

KRISZTINA SOREG

University of Sopron, Alexandre Lamfalussy Faculty of Economics, Hungary

PATTERNS OF ECONOMIC GROWTH IN DEPENDENT MARKET ECONOMIES: THE CASE OF CENTRAL EASTERN EUROPE

Abstract:

The development pattern of certain Central Eastern European Countries has always represented a special case within Europe's overall economic growth as well as social progress. Current paper examines the main growth tendencies of the so-called dependent market economies (DMEs) and also provides an extended definition for latter model. In frames of the comparative analysis, the research is based on investigating the relationship between the presence and activity of TNCs and MNCs through their FDI inflow contribution to the destination countries, the performance of the main investor economies and trading countries and also the GDP growth of the DMEs. According to the evidence, in certain countries – e.g. Hungary – a dual economic structure has emerged strongly relying on the multinational sector successfully being integrated into the world economy and a weak domestic sector that is in most cases, not capable of selling its goods and services in a global market. The lack of high value added production and the constant reliance on cheap labour force may further deepen the diverging tendency compared to the developed economies. Our main hypothesis assumes that integrated peripheries – due to certain asymmetric interdependencies – are not likely to produce significant long-term economic convergence to the centre economies with the current conditions of global capitalism and a strongly FDI based growth path they have developed.

Keywords:

Dependent market economies, economic growth, development economics, Central Eastern European Countries, varieties of capitalism

JEL Classification: F10, O11, P12