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SHADES OF RED AND BLUE: POLITICAL IDEOLOGY AND SUSTAINABLE DEVELOPMENT

Abstract:

The purpose of this paper is to study the effect of political ideology on sustainable development. The value of doing this is two-fold. First, in the face of important social challenges, ranging from climate change to aging populations, the question of sustainable development has become a top priority for many observers and policy makers. Second, sustainability is intrinsically linked to issues of governance.

Thus, we study the effect of political ideology on sustainable development, measured as investment in genuine wealth, in a dynamic panel of 79 countries between 1981 and 2013. We find that a switch from a left-wing or centrist government to a right-wing government has a robust positive and statistically significant effect on investment in genuine wealth. We find no evidence of opportunistic cycles in these investments.

Keywords:

Sustainable development, Political ideology; Genuine investment.

JEL Classification: C23, D72, I31