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Corruption and Export Variety: An Empirical Analysis

Dhimitri Qirjo*
Department of Economics & Finance
State University of New York at Plattsburgh, New York, USA

Abstract: We analyze 130 countries from 1970 to 2019, exploring the relationship between national level corruption and export variety. We employ random-effects and correlated random-effects specifications. We report highly statistically significant evidence that lower national levels of corruption lead to a wider variety of exports. To address endogeneity, we employ Instrument Variable methods, using latitude as an instrument for institutional quality. Robustness checks with alternative instruments (European settlers' mortality rates), measures (for national institutional quality), and sample sizes (114 countries from 1970 to 2013 and 130 countries from 1996-2019), consistently support these findings, affirming the reliability and validity of the conclusions.

Keywords: Corruption, Export Variety, Empirical International Trade
JEL Classification Number: F14, D02, O14

*Corresponding author. Email: dqirj001@plattsburgh.edu