

The impact of economic freedom on market prices in the Visegrad Group countries

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Abstract

The aim of the paper is to present the empirical analysis of impact of economic freedom on market price of basic food products in the Visegrad Group countries. The relationship between the variables has been tested via correlation and panel analysis. The results indicate that economic freedom is not one-dimensional, so that its elements have a different impact on various food products. Although the concept of economic freedom is not new in economic theory, its indicators are, so it is important to have more studies on this topic in order to determine the influence of different aspects of economic freedom to various (micro)economic categories.

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1. Introduction

The Visegrad Group countries – Czech Republic, Hungary, Poland and Slovakia, so-called V4, are former socialist countries that transited from centrally planned economies to market economies.

They are all full European Union (EU) members since 2004. All these processes have caused several changes in the field of agriculture. In this paper I want to investigate, did it (if it did), and in what extent, economic freedom had influence to prices of some basic food products.

Economic freedom is innovative indicator of the level of economic liberalization, attempt to quantify what is qualitatively expressed in purpose of measuring its impact. Several studies, which have included V4 group, have examined the impacts of economic freedom in different transition counties (Pääkkönen, 2009; Próchniak, 2011; Piątek, Szarzec and Pilc, 2013; Kovačević and Borovič, 2014). However, all these studies were mostly focused on impact or causality of economic freedom on macroeconomic indicators-economic growth, the level of GDP, productivity, etc. The examination of the impact of economic freedom on the microeconomic indicators was not the subject matter, so this paper has a scientific contribution to that topic.

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