

The Effects of Different Natural Resources on Economic Growth in Transition Countries

D.Enkh-Amgalan

National University of Commerce and Business, Mongolia

enkhamгаа@gmail.com

Ch. Khashchuluun

National University of Mongolia, Mongolia

Abstract

We examine the effect of different natural resources on growth in transition countries using OLS and 2SLS. Our main focus is the transition 27 countries and we included 87 countries of developed and developing countries, which are used in the literature by (Mehlum, 2006) due to improve results of estimations. Our sample includes of temperate-zone and tropical countries. The transition countries consist of twelve countries of the Commonwealth of Independent States (CIS) and Mongolia, three Baltic countries (BALT), five countries of Central Europe (CE) and six countries of Southeast Europe (SEE). CIS comprises FSU1, and FSU2. CIS=FSU1+FSU2, FSU1: Armenia, Georgia, Moldova, Russia and Ukraine. FSU2: Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, BALT: Estonia, Lithuania and Latvia. CE: Czech Republic, Hungary, Poland, Slovakia and Slovenia, SEE: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Serbia and Romania. We use initial period value of the different natural resource variables for the regression estimations: agricultural raw materials, food, fuel, ores and metals-in GDP and primary exports in GDP (total measure of these resources), taken from the World Bank's World Development Indicators (WDI). We do not find any evidence of negative effect of natural resource on economic growth in transition countries over the period 1996-2018. However, the negative effect of primary exports in GDP exists to other natural resource abundant countries. We estimate negative association of the fuel exports with political institution in transition countries. This negative effect has the adverse impact of economic growth in long run.

Keywords: growth, institution, natural resources, transition countries

JEL Codes: O10, P20, Q32