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Is there an export or import-led productivity growth in rapidly developing Asian countries? a multivariate VAR analysis

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productivity growth in India, Indonesia, Malaysia, Philippines, Singapore and Taiwan. In addition, the results indicate that imports tend to have greater positive impact on productivity growth in the long run.

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We would like to thank J. Thampapillai and Shigeyuki Abe for their helpful comments.

Notes

See Rodriguez and Rodrik (1999) for a discussion of the weakness of the various openness measures used in the empirical studies on openness and economic growth.

Other indices used in most studies on openness and productivity growth are World Development Report Outward Orientation Index, Average Black Market Premium, Average Import Tariff on Manufacturing, Wolf's Index of Import Distortions, Average Coverage of Non Tariff Barrier, etc.

The price index is constructed using the Laspeyres index. It is not possible to use the Paasche index because of the lack of data on the current period prices.

Total factor productivity is measured using the growth rate of the output per worker. However, the data on the output per worker is not available for most of the countries in the sample.

Since the data on the output per worker is not available for most of the countries in the sample, the study uses the growth rate of the output per worker of financial services as a proxy for the growth rate of the output per worker. The unbundling of financial services is used as a proxy for the growth rate of the output per worker.

In Luintel and Masih (1996) have studied the causal effect of the output per worker and Masih (1996) have studied the effect of the output per worker on the growth rate of the output per worker. The sample in the study is comparable to most time series studies related to economic

growth. In addition, most of the output and employment data for the Asian countries are only available from the 1960s and hence all available information is used in the current study.

We can perform three different types of causality test depending on the source of causality. The standard Granger causality test is a joint test on the significance of the short-term lagged difference variables. One could also perform a test of the statistical significance of the lagged cointegrating vector and the error correction term (Luintel and Khan, [1999](#)). This is a test of weak exogeneity. The other test of causality is a strong exogeneity test and is undertaken in the current study; this places greater restrictions on the test for causality.

The strong exogeneity test is only conducted jointly with the lagged difference variables (θ_{ij}) and coefficient of the error correction term (α_{ij}).

The magnitude of the cointegrating vectors will change with the normalizing variable, but the statistical significance will not change with normalization.

The different hypotheses concerning α and β have been discussed at length in Johansen and Juselius ([1990](#)) and in Johansen ([1991](#)).

When $r = 1$, the test statistic follows χ^2 with one degree of freedom.



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