An Estimation of the Consumption Function Under the Permanent Income Hypothesis: The Case of D-8 Countries

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This study examines the consumption function formed on the permanent income hypothesis. It covers eight countries that are member to the Organization of Islamic Cooperation (D-8) based on the annual data from 1980 to 2010. The model employed in this study takes into consideration both the adaptive expectations model and a combination of the partial adjustment model and the adaptive expectations model. The techniques used in time series analysis have been utilized as econometric models. Empirical results include evidences supporting the consumption function formed in accordance with the permanent income hypothesis and the adaptive expectations model.

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