Comparison between the conditional β and σ convergence in selected MENA countries and Members of OECD

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Abstract
Convergence hypothesis as a result of the neoclassical growth model, suggests that developing countries have a higher growth rate compared with developed countries and are able to reduce the earnings gap between themselves and developed countries. In this article, using real per capita income variable, β and σ convergence process has been tested in selected countries of Middle East and North Africa over the period of 1980-2008 and also in members of Organization for Economic Co-operation and Development over the period of 1970-2009. Based on the results, β and σ convergence have been validated in both groups of countries. This research also showed that human and physical capitals have a positive and significant effect on the speed of income convergence in aforementioned countries. Based on findings, due to their homogeneity, the speed of convergence is higher in the members of Organization for Economic Co-operation and Development in achieving a stable equilibrium level. Since based on obtained results, human and physical capitals in low-income economies are stronger than high-income economies, so the presence of numerous structural factors that act as a growth brake could be the reason for MENA countries' convergence towards low-level equilibrium trap.

Keywords: "Economic Growth, Beta Convergence, Sigma Convergence, Speed of Convergence, Panel Data, MENA Countries and OECD Countries"