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Landlockedness vs. Democracy: Their Effect on Economic Growth

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RESEARCH QUESTION

Does the degree of landlockedness of a nation-state affect its economic growth more than being non-democratic?

THEORY AND HYPOTHESIS

There has been much research on what affects a country's economic growth. One factor is the status of being landlocked. Landlocked countries make up 20% of the countries in the world, but "they are distributed as approximately 40% of the world's low income economies and less than 10% in the world's high income countries" (Lahiri, 2012). Another factor to consider is whether a country is democratic or nondemocratic. There is some debate on this among researchers, but many agree that being democratic promotes economic growth. I will first look at whether the degree of landlockedness affects a country's economic growth to establish geography as a factor. Then I will compare the effect of landlockedness with the effect caused by being democratic versus nondemocratic.

NEIGHBOR THEORY: Countries that have a higher degree of landlockedness, or are surrounded by more countries, will have lower economic growth than countries that are not landlocked or countries that have a low degree of landlockedness. This is due to the negative consequences associated with having a high number of neighbor transit countries on trade availability, transport costs, infrastructure, and foreign policy.

LANDLOCKED THEORY: Overall, landlocked countries will have lower economic growth than non-democratic countries because landlockedness has negative impacts on economic income, trade, infrastructure, foreign policy, and conflict.

H_1 : The higher the degree of landlockedness of a country, the lower its economic growth will be.

H_2 : Landlocked countries will have lower economic growth regardless of its political institutions.

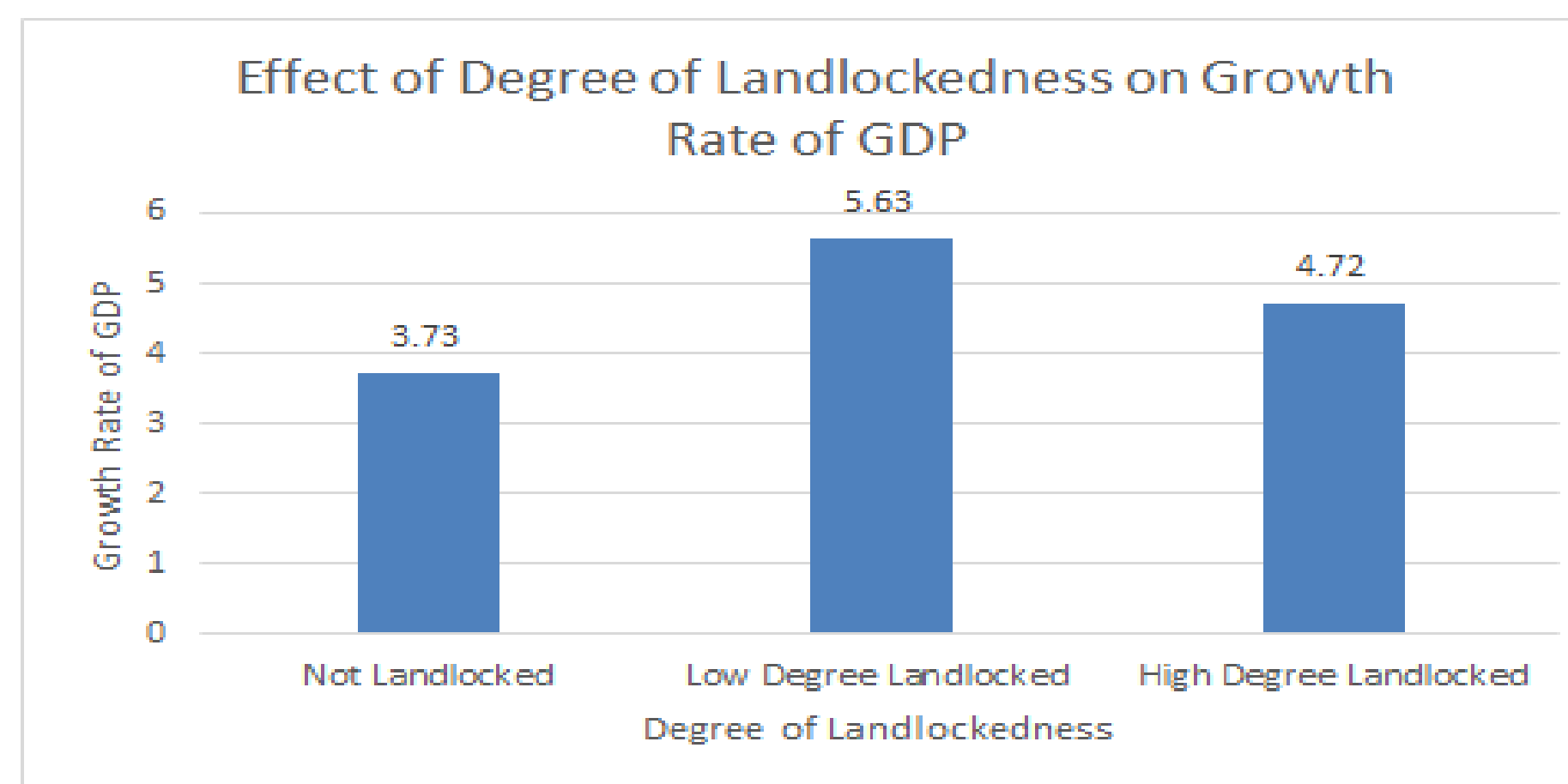
H_0 : The status and degree of landlockedness of a country and its political institutions will have no effect on its economic growth.

METHODOLOGY AND DATA

PROPOSED METHOD: I propose using empirical data analysis and looking at the growth rates in GDP for all countries as far back in time as data would allow and comparing said growth rates between landlocked and non-landlocked countries and democratic and nondemocratic countries.

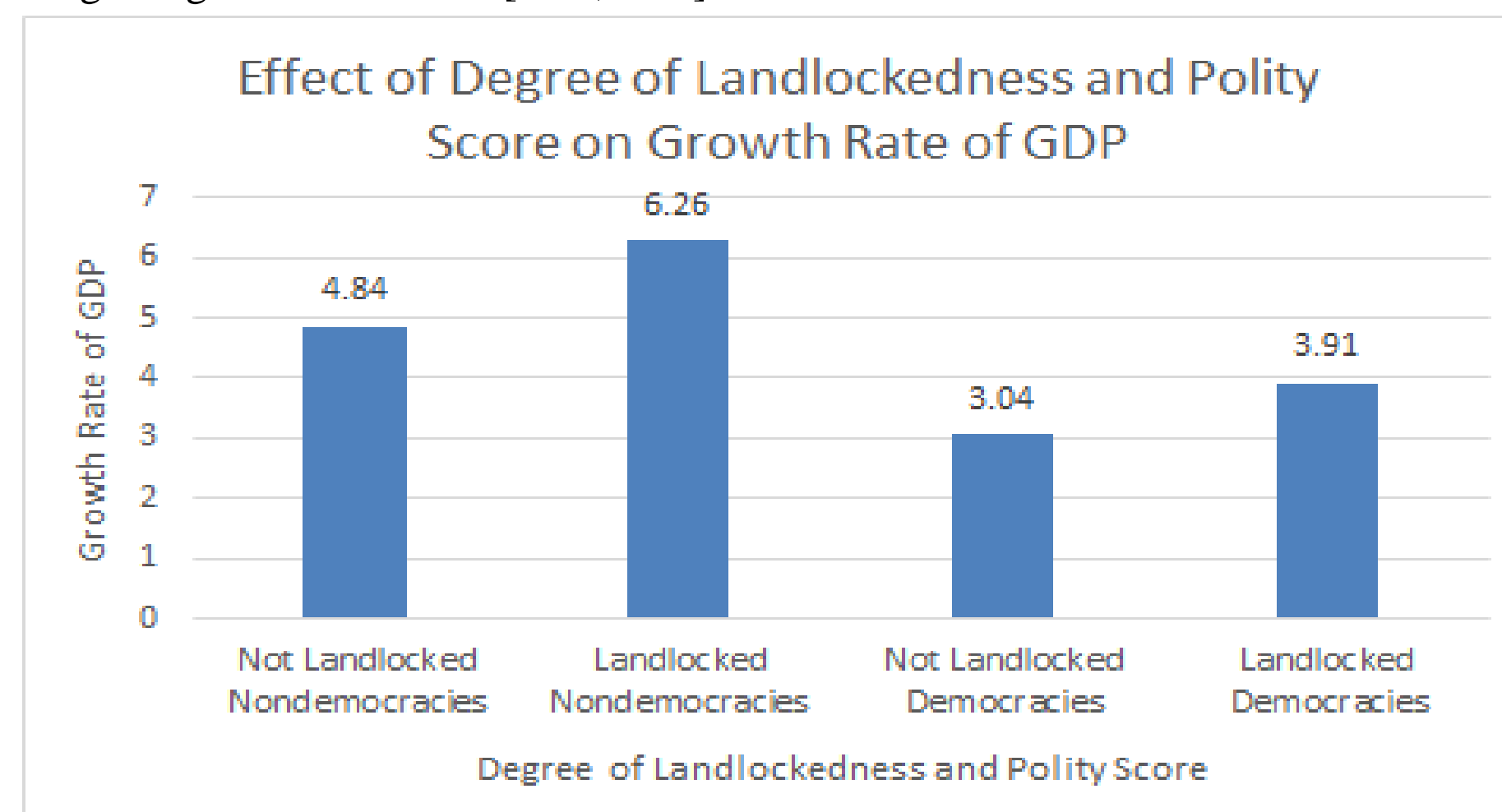
INITIAL DATA: I will be looking at GDP growth rates in countries from 2005-2015 and polity scores from 2004 to see how these affected said growth rates. The dependent variable will be Growth Rate in GDP and the independent variables will be Degree of Landlockedness and Polity Score (a measure of democracy).

PRELIMINARY FINDINGS



95% Confidence Interval for Growth Rate by Degree of Landlockedness:

Not Landlocked: [3.29, 4.17]
Low Degree Landlocked: [4.44, 6.82]
High Degree Landlocked: [3.32, 6.12]



95% Confidence Interval for Growth Rate by Degree of Landlockedness and Polity Score:

Not Landlocked Nondemocracies: [4.05, 5.63]
Landlocked Nondemocracies: [5.06, 7.46]
Not Landlocked Democracies: [2.59, 3.49]
Landlocked Democracies: [3.00, 4.82]



ANTICIPATED FINDINGS AND LIMITATIONS

The results of my sample were the opposite of what I predicted in my hypothesis. In the effect of degree of landlockedness on the growth rate of GDP, landlocked countries had higher rates than non-landlocked countries. However, the confidence intervals show that there is no true statistical significance between the three different conditions of landlockedness.

The results of my second analysis also were the opposite of what I predicted in my hypothesis. In the effect of degree of landlockedness and polity score on the growth rate of GDP, non-democracies had statistically significant higher growth rates than democracies. Also, there was no statistical significance between not landlocked and landlocked countries.

This data shows that landlockedness does not significantly affect the growth rate of GDP of countries. However, the political institutions of countries do affect it, with nondemocracies having higher growth rates of GDP than democracies. This could be explained because nondemocracies do not have to deal with checks and balances and different parties within the government. They can do what they want to the country's economic policies and be more efficient.

Some limitations in this research is that some countries did not have data for either growth rate of GDP or polity scores, so they had to be left out of the sample. Also, the research only included 10 years of data, so it's a relatively small sample.

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