

Reel Döviz Kurunda Eksik Değerlenme ve Ekonomik Büyüme İlişkisi: Ülke Gelir Gruplarına Göre Bir Analiz

Real Exchange Rate Undervaluation and Economic Growth Relationship: An Analysis by Country Income Groups

Prof. Dr. Ahmet İncekara (Istanbul University, Turkey)

Ph.D. Candidate Abdullah Şuhan Gürbüz (Istanbul University, Turkey)

Abstract

Despite a vast amount of literature on the relationship between the undervaluation of the real exchange rate and economic growth, a definite consensus has not been reached yet due to some differences in approaches. However, with all these differences in approaches, it is suggested in the relevant literature that a more competitive currency in developing economies has a positive effect on economic growth. In this study, the effect of undervaluation of real exchange rate on economic growth was examined separately for high income, upper middle income and lower middle-income countries in the period of 1980-2019 for 81 countries. According to the results obtained from the study in which the dynamic panel data analysis method was used, the undervaluation and economic growth relationship was found to be statistically and economically significant only for the upper middle income country group. According to the results of the analysis a %10 loss of value in the domestic currency in upper middle-income countries increases the economic growth by 0,0049 percentage points.

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