

## **Globalisation, Financialisation and Structural Domestic Conditions: endogenous thresholds for premature deindustrialisation?**

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### **Abstract:**

We investigate the pattern and causes of premature deindustrialisation (PD) for a large panel of advanced (AE), emerging (EME) and developing (DE) economies during the recent decades. The recent literature often employs conventional fixed-effects panel data estimation procedures to estimate and test the postulated hump-shaped relationship between manufacturing value-added share in GDP and real per-capita GDP. The literature, however, often ignores the roles of international financial integration (de facto financial globalisation and de jure financial openness), capital flows and their main components, financial depth and development along with other some important structural domestic conditions including trade openness and exchange rate regimes on premature deindustrialisation. This study analyses these crucially important issues not only by employing the conventional procedures but also the recent methods allowing to estimate endogenous thresholds for the determinants of industrialisation. To this end, we investigate whether globalisation, financialisation and the other structural domestic conditions provide endogenous thresholds for the processes of industrialisation and premature deindustrialisation for our samples of AE, EME and DE.

**Keywords:** Developing Economies, Dutch disease, Emerging Market Economies, Financialisation, Globalisation, Growth, Industrial Policy, Premature Deindustrialisation

**JEL Codes:** L60, O10, O14