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Trade of ICT Products, Government, and Economic Growth: Evidence from East Asia-Pacific Region

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Abstract

This study explores the effect of trade of Information Communications Technology (ICT) products and government's role, measured by three factors: Control of corruption, Government effectiveness, and Administrative tax level, on raising the economy across the East Asia-Pacific region. Secondary data were collected from the World Bank database of 21 countries over 12 years from 2006 to 2017. Applying the Panel corrected standard error model and running a robustness check based on the Dynamic panel data method, this research found that the exported ICT products, control of corruption, and government effectiveness could increase the economic income of a country in the region. The paper also provided the evidence indicating that the imported ICT products and the Administrative tax level are two harmful factors for economic growth. The major finding confirmed the useful contribution on improving government quality and its economy. First, improving the economy of a country always poses various challenges to its government. During the past decades, although much of the literature confirmed that exporting ICT products could promote an economy, very few studies investigated the role of Administrative tax level and the Government effectiveness. Second, there are only a few studies exploring the capability of government and the economic growth in the Asia-Pacific region.

Keywords: ICT Products, Government's Role, GDP Per Capita

JEL Classification Code: F10, O40, O53

1. Introduction

The ICT products are, by definition, information and communication technology goods, which include computers and peripheral equipment, communication, consumer electronic tools, electronic components, as well as other information and technological goods.

The level of technological progress and economic growth have been discussed for a long time in the related studies. This 'ICT products' variable also plays a key (determining) role in creating economic growth (Link & Siegel, 2003). Exporting ICT products was considered a motivating factor in increasing the GDP per capita of OECD countries (Falk, 2009). As for developing countries, the change of their economic structures from agriculture into manufacturing technological export also allowed for a greater opportunity to grow their economies (Srholec, 2007). Presently, Asian countries' GDP per capita is still below the global average. Throughout the past three decades, however, the growth in income has varied nation by nation. Lee and Hong (2010) wondered that in the future, how the technological level would contribute to the Asian economies.

The reason for the article to choose the Asia-Pacific region is that this area is one of the main drivers of the global economy, with its countries' own economies facing numerous challenges to implement policies (Akhtar, Hahm & Malik, 2018). As there have been few arguments in the past that actually shed light on this region, the paper tries to

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