THE LINK BETWEEN ECONOMIC FREEDOM AND FOREIGN DIRECT INVESTMENT: EVIDENCE FROM EMERGING MARKETS

MUSTAFA CUNEYTOZSAHIN

Assistant Prof. NecmettinErbakan University, Konya/Turkey

There is a vast literature that underlines the relationship between economic freedom and foreign direct investment. Liberal theorists dating back to Adam Smith have emphasized economic freedom as an important factor for economic welfare. Moreover, there is a good number of causal paths that account for the relationship between economic freedom and foreign direct investment. This study investigates the relationship between economic freedom and foreign direct investment for selected emerging markets between 1996 and 2010. To this end, an empirical analysis is conducted following the theoretical literature review. Using dynamic panel data models, this study aims to explore the link between economic freedom and foreign direct investment in selected emerging markets.