

Economic growth and its determinants in countries in transition

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Abstract

Main purpose of this scientific research is to analyze the countries in transition; in particular, through this research we will explain the economic growth and its determinants in the countries in transition. Referring to the fact that many ex-communist countries were faced with a transition from a socialist economic system into the economic system of free market, and this phase of transformation is also known as transition, we will analyze this phase in details. The materials contained in this research are based on data taken directly from Financial Institutions, European Central Bank, as well as many other relevant prestigious institutions of countries in transition. The first section of this research begins with the introduction, presenting broadly the economic growth in countries in transition and the manner of their transformation, as well as the identification of hypothesis contained in this research. The second section contains the review of the literature, where we have cited parts from many authors who conducted studies in this broadly and productive field. In the third section are explained the mathematical formulas, that specify the econometric model, as well as the method of assessment, i.e. multiple regression analysis. Then, through the calculations of STATA, we will substitute the values of variables obtained in formula and test them through the selected model. In the last section we will interpret the outcomes derived from calculations in the program, supporting or dismissing hypothesis presented in this scientific research. This scientific research is limited, because many other important variables impacting the economic growth, such as instruments of monetary and fiscal policy, economic freedom, etc., have not been incorporated.

Keywords: Economic Growth, Foreign Investments, Corruption.

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