

Abstract

The thesis estimates the reform determinants for 24 transition countries using spatial econometrics by maximum likelihood estimation. In the thesis is included determinants already used by other authors, as well as, two new variables – export and foreign direct investments measures. Another distinctive characteristic is inclusion of spatial endogenous and exogenous variables as explanatory variables through the use of weights matrix - W . Obtained spatial interaction is positive and high. For spatial coefficient ρ value varies in the range 0.22 to 0.71 indicating on significant spatial influence among entities. From spatial exogenous coefficients I obtained significant democracy, inflation, export and FDI coefficients. I also find that the initial effect of GDP growth, FDI and democracy are important determiners of reforming process.

Keywords

Reform Determinants, Spatial weights matrix, spillover effect

Author's e-mail

mariamdavladze@yahoo.com

Supervisor's e-mail

roman.horvath@gmail.com