

STRUCTURAL BREAK, NONLINEARITY AND THE HYSTERESIS HYPOTHESIS: EVIDENCE FROM NEW UNIT ROOT TESTS

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We have checked whether there exists hysteresis hypothesis in 25 OECD countries covering the period from September, 1983 to September, 2013 by using the unit root test which includes nonlinearity and structural break in their testing process. In particular, LNV test proposed by Leybourne, Newbold and Vougas (1998), EG test developed by Enders and Granger (1998), the nonlinear KSS unit root test of Kapetanios et al., (2003), Sollis' (2009) test, combined KSS-LNV test developed by Omay and Yildirim (2014), combined LNV-Sollis test by Omay et al (2017), modified unit root test with Fractional Frequency Flexible Fourier Form by Omay (2015) and EST test by Coraký et al., (2017).