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ENERGY-GROWTH HYPOTHESIS IN G20 COUNTRIES: PANEL COINTEGRATION ANALYSIS

Abstract:

This paper empirically investigates the relationship between energy consumption and economic growth for a panel of G20 countries over the period 1990-2015. For this purpose, the paper considers the panel cointegration and panel vector error correction model. Panel cointegration test set out a long-run equilibrium relationship. Long-run relationship is estimated using a Fully Modified OLS (FMOLS) and Dynamic OLS (DOLS). The results show that causality run from energy consumption to GDP. It is indicates that "growth hypothesis" is valid for G20 countries.

Keywords:

Energy consumption, economic growth, cointegration, Granger causality

JEL Classification: O49, Q41, C23

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