

ECONOMIC GROWTH CENTER

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EXPORT INSTABILITY, INVESTMENT AND ECONOMIC GROWTH IN
ASIAN COUNTRIES: A TIME SERIES ANALYSIS

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Note: Center Discussion Papers are preliminary materials circulated to stimulate discussions and critical comments.

ABSTRACT

In this study, we look at the relationship between export stability, investment and economic growth in nine Asian countries using time series data. The few previous time series studies in this area have not paid any attention to stationarity and cointegration issues. We find that in most cases, the variables are non-stationary in their levels and not cointegrated. These results raise serious doubts about the results of these studies. The results are not uniform across countries casting doubts about the validity of the numerous cross-section studies. For Japan, Malaysia, Philippines and Sri Lanka, we find a negative relationship between export instability and economic growth. For (South) Korea, Myanmar, Pakistan and Thailand, we find a positive relationship between the two variables. For India, we get mixed results. In most cases, economic growth is found to be positively associated with domestic investment.

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