

Volume 29, Issue 4**Research Announcement****Income convergence in latin america in a smooth transition autoregressive framework: evidence from brazil, mexico, chile and costa rica**

Ahmet Ozyigit
Near East University

Abstract

This study investigates the income convergence hypothesis between Mexico, Brazil, Chile and Costa Rica using a unit root test developed by Kapetanios, Shin and Snell (2003) (KSS) which tests the joint null hypothesis of linearity and a unit root against a nonlinear stationary process. In a Smooth Transition Autoregressive (STAR) framework, this study shows that the income gaps of Brazil, Chile and Costa Rica with respect to Mexico are nonlinear but stationary with significant trend effect, implying the Latin countries have not achieved a long-run steady state with respect to income convergence, but rather, are catching up with Mexico.

Completed draft available on request from:

Ahmet Ozyigit
Near East University
aozyigit@neu.edu.tr
143 Bedrettin Demirel Avenue, Kumsal
Nicosia, Mersin 10, Turkey
+90 533 882 8000(Phone)

Citation: Ahmet Ozyigit, (2009) "Income convergence in latin america in a smooth transition autoregressive framework: evidence from brazil, mexico, chile and costa rica", *Economics Bulletin*, Vol. 29 no.4 p.A30.

Submitted: December 17, 2009 **Published:** December 18, 2009.

URL: <http://www.accessecon.com/pubs/EB/2009/Volume29/EB-09-V29-I4-A30.pdf>