

**CORRUPTION LOVES COMPANY: THE INTERACTIVE EFFECT OF  
CORRUPTION AND RESOURCES ON ECONOMIC GROWTH**

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**ABSTRACT**

The resource curse has become one of the more studied comparative political economic phenomena over the last twenty years. Here, the role of corruption as a conditioning effect on the resource curse is explored. I argue that corruption modifies the impact of natural resources on economic growth; at higher levels of corruption, the effect of resources on growth becomes more negative. I empirically test this proposition over two ten-year periods from 1984-2003 using a new measure of natural resources, which accounts for resource abundant and dependent countries. Contrary to conventional wisdom, I find more resources are not associated with slow growth. Moreover, I find only marginal support for my theory, with only the effect of metal resources on growth being conditioned by corruption. These findings indicate that when examining the effect of resources on growth we must pay special attention to (1) the metric employed, (2) the type of resource examined, and (3) the potential for conditioning effects.