

Tenga en cuenta

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The empirical literature about economic growth has usually ignored spatial interdependence among

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countries. This paper uses spatial econometrics to estimate a growth model that includes cross-country interdependence, in which a country's economic growth depends on the growth rate of its neighbors. Based on a sample of 98 countries over three decades (1965-75, 1975-85, 1985-95) we find that spatial relationships across countries are quite relevant. A country's economic growth is indeed affected by the performance of its neighbors and then influenced by its own geographical position. This result suggests that the spillover effects among countries are important for growth. Our results indicate that spatial interrelation can not be ignored in the analysis of economic growth. Ignoring such relationships can result in model misspecification.