THEIMPACT OF INTERNATIONAL CAPITALMOVEMENTON ECONOMICGROWTHOFDEVELOPINGCOUNTRIES: PANEL DATA ANALYSIS

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In recent years, with the increasing globalization, the volume of international free trade has been greatly increased and international capital movements have contributed to this increase to a considerable extent. Today, developing countries are in intense competition to attract international capital to their own countries. Especially after 1980, as a result of the economic liberalization trends in the world, this competition has been increased even more. In empirical studies, it is stated that the effect of capital movements on economic growth may differ from country to country. The purpose of this study is to examine the effects of foreign capital movements on macroeconomic variables in developing countries. Developing countries are seeking a solution to the high growth rate and the financing of development seen to use their preferences in terms of external debt, foreign capital alternatives and foreign capital. Foreign capital flows affect the macroeconomic conditions of the country, such as growth, investment, exchange rate, interest rate, banking, savings and the volume of consumption in countries. This study aims to analyze the foreign capital flows on economic growth in developing countries by using panel data analysis for the period 1980-2017. As a result of the analysis, the effect of short-term capital investments on economic growth was found to be negative, consistent with the theoretical and empirical literature, while the impact of foreign direct investments and portfolio investment on economic growth was positive.

KeyWords - CapitalMovement, EconomicGrowth, Panel Data Analysis