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Thirlwall Kanununun Yükselen Piyasa Ekonomileri Açısından Geçerliliği: Dinamik Panel Veri Analizi / The Validity of Thirlwall's Law For Emerging Markets: Panel Data Analysis

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ABSTRACT

Thirlwall's Law, which takes place on the basis of the theory of Keynesian, is a demand-side, exports and imports driven model. In Thirlwall's model, it's argued that the differences of country's growth rate resulted from the country's growth differences in aggregate demand. In an open economy, the main factors restricting the economic growth is a balance of payment. The purpose of this study is to analyse the validity of Thirlwall's Law for emerging markets which is called "Big Ten" between the years 1998-2014. The empirical model using panel data analysis, primarily the heterogeneity of variables were investigated by delta test and then the cross section dependency is examined by the CADF test. Also, stability of the series have been tested with the second-generation unit root tests. After the existence of the cointegration relationship between the series, long term regression parameters were examined by Common Correlated Effects Model. According to the empirical results, Thirlwall's Law is not applicable for subject countries.

KEYWORDS Emerging Markets; Thirlwall's Law; Panel Unitroot Test; Panel Cointegration Test; Common Correlated Effects Model

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