

Income Divergence? Evidence of Non–linearity in the East Asian Economies

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Abstract

This study examines the issue of income convergence in the East–Asian economies from the non–linear point of view. It is shown in this study that the income gaps between Japan and the rest of the East–Asian economies exhibit nonlinearities. It is further shown that after taking non–linearity into consideration, China, Indonesia, Malaysia, Thailand and the Philippines exhibit divergence behaviour with respect to Japan’s income, whereas Hong Kong, Korea, Taiwan and Singapore show otherwise.

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