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The Relationship Between Foreign Trade, Productivity and Economic Growth: Case Study of Turkey's Manufacturing Industry

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ABSTRACT

This study investigates relationships among export and import of manufacturing industry, economic growth, and productivity growth per worked hours in manufacturing industry by using two different VAR systems, variance decomposition, and impulse response analysis. According to the results from VAR systems, there are unidirectional causality relationships from export to import and economic growth, also from import to productivity growth. Furthermore, it is determined bidirectional causality relationships between import and economic growth, economic growth and productivity growth, export and productivity growth. Results of the study support export promotion industrialization and endogenous growth theories.

KEYWORDS Export and Import of Manufacturing Industry; Productivity; Economic Growth; VAR Analysis
JEL C32, F43, O47