

The Partisan Comparisons for Global Effect on Economic Growth: Panel Data
Analysis of Former Communist States and European OECD Members

Forthcoming at Eastern European Economics

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Abstract

The aim of this paper is to compare the role of globalization (overall and its three dimensions of economic, social, as well as political integrations) in order to promote economic growth when the role of a political party is taken into account in 10 former communist countries (FCC) and 18 OECD democracies in Central-Western Europe. Employing the panel cointegration tests, as a first step we proceed to an analytical framework to investigate the long-run relationships among globalization, political party, and real GDP per capita. For a second step we estimate the long-run effect of globalization on economic growth done country-by-country and group-based via the panel dynamic ordinary least squares and fully modified ordinary least square. The results of our empirical test confirm our expectations that globalization contributes to economic growth, but it is also sensitive to specific institutional factors like an incumbent party. Globalization has a larger impact on real GDP per capita in FCC countries than in their OECD countries. While the geography position is quite close, the margin of their development is very large for these two groups of countries.

Keywords: Globalization; Economic growth; Institutions; Political party; Europe.

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