generally focused countries located in East Asia and Latin America. Even though its definition varies for different sources and scholars, its basic definition is inability of transition from middle-income level to high-income level and a simple periodization is possible to determine one's position in the middle-income trap.

Covering a wide spectrum of both income and non-income based indicators, MIT can be measured by using both absolute and relative indicators. Using absolute terms, yet, might ignore possibility of conditional convergence and relative terms provide better determination of it (Aiyar *et al.*, 2013: p.9). Accordingly, the concept of MIT might provide a chance of comparison among countries all around the world as it reflects basic dimensions of growth performance and developmental achievements of these countries. To be more exact, this concept might give us clues about whether latecomer countries manage to catch up with

developed economies or not.

For a brief examination of MIT's possible reasons, one can talk about comparative advantage of these countries for the reason that middle-income countries are assumed to be somewhere between countries whose labor is low-skilled and those having high-technology (Kohli & Mukherjee, 2011: p.292). Namely, competition with developed countries seems to be nearly impossible as a result of '*lower sophistication*' and '*product connectedness*'. Moreover, after wages increase in the medium-run, they might fail to sustain their comparative advantages which they have in certain products against less-developed economies (Carnovale, 2012: p.4-8). Regarding these disadvantages, product space of a country stands as an important criterion for long-run economic development (Jankowska *et al.*, 2012: p.25). Leaving aside sophistication of export goods, MIT countries need also sophistication of services in pursuit of their goals to enhance competitiveness of their economies in the international markets (Mishra *et al.*, 2011: p. 24). Henceforth, there is a need for middle-income countries to produce commodities having high-value added.

Another possible reason for MIT might be growth slowdowns. Growth slowdowns essentially refer to lengthy periods of stagnation and there is a link between them and MIT (Aiyar *et al.*, 2013: p.3-5). To deal with these slowdowns, MIT countries must expand their technological frontiers towards high-tech products (Eichengreen *et al.*, 2012: p.43). MIT might also be resulted by low levels of investments which lead to growth slowdowns (Carnovale, 2012: p.9). At this point, for stimulation of investment level, collaboration between public and private agents might be a solution (Hausmann *et al.*, 2007: p. 24).

Lastly, in their drive to sustain economic growth in the long-run, modification of institutions in MIT is needed by the policy makers naturally since if institutions poorly operate within the national frontiers then the risk of falling into MIT will naturally increase (Van Tho, 2013: p.8). That is to say, performance of institutions is a decisive factor in determination of one country's position in middle-income trap. In a similar way, definition of property rights has some influence over economic growth and development in the long-run through entrepreneurial activities (Agenor & Canuto, 2012: p.25). Hence, the connection between institutions and economic development takes a central part for the MIT concept.

As explained above, middle-income trap can be traced to certain factors and the current literature, to large extent, sought the origin of the MIT in economic measurements. In this study, however, it is argued that, other than economic growth and productive facilities of

the MIT countries, institutions which have been largely ignored by the current literature on the MIT concept might also lead to a country's falling into this trap. Accordingly, it is discussed that MIT countries should have had relatively poor institutions compared to advanced economies.

This paper is organized as follows: To show how institutions have affected developmental levels of these countries, in the second section of this paper, several indicators and proxies will be shown and a brief examination of political economy of the MIT concept will be done. In this part, it is discussed that middle-income trap might appear in various forms across countries. Based on these discussions, both concluding remarks and a critique of this concept will be provided in the third section.

## **2) Political Economy of the MIT Concept**

As discussed in the introductory section, several countries are supposed to be stuck in the middle-income trap. Before examination of political economy of the MIT concept, it might be useful to show GDP per capita values of upper-middle income countries (see Appendix A). Although it changes from country to country, almost all the upper-middle income countries have some problems related to growth slowdowns. The average of GDP per capita (current US\$) for UMI countries was \$ 4,931 in 2008 and \$ 7,967 in 2014.

While most countries have faced with the problem of growth slowdowns such as Bosnia and Herzegovina (it was \$ 4,873 in 2008 and \$ 4,805 in 2014), Brazil (it was nearly constant for the last three years) or Turkey (it was \$ 10,382 in 2008 and \$ 10,530); some countries have enjoyed from jumps in GDP per capita values such as China (it was \$ 3,441 in 2008 and \$ 7,594 in 2014) or Panama (it was \$ 7,112 in 2008 and \$ 11,949 in 2014). However, for economies whose GDP per capita growth rates have been positive, this increase has occurred at a decreasing rate. As an outstanding case, GDP per capita has been sharply decreasing for Libya (it was \$ 14,232 in 2008 while it was \$ 6,570 in 2014), most probably due to war conditions. Hence, for a significant share of UMI countries, constant GDP per capita values have been a major problem for their developmental purposes. In this regard, there must be certain political actions to stimulate economic growth and sustain positive growth rates in the long-run.

After mentioning GDP per capita values of these countries, it is possible to examine several indicators to show institutional performance of these countries. Due to unavailability

of data for some countries and years, any econometric analysis seems to be impossible and, for this reason, these indicators are shown only in tables.

As mentioned in the introductory section, performance of institutions determine one's position in the MIT. To start overall performance of institutions in the UMI countries, strength of legal rights index can be considered (see Appendix B). This measure, ranging from 0 to 12 where lower scores show poorly designed legal rights, reflects protection of rights about facilitate lending. This indicator has not been high for UMI countries on average during the decade following 2004 (it is 4.8 in 2004 and 4.9 in 2014). Except from Colombia, Jamaica, Palau and Tonga, there has been no significant improvement in this measure throughout the period.

Conversely, for some countries such as Angola, Azerbaijan, Belize, Dominica and Iran, legal rights have been deteriorating for the last years. Considering the last two years (2013 and 2014), only for a few countries (Columbia, Jamaica, Marshall Islands, Montenegro, Romania and Tonga), it is either 10 or above it. For Angola, Dominican Republic, Ecuador, Jordan and Libya, strength of legal rights index is either 1 or 0 in 2014. As this index shows, upper-middle income countries have serious problems with respect to definition of legal rights. In the absence of a developed legal system, entrepreneurial activities (especially, for foreign investors), might be negatively affected and this situation might disable UMI countries to reach higher levels of income.

Existing corruption might be an additional factor of the MIT as a result of its negative impacts on economic growth (Kohli & Mukherjee, 2011: p.292; Méndez & Sepúlveda, 2006: p.82-83). In Appendix-C, corruption perception index for UMI countries in 2014 is shown. Most of these countries suffer from corruption compared to developed countries in the world with the exceptions of Botswana, Dominica and St. Vincent and the Grenadines. Many of UMI countries seem to be the most corrupted countries such as Iran (136<sup>th</sup>), Paraguay (150<sup>th</sup>) Angola (161<sup>st</sup>), Libya (166<sup>th</sup>), Turkmenistan (169<sup>th</sup>) and Iraq (170<sup>th</sup>). Being highly corrupted states, these countries have to deal with their concerns over property rights, business activities and democracy. As state authorities have some influence over policies and planning of the economy, high degree of corruption might make local institutions '*extractive*' rather than '*inclusive*' and corruption might keep these countries mired in the MIT.

In spite of this situation, these countries have not taken any measures to control corruption. As Appendix C shows, control of corruption remained limited in most of the UMI

countries. For example, score for control of corruption was -1.26 for Libya, -1.33 for Angola, or -1.44 for Turkmenistan in 2010. In other words, the governments of UMI countries which are supposed to be corrupted did not make a serious effort to resolve problems associated with corruption. As long as corruption remained unsolved, it is doubtful whether these countries manage to sustain economic development in the long-run. For this reason, major effort of political authorities in these states should be devoted to elimination of corruption and these governments must equip themselves with inclusive institutions.

Similar to corruption, bribe is another issue for operation of the institutions. As shown in Appendix C, bribe payers index is higher for UMI countries in 2011. Although we have information about six countries (China (6.5), Mexico (7), Turkey (7.5), Malaysia (7.6), South Africa (7.6) and Brazil (7.7)) whose economies are relatively bigger compared to other UMI countries, it is possible to conclude that bribe is not a much less central element in presence of the MIT.

As a principal factor for performance of public institutions, open budget index in 2010, is shown in Appendix C for UMI countries. As shown in the table, in addition to corruption and bribe, openness of the budget seems to be another problem area for UMI countries. While only South Africa (92) has an advantageous position, the rest of UMI countries have not owned an open budget. For instance, this value was 0 for Fiji and Iraq, 1 for Algeria or 13 for China. Namely, the citizens and foreign investors have no idea about government's spending and this unavailability causes imperfect information in the national markets. According to Woo (2012: p.317), emergence of budget crisis in the MIT countries might cause '*a hardware failure*'. It should be added that control of government expenditures matters for MIT countries with respect to policy implementation (Ohno, 2009: p.34). Hence, public institutions in these countries remained exclusive within the framework of economic development.

Taking political economy of the MIT concept into consideration, human development index (HDI) is the other pillar of the economic development. As shown in Appendix C, HDI values for UMI countries are not as high as in high-income level countries on average. Examples for UMI countries having lower places in HDI rankings are Botswana (118<sup>th</sup>), Namibia (120<sup>th</sup>), Iraq (132<sup>nd</sup>) or Angola (148<sup>th</sup>). Those with relatively higher values of HDI are Palau (49<sup>th</sup>), Romania (50<sup>th</sup>), Cuba (51<sup>rd</sup>) (probably due to its developed health care and education systems), Montenegro (54<sup>th</sup>) and Panama (58<sup>th</sup>). One outstanding fact about HDI in UMI countries is that relatively bigger economies have relatively lower HDI values (Mexico

(57<sup>th</sup>), Malaysia (61<sup>st</sup>), Brazil (84<sup>th</sup>), Turkey (92<sup>nd</sup>), China (101<sup>st</sup>) and South Africa (123<sup>rd</sup>)

As another relevant indicator, press freedom index is shown in Appendix D. With the exceptions of Jamaica (16<sup>th</sup>), Costa Rica (19<sup>th</sup>) and Suriname (22<sup>nd</sup>), freedom of press has been restricted in most of UMI countries (Azerbaijan (162<sup>nd</sup>), Cuba (167<sup>th</sup>), China (174<sup>th</sup>), Iran (175<sup>th</sup>) and Turkmenistan (177<sup>th</sup>)). To clarify this statement, along with corruption and bribe, there is no freedom of speech or effective non-governmental organizations (NGOs) in these countries to object or to protest actions of authoritarian governments. As only a small group of people makes decisions about country politics, institutions fail to include majority of the citizens and they cannot find more scope in public services and businesses. Accordingly, business activities remained mostly in the hands of elite groups and this situation naturally leads to uncertainties within the country on both micro and macro levels. Governments of the UMI countries should link these people into its system and make institutions accessible to outsiders.

Similarly, UMI countries suffer from judicial independence, as shown by Appendix D. With the exceptions of Botswana (5.4), South Africa (5.0), Costa Rica (4.9), Mauritius (4.9) and Namibia (4.9), most of the UMI countries do not have an independent judicial system. This failure produces a feeling of insecurity and arbitrariness which inhibits foreign direct investments (Dumludag, 2009: p.25). For the countries whose judicial system is not independent (such as Paraguay (1.8), Panama (2.1), Ecuador (2.3), Angola (2.4), Serbia (2.4), Algeria (2.5)), insecurity and uncertainties in the market created by a volatile atmosphere might prevent them from long-run developmental achievements.

The rule of law must be also included among indicators of institutional backgrounds in UMI countries. As this index shows how contract enforcement is applied, how military authorities influenced legal system and how property rights are defined by the law; it is one of the most important institutional aspects of the MIT concept (Aiyar *et al.*, 2013: p.16). According to rule of law index, the worst ones compared to others are Iraq (-1.62), Turkmenistan (-1.46), Angola (-1.24), Ecuador (-1.17) and Belarus (-1.05) while the ones have relatively higher positions in the rankings are Tuvalu (1.02), St. Vincent and the Grenadines (0.86) and Mauritius (0.84). For the biggest economies among the UMI countries, this index is relatively lower (Malaysia (0.51), South Africa (0.10), Turkey (0.10), Brazil (0), China (-0.35), Mexico (-0.56)).

As a final indicator of political economy of the MIT, in Appendix D, voice & account

ability for the year 2010 is shown. The results are, more or less, consistent with other indicators. According to this measure, the countries having lowest scores are Belarus (-1.55), Cuba (-1.62), China (-1.65), Libya (-1.91) and Turkmenistan (-2.03). For the fragile five countries, the situation is not very different (Colombia (-0.19), Turkey (-0.16), Mexico (0.08), South Africa (0.53)). Therefore, in most of the UMI countries, citizens are suppressed by the political center and institutions exclude majority of the public from economic and political sphere.

As summarized in the last paragraphs, UMI countries have certain chronic problems related to operation of institutions which disable these countries from higher levels of income. If one looks at historical background of these economies, s/he will see that these countries were colonies, ex-Soviet countries or semi-periphery regions in the world system. Namely, in addition to be late or late-later comers in industrialization, these countries lagged behind their counterparts in the developed world with respect to adaptation of modern institutions. Hence, extractive institutions in developing countries are incompatible with modern ones.

Regarding the crucial role that the state authorities play in the economic development, existence of poor institutions refers a dominant role for institution-building mechanisms. At this point, one can conclude that improvements in legal system and institutions are needed not to fall into the MIT for the UMI countries. Therefore, not only productive structure of the countries but also their non-productive (or political and social) facilities must be enhanced for economic growth which should be sustained in the long-run.

### **3) Conclusion**

This paper was an attempt to examine the political economy of the middle-income trap concept by focusing certain measures of institutions in upper-middle income countries. After a brief summary of MIT concept and its possible reasons provided by the literature, several indicators were used in the second section to show a general performance of institutions in the UMI countries. These indicators are strength of legal rights index, corruption perception index, control of corruption, bribe payers index, open budget index, human development index (HDI), press freedom index, judicial independence, rule of law and voice & account ability. With some exceptions, UMI countries fail to have a developed legal system and institutional framework. Lacking a legal system which operates properly and having extractive institutions, it is argued that UMI countries (especially, the ones which are assumed to be stuck in the middle-income trap) have difficulties not only about economic activities but



also social and political life.

For these reasons, in this study, it is claimed that any examination of the MIT concept must include non-income based indicators which would reflect social and political aspects of the development. Here, one can talk about the danger of exaggerating income-based indicators by the current literature within the framework of the MIT concept as they might fail to provide us with many insights into the emergence of the MIT. Even if UMI countries have high levels of income (despite poor institutional performances), it will not solve all the problems related to economic development and social welfare. Even though GDP per capita values of the countries lay in the center of economic development, there are other measures of it. Despite being focused on institutional indicators, this study did not make income level a minor factor. Yet, even if UMI countries become high-income level countries someday in the future, there will be still many social and political problems which cannot be solved solely by increases in income levels. In this case, citizens will still have to deal with challenges related to corruption, bribe, social welfare, freedom of speech and press etc. Indeed, it might not be an accident that the MIT countries have serious problems related to institutional performances.

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## WEBSITE SOURCES

[www.databank.worldbank.org](http://www.databank.worldbank.org)

[www.transparency.org](http://www.transparency.org)

## Appendix A

### GDP per capita (current US\$) in UMI Countries (2008-2014)

Country Name	2008	2009	2010	2011	2012	2013	2014
Albania	4,371	4,114	4,094	4,438	4,256	4,458	4,619
Algeria	4,912	3,876	4,473	5,422	5,458	5,504	5,498
Angola	4,242	3,679	3,886	4,745	5,084	5,295	5,424
Azerbaijan	5,575	4,950	5,843	7,190	7,394	7,812	7,884
Belarus	6,376	5,176	5,819	6,306	6,722	7,722	8,040
Belize	4,470	4,259	4,344	4,517	4,674	4,719	-
Bosnia and Herzegovina	4,873	4,499	4,393	4,780	4,416	4,669	4,805
Botswana	5,562	5,115	6,244	7,505	6,936	6,882	7,123
Brazil	8,701	8,462	11,124	13,042	11,923	11,711	11,385
Bulgaria	7,116	6,738	6,581	7,589	7,199	7,499	7,713
China	3,441	3,800	4,515	5,574	6,265	6,992	7,594
Colombia	5,434	5,148	6,251	7,228	7,885	8,028	7,904
Costa Rica	6,736	6,547	7,986	8,964	9,733	10,462	10,415
Cuba	5,386	5,495	5,689	6,093	6,448	6,790	-
Dominica	6,615	7,027	6,927	7,122	7,182	7,175	7,434
Dominican Republic	4,932	4,903	5,359	5,787	5,952	5,952	6,147
Ecuador	4,275	4,256	4,657	5,223	5,683	6,032	6,322
Fiji	4,178	3,370	3,652	4,204	4,404	4,378	4,546
Gabon	10,523	8,062	9,388	11,305	10,961	10,425	10,208
Grenada	7,947	7,393	7,367	7,410	7,585	7,890	8,296

<b>Iran, Islamic Rep.</b>	4,908	4,943	5,691	7,669	7,326	6,400	5,315
<b>Iraq</b>	4,513	3,726	4,487	5,839	6,650	6,882	6,334
<b>Jamaica</b>	5,130	4,522	4,917	5,346	5,464	5,290	-
<b>Jordan</b>	3,798	4,027	4,371	4,666	4,897	5,200	5,423
<b>Kazakhstan</b>	8,514	7,165	9,071	11,358	12,120	13,612	12,276
<b>Lebanon</b>	7,016	8,403	8,764	9,132	9,729	9,870	10,058
<b>Libya</b>	14,232	10,152	11,934	5,518	13,035	10,455	6,570
<b>Macedonia, FYR</b>	4,822	4,566	4,561	5,080	4,710	5,195	5,456
<b>Malaysia</b>	8,487	7,312	8,803	10,126	10,508	10,628	10,933
<b>Maldives</b>	6,597	6,631	7,013	7,267	7,350	7,705	8,484
<b>Marshall Islands</b>	2,926	2,907	3,127	3,292	3,501	3,617	-
<b>Mauritius</b>	7,749	7,082	7,772	8,985	9,111	9,477	10,006
<b>Mexico</b>	9,579	7,661	8,861	9,730	9,721	10,201	10,230
<b>Mongolia</b>	2,138	1,717	2,650	3,773	4,377	4,388	4,129
<b>Montenegro</b>	7,326	6,698	6,637	7,250	6,519	7,111	7,371
<b>Namibia</b>	4,000	4,124	5,139	5,540	5,682	5,511	5,589
<b>Palau</b>	9,837	9,183	9,005	9,765	10,398	10,926	11,880
<b>Panama</b>	7,112	7,284	7,959	9,036	10,139	11,206	11,949
<b>Paraguay</b>	3,060	2,600	3,228	3,988	3,856	4,469	4,729
<b>Peru</b>	4,245	4,179	5,056	5,731	6,389	6,621	6,551
<b>Romania</b>	9,949	8,069	8,139	9,064	8,445	9,490	9,997
<b>Serbia</b>	6,702	5,821	5,412	6,423	5,659	6,354	6,153
<b>South Africa</b>	5,812	5,912	7,390	8,081	7,592	6,886	6,478
<b>St. Lucia</b>	6,782	6,716	7,014	7,193	7,201	7,327	7,435
<b>St. Vincent and the Grenadines</b>	6,370	6,177	6,233	6,192	6,352	6,575	6,663
<b>Suriname</b>	6,973	7,561	8,431	8,450	9,485	9,933	-
<b>Thailand</b>	4,102	3,963	4,782	5,167	5,449	5,741	5,519
<b>Tonga</b>	3,307	3,107	3,558	4,227	4,364	4,117	4,114
<b>Tunisia</b>	4,343	4,163	4,212	4,305	4,198	4,317	-
<b>Turkey</b>	10,382	8,624	10,112	10,584	10,646	10,975	10,530
<b>Turkmenistan</b>	3,919	4,060	4,393	5,725	6,798	7,827	9,032
<b>Tuvalu</b>	3,095	2,763	3,238	3,994	4,044	3,880	-
<b>Upper middle income</b>	<b>4,931</b>	<b>4,867</b>	<b>5,826</b>	<b>6,899</b>	<b>7,267</b>	<b>7,720</b>	<b>7,967</b>

Source: [www.databank.worldbank.org](http://www.databank.worldbank.org)

## Appendix B (Strength of legal rights index in upper-middle income countries (0=weak to 12=strong))

Country Name	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Albania</b>	9	9	9	9	9	9	9	9	9	8	7
<b>Angola</b>	3	3	3	3	3	3	3	3	3	1	1
<b>Azerbaijan</b>	5	5	5	5	5	5	5	5	5	2	2
<b>Belarus</b>	2	2	2	2	2	2	3	3	3	2	2
<b>Belize</b>	-	7	7	7	7	7	7	7	7	4	4
<b>Bosnia and Herzegovina</b>	3	5	5	5	5	5	5	5	5	7	7

<b>Botswana</b>	6	6	6	6	6	6	6	6	6	5	5
<b>Brazil</b>	3	3	3	3	3	3	3	3	3	2	2
<b>Bulgaria</b>	9	9	9	9	9	9	9	9	9	9	9
<b>China</b>	3	3	3	4	5	5	5	5	5	4	4
<b>Colombia</b>	5	5	5	5	5	5	5	5	5	4	12
<b>Costa Rica</b>	3	3	3	3	3	3	3	3	3	2	2
<b>Dominica</b>	-	9	9	9	9	9	9	9	9	6	6
<b>Dominican Republic</b>	3	3	3	3	3	3	3	3	3	1	1
<b>Ecuador</b>	2	2	2	2	2	2	2	2	2	1	1
<b>Fiji</b>	7	7	7	7	7	7	7	7	7	5	5
<b>Gabon</b>	-	3	3	3	3	3	3	6	6	6	6
<b>Grenada</b>	-	7	7	7	7	7	7	7	7	6	6
<b>Iran, Islamic Rep.</b>	5	5	5	5	5	5	5	5	5	2	2
<b>Iraq</b>	3	3	3	3	3	3	3	3	3	1	1
<b>Jamaica</b>	8	8	8	8	8	8	8	8	8	6	10
<b>Jordan</b>	2	2	2	2	2	2	2	2	2	0	0
<b>Kazakhstan</b>	2	2	2	2	2	2	2	2	3	3	3
<b>Lebanon</b>	3	3	3	3	3	3	3	3	3	2	2
<b>Libya</b>	-	-	-	-	-	-	-	-	1	0	0
<b>Macedonia, FYR</b>	6	6	6	6	6	6	6	6	6	6	6
<b>Malaysia</b>	10	10	10	10	10	10	10	10	10	7	7
<b>Maldives</b>	4	4	4	4	4	4	4	4	4	2	2
<b>Marshall Islands</b>	5	5	5	5	5	5	9	9	9	10	10
<b>Mauritius</b>	6	6	6	6	6	6	6	6	6	6	6
<b>Mexico</b>	5	5	5	5	5	5	5	6	6	7	8
<b>Mongolia</b>	6	6	6	6	6	6	6	6	6	5	5
<b>Montenegro</b>	-	-	10	10	10	10	10	10	10	12	12
<b>Namibia</b>	7	7	7	7	7	7	7	7	7	5	5
<b>Palau</b>	1	1	1	1	1	1	1	1	1	10	10
<b>Panama</b>	5	5	5	5	5	5	5	5	5	4	7
<b>Paraguay</b>	3	3	3	3	3	3	3	3	3	2	2
<b>Peru</b>	3	3	7	7	7	7	7	7	7	8	8
<b>Romania</b>	8	8	8	9	9	9	9	9	9	10	10
<b>Serbia</b>	6	6	7	7	7	7	7	7	7	5	5
<b>South Africa</b>	7	7	7	7	7	7	7	7	7	5	5
<b>St. Lucia</b>	-	7	7	7	7	7	7	7	7	5	5
<b>St. Vincent and the Grenadines</b>	-	7	7	7	7	7	7	7	7	5	5
<b>Suriname</b>	-	4	4	4	4	4	4	4	4	2	2
<b>Thailand</b>	5	5	5	5	5	5	5	5	5	3	3
<b>Tonga</b>	7	7	7	7	7	7	7	9	9	10	10
<b>Tunisia</b>	3	3	3	3	3	3	3	3	3	2	2
<b>Turkey</b>	5	5	5	5	5	5	5	5	5	3	3
<b>Upper middle income</b>	<b>4.8</b>	<b>5.0</b>	<b>5.3</b>	<b>5.3</b>	<b>5.3</b>	<b>5.3</b>	<b>5.4</b>	<b>5.5</b>	<b>5.5</b>	<b>4.6</b>	<b>4.9</b>

Source: [www.databank.worldbank.org](http://www.databank.worldbank.org)

## Appendix C

Country Name	Corruption Perceptions Index (2014) Rank	Corruption Perceptions Index (2014)	Bribe Payers Index (2011)	Control Of Corruption (2010) (Score)	Open Budget Index (2010)	Human Development Index (2011)
Albania	110	33	-	-0.43	33	70
Algeria	100	36	-	-0.48	1	96
Angola	161	19	-	-1.33	26	148
Azerbaijan	126	29	-	-1.17	43	91
Belarus	119	31	-	-0.82	-	65
Belize	-	-	-	-0.08	-	93
Bosnia and Herzegovina	80	39	-	-0.32	44	74
Botswana	31	63	-	0.97	51	118
Brazil	69	43	7.7	0.06	71	84
Bulgaria	69	43	-	-0.18	56	55
China	100	36	6.5	-0.60	13	101
Colombia	94	37	-	-0.39	61	87
Costa Rica	47	54	-	0.67	47	69
Cuba	63	46	-	0.50	-	51
Dominica	39	58	-	0.74	-	81
Dominican Republic	115	32	-	-0.83	14	98
Ecuador	110	33	-	-0.88	31	83
Fiji	-	-	-	-0.91	0	100
Gabon	94	37	-	-0.76	-	106
Grenada	-	-	-	0.44	-	67
Iran, Islamic Rep.	136	27	-	-0.88	-	88
Iraq	170	16	-	-1.32	0	132
Jamaica	85	38	-	-0.37	-	79
Jordan	55	49	-	0.04	50	95
Kazakhstan	126	29	-	-1.00	38	68
Lebanon	136	27	-	-0.84	32	71
Libya	166	18	-	-1.26	-	64
Macedonia, FYR	64	45	-	-0.06	49	78
Malaysia	50	52	7.6	0.12	39	61
Maldives	-	-	-	-0.63	-	109
Marshall Islands	-	-	-	-0.36	-	-
Mauritius	47	54	-	0.68	-	77
Mexico	103	35	7	-0.37	52	57
Mongolia	80	39	-	-0.71	60	110
Montenegro	76	42	-	-0.33	-	54
Namibia	55	49	-	0.26	53	120

Palau	-	-	-	-0.50	-	49
Panama	94	37	-	-0.36	-	58
Paraguay	150	24	-	-0.76	-	107
Peru	85	38	-	-0.23	65	80
Romania	69	43	-	-0.16	59	50
Serbia	78	41	-	-0.21	54	59
South Africa	67	44	7.6	0.09	92	123
St. Lucia	-	-	-	1.23	-	82
St. Vincent and the Grenadines	29	67	-	1.05	-	85
Suriname	100	36	-	-0.43	-	104
Thailand	85	38	-	-0.34	42	103
Tonga	-	-	-	-0.31	-	90
Tunisia	79	40	-	-0.13	-	94
Turkey	63	45	7,5	0.01	57	92
Turkmenistan	169	17	-	-1.44	-	102
Tuvalu	-	-	-	-0.22	-	-

Source: [www.transparency.org](http://www.transparency.org)

## Appendix D

Country Name	Press Freedom Index (2011-2012)	Judicial Independence (2011-2012) (Score)	Rule Of Law (2010) (Score)	Voice & Accountability (2010) (Score)
Albania	96	3	-0.44	0.10
Algeria	122	2.5	-0.76	-1.01
Angola	132	2.4	-1.24	-1.14
Azerbaijan	162	3.4	-0.88	-1.27
Belarus	-	-	-1.05	-1.55
Belize	-	3.1	-0.36	0.71
Bosnia and Herzegovina	58	3.1	-0.36	-0.12
Botswana	42	5.4	0.66	0.43
Brazil	99	3.7	0.00	0.50
Bulgaria	80	2.9	-0.08	0.49
China	174	3.9	-0.35	-1.65
Colombia	143	3.5	-0.33	-0.19
Costa Rica	19	4.9	0.50	1.03
Cuba	167	-	-0.55	-1.62
Dominica	-	-	0.69	1.01
Dominican Republic	95	2.7	-0.81	0.05
Ecuador	104	2.3	-1.17	-0.28
Fiji	117	-	-0.90	-0.99
Gabon	101	-	-0.51	-0.92
Grenada	-	-	0.11	0.84

<b>Iran, Islamic Rep.</b>	175	3.8	-0.90	-1.57
<b>Iraq</b>	152	-	-1.62	-1.05
<b>Jamaica</b>	16	4.4	-0.50	0.44
<b>Jordan</b>	128	4.4	0.22	-0.83
<b>Kazakhstan</b>	154	2.7	-0.62	-1.14
<b>Lebanon</b>	93	2.5	-0.66	-0.33
<b>Libya</b>	154	-	-0.98	-1.91
<b>Macedonia, FYR</b>	94	2.9	-0.29	0.09
<b>Malaysia</b>	122	4.7	0.51	-0.53
<b>Maldives</b>	73	-	-0.33	-0.10
<b>Marshall Islands</b>	-	-	-0.27	1.07
<b>Mauritius</b>	54	4.9	0.84	0.74
<b>Mexico</b>	149	3.2	-0.56	0.08
<b>Mongolia</b>	100	2.6	-0.43	0.00
<b>Montenegro</b>	107	4.2	-0.02	0.21
<b>Namibia</b>	20	4.9	0.23	0.33
<b>Palau</b>	-	-	0.74	1.24
<b>Panama</b>	113	2.1	-0.13	0.48
<b>Paraguay</b>	80	1.8	-0.92	-0.13
<b>Peru</b>	115	2.6	-0.61	0.03
<b>Romania</b>	47	3.1	0.05	0.45
<b>Serbia</b>	80	2.4	-0.39	0.29
<b>South Africa</b>	42	5	0.10	0.53
<b>St. Lucia</b>	-	-	0.82	1.24
<b>St. Vincent and the Grenadines</b>	-	-	0.86	1.18
<b>Suriname</b>	22	4.4	-0.09	0.37
<b>Thailand</b>	137	4.2	-0.20	-0.56
<b>Tonga</b>	63	-	0.09	0.30
<b>Tunisia</b>	134	4.1	0.11	-1.34
<b>Turkey</b>	148	3.3	0.10	-0.16
<b>Turkmenistan</b>	177	-	-1.46	-2.03
<b>Tuvalu</b>	-	-	1.02	0.75

Source: [www.transparency.org](http://www.transparency.org)