

Information Communication Technology and Economic Growth: A Comparative Analysis of Developing and Developed Countries

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Abstract:

This research analyzes the effects of information communication technology on economic growth for developing and developed countries. We prefer to select middle income economies for developing countries and high-income economies for developed countries. The reason for comparing the middle- and high-income economies to analyze the effects of information and communication technologies are to have an insight of whether such effects depend on the levels of development of the countries. It is expected that new technologies in middle income countries have positive and significant effects on economic growth.

This study employs a panel data set of 26 years from 1995 to 2020 for 25 middle income economies and 30 high income economies. We use the robust two-step system generalized methods of moments (GMM) to estimate the model. We prefer to use gross domestic product per capita for economic growth and fixed telephone subscriptions per 100 people, mobile cellular subscriptions per 100 people, and numbers of the individuals using internet as a information and communication technology. Moreover, we use control variables, such as the gross fixed capital formation, total labor participation rate, trade openness, and foreign direct investment.

Keywords: Panel Data, Economic Growth, Internet

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