

This dissertation examines from a comparative perspective the growth experience for a sample of twelve countries of the former Soviet Union over the period from 1991 to 2008. Two methods of econometric analysis are applied: cross-section regressions and dynamic panel data estimation techniques. The main focus of the study has been to empirically establish whether countries in the region are converging or diverging in terms of their income per capita and to find important sources of cross-country differences which determine the shape of this process. I did not find statistically significant support for conditional convergence in any cross-section period. It is partly supported by the increased dispersion of per capita income levels during the sample period. Meanwhile, panel data fixed-effects and GMM methods provide strong support for conditional convergence hypothesis. The first-differenced GMM estimator indicates a rate of convergence of around 2 per cent a year, which is surprisingly similar to the standard cross-section findings in empirical literature. However, it could be the result of the cyclical behaviour of output during transition. In general, results indicate that structural transformation is not yet over in most of the countries. Therefore progress in market-oriented reforms and institutional development seem to be one of the influential factors of catch-up and convergence.