ABSTRACT

Corruption is one of the global hot issues that never runs out to be discussed and debated. Corruption is a problem that has long existed in various countries, both developing and developed countries. Corruption has caused a lot of losses in various sectors, where the impact of corruption can disrupt the economy and affect economic growth in a country.

This study aims to analyze the effect of corruption on economic growth in the five ASEAN countries including Indonesia, Malaysia, Thailand, Philippines and Vietnam in the period 1997-2016. The method used is panel data regression with Fixed Effect Model (FEM).

The results of the analysis show that corruption perception index positively affects economic growth in five ASEAN countries. While other explanatory variables such as consumption and government spending have a positive effect on economic growth and trade openness negatively affects economic growth.

Keywords: Corruption, Economic Growth, ASEAN, Fixed Effect Model (FEM)