

# IMPACTS OF POLITICAL INSTABILITY (PI) ON GDP IN MADAGASCAR

## Background

**Fosu (2009):** Pls decreases the growth rate of Gross Domestic Product (GDP) (29 countries)

**Alesina and Öster (1996):** decrease in economic growth is related to high propensity of PI (113 countries)

**Question:** What are the impacts of Pls in GDP?

## Hypothesis

GDP is negatively correlated to PI

**Aim:** Determine the significance impacts of PI in economy

## Definition

**PI:** situation, activities, or patterns of political behavior that threaten to change or actually change the political system in a non-traditional way, regular and irregular government transfers revolutions, *coups, d'Etat*, civil wars and political assassinations, [1] and [2]

**GDP or Gross Domestic Product:** the total value of goods and services produced by all resident producer

## Data and methods

- Data are from World bank (<https://donnees.banquemondiale.org>), Gross Domestic Product (GDP)
- **Still investigate about the method:** linear model `lm()` or general linear model `glm()` or generalized additive model (`gam`)

## Preliminary results

GDP decreases during PI

## References

- [1] Kwabena Gyimah-Brempong & Thomas L. Traynor (1996) Political instability and savings in less developed countries: Evidence from Sub-Saharan Africa, *The Journal of Development Studies*, 32:5, 695-714, DOI: 10.1080/00220389608422436
- [2] Nauro F. Campos and Jeffrey B. Nugent (2000) *Who is Afraid of Political Instability?* Working Paper Number 326
- [3] Fosu, A. K. (2004). Mapping Growth into Economic Development: Has Elite Political Instability Mattered in Sub-Saharan Africa?. *American Journal of Economics and Sociology*, 63(5), 1173-1192.
- [4] Alesina, Alberto, Sule Ozler, Nouriel Roubini, and Phillip Swagel. 1996. Political instability and economic growth. *Journal of Economic Growth* 1(2): 189-211.

