Telecommunications & Economic Growth

Economic Qualification of the Impact of Telecommunications on Development

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Agenda

- Objectives
- Background
- Research Methodology
- Implications / Conclusions

Objectives: Drivers of Growth

Explore the Link between

Macro-Economic & Telecommunications

Telecommunications & Growth Correlations

- Jipp’s Observations
- Southern African Study
- Seven East Asian Countries
- World Bank Analysis
Teledensity versus GDP

Comparison of Teledensity & GDP / Capita

$0
$5,000
$10,000
$15,000
$20,000
$25,000
$30,000
$35,000

0%
10%
20%
30%
40%
50%
60%
70%

GDP / Capita

Teledensity

Source: ITU data, 1991

Southern African Results

Country Comparisons: Ln of GDP versus Ln of DELs

East Asian Economics

GDP vs. DEL vs. Tele investment

Growth in DEL
Growth in DEL/GDP

World Bank Study

- World Bank Study
  - Education Significant Driver
- Regression Results
  - Growth of GDP versus Education & Investment Variables

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World Bank Study

Objectives
Background
Research Methodology

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Literature Review

Macro-Economic Data Analysis

Methodology

A Strong Statistical Relationship Exists
Recent Literature Suggests Causality

Methodology: World Bank

Cross-Economies
Variables:
  - Investment,
  - Population
  - RGDP &
  - Education
  - Telecommunications

Methodology: Modified Results

Telecom Significant Driver

Results:
  - Telephone Variable Added
    - Significant at the .05 level
  - Education Variable Replaced
    - Significant at the .01 level

Conclusions / Implications

A Positive Relationship Exists

Empirical Results Confirmed
Others' Results Confirmed
Magnitude Varies
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Why?

- Jipp’s Technique - too simple
- Developed Economies - complicate to measure
- Telecommunications Investment Fluctuations

Conclusion / Implications

- Rejection of Jipp’s observation
  - Negative Correlation
  - Too Simple
- Further Research Plan

Further Research

- Expand of the Time Series
- Comprehensive Result

Conclusions / Implications

- Cross-Economies Analyses
- Inclusion of Telecommunications

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