

Corruption, growth and ethnolinguistic fractionalization: a theoretical model

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Abstract

This paper analyzes the existing relationship between ethnolinguistic fractionalization, corruption and the growth rate of a country. We provide a simple theoretical model. We show that a non-linear relationship between fractionalization and corruption exists: corruption is high in homogeneous or very fragmented countries, but low where fractionalization is intermediate. In fact, when ethnic diversity is intermediate, constituencies act as a check and balance device to limit ethnically-based corruption. Consequently, the relationship between fractionalization and growth rate is also non-linear: growth is high in the middle range of ethnic diversity, low in homogeneous or very fragmented countries.

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