Araştırma Makalesi

The Impact of Political Risk on Economic Growth in BRICS-T Countries: Quantile on Quantile Approach

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Abstract: Economic growth means the increase in the amount of goods and services produced over time. It is one of the most important macroeconomic indicators used in comparing countries with each other. Although the different types of regimes applied by countries are perceived as the main reason for the differences in their economic growth, studies have not been able to explain this situation in a conclusive way. This result has led researchers to search for new variables that may affect economic growth. Political risk arises from uncertainties in relations arising in the political, social, and economic environment. These uncertainties directly affect the economic structures of countries. The aim of the study is to reveal the relationship between the political risks of BRICS-T (Brazil, Russia, India, China, South Africa and Turkey) countries and their economic growth rates in detail using the quantile-on-quantile regression approach. According to the findings of the study, the political risk index for BRICS-T countries usually weakens the economic growth rates of countries. It is seen that political risk has a negative effect on economic growth in small values of economic growth. In high values of economic growth, while small values of political risk do not have a negative effect on economic growth, it is seen that economic growth is weakly affected in regions where political risk is high.

Anahtar Kelimeler: Economic Growth, Political Risk Index, Quantile On Quantile Regression
Jel Kodları: B22, C14, O47

BRICS-T Ülkelerinde Politik Riskin Ekonomik Büyümeye Etkisi: Kantil-Kantil Regresyon Yaklaşımı

Öz: Ekonomik büyüme, zaman içinde üretilen mal ve hizmet miktarındaki artış anlamına gelir. Ülkelerin birbirleriyle karşılaştırılmasında kullanılan en önemli makroekonomik göstergelerden biridir. Ülkelerin uyguladıkları farklı rejim türleri, ekonomik büyümelerindeki farklılıkların temel nedeni olarak algılansa da yapılan çalışmalar bu durumu kesin bir şekilde açıklayamamıştır. Bu sonuç, araştırmacıları ekonomik büyümeyi etkileyebilecek yeni değişkenler aramaya yöneltmiştir. Politik risk, politik, sosyal ve ekonomik çevrede ortaya çıkan ilişkilerdeki belirsizliklerden kaynaklanmaktadır. Bu belirsizlikler ülkelerin ekonomik yapılarını doğrudan etkilemektedir. Çalışmanın amacı BRICS-T (Brezilya, Rusya, Hindistan, Çin, Güney Afrika ve Türkiye) ülkelerinin politik riskleri ile ekonomik büyüme oranları arasındaki ilişkiyi kantil-kantil regresyon yaklaşımını kullanarak detaylı bir şekilde ortaya koymaktır. Çalışmanın bulgularına göre BRICS-T ülkeleri için politik risk endeksi genellikle ülkelerin ekonomik büyüme oranlarını zayıflatmaktadır. Ekonomik büyümenin küçük değerlerinde politik riskin ekonomik büyüme üzerinde negatif bir etkiye sahip olduğu görülmektedir. Ekonomik büyümenin yüksek değerlerinde politik riskin küçük değerleri ekonomik büyüme üzerinde negatif bir etki yaratmazken, politik riskin yüksek olduğu bölgelerde ekonomik büyümenin zayıf bir şekilde etkilendiği görülmektedir.

Keywords: Ekonomik Büyüme, Politik Risk Endeksi, Kantil-Kantil Regresyon
Jel Codes: B22, C14, O47

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1. Introduction

Economic growth refers to an increase in the amount of goods and services produced over time. This increase is closely related to the increase in investments of money, that is, the increase in money spent by consumers. If the consumer spends more, it also means the production increases to meet the demand. As the wants of individuals, companies, governments, or consumers in foreign countries towards a country's products will increase demand, production will increase, and the economy will grow. Economic growth is usually measured by gross domestic product. If per capita income in a country increase compared to the previous year, the country's economy is considered to be growing.

Economic growth is one of the most important macroeconomic indicators used to compare countries with each other. In particular, it is a topic that developing countries constantly keep on their agenda. Countries want to keep economic growth at a certain rate, either with household spending of their citizens, exports higher than imports, or public investment. In addition, the variables affecting these factors are of interest. In other words, it is crucial to determine and focus on the variables that actually affect economic growth. The effect of several variables on economic growth has been investigated in the studies. Recently, it has been thought that risk premiums, especially for countries, have an impact on economic growth. Although the different types of regimes implemented by developed and developing countries are perceived as the main reason for the difference in economic growth of these countries, studies have not been able to explain the situation exactly. This outcome, in turn, has led scientists to be in search for political variables that can affect economic growth (Gerring et al., 2005, p.323).

The beginning of the study of political risk in economic research dates back to the late twentieth century. The fact that developing countries decided to be the rightful owner of the assets and revenues of investors through widespread nationalization policies in developing countries as of the 1970s triggered research on the determinants and consequences of political risk (Harms, 2000, p.95). In the 1980s, political risk has become one of the most important issues to be studied. Political risk harms economies by reducing investments in goods and services that would increase economic productivity and thus contribute to economic growth.

Political risk arises from uncertainties in relations arising in the political, social and economic environment. In other words, political risks involve the negative effects that political forces can have in economic life (Loikas, 2003, p.62).

Economic and political decisions taken by political decision makers have a great influence on the formation of political risk. Considering that the public sector and market actors are economic subjects with mutual interactions within today's economic structure, the public sector has great duties in preventing or reducing the risks that may occur in the market.

Based on this idea, this study was discussed in terms of investigating how the rate of economic growth, which has been studied extensively, especially in developing country groups, is affected by political risks and guides politicians.

We used the "Political Risk Index" prepared by PRS Group and retrieved from the "International Country Risk Guide" (ICRG) in the study. The Political Risk Index is comprised of 12 sub-components; internal conflicts, external conflicts, government stability, investment profile, corruption, socio-economic conditions, the influence of the military in the political field, the influence of religion in the political arena, legal regulations, ethnic conflicts, democratic transparency and the quality of bureaucracy. In addition, the political risk index is used as an indicator of political instability.

In the light of this information, the main motivation for our paper can be explained as follows. It is known that studies on macroeconomic indicators have increased especially after the Second World War. Studies examining the relationship of macroeconomic indicators with other variables as well as future estimates are frequently seen in the literature. Economic growth is one of these indicators. Recently, studies on

determining the variables affecting economic growth, which are on the agenda of developing countries, have gained importance. Along with economic growth, many models that include other economic indicators have been created. Nowadays, it is focused on the question of how various risk indices affect macroeconomic indicators. Political risk is one of them. When the studies between risk indices and economic growth are examined, it can be seen that in some cases, risks affect economic growth negatively, in some cases there is no effect, and in some cases positive growth is achieved despite the risk. The main purpose of this study is to reveal this complex relationship between political risk and economic growth. In this respect, it is thought that the analysis technique used in our study will reveal the relationship between variables clearly and in detail. Therefore, the relationship between economic growth and political risk, for which there is no clear information about the direction and intensity of the relationship, is discussed in this study with Quantile on Quantile Regression, which is an effective technique. The countries examined in our study BRICS-T group (Brazil, Russia, India, China, South Africa and Turkey). In the literature, it is thought that the BRICS country group will become one of the important countries of the world in the coming years. Although Turkey due to its proximity to this group if they are not included in this group it was included in the study in many studies. For this reason, we analyzed in our study also includes Turkey. It is fact that economic growth is very important for these countries, especially considering the position that this group of countries can take in the future. In addition, the political risks arising from both the country's governments and different problems are also volatile. The main question of our study here is "how does political risk affect economic growth in BRICS-T countries? how can a possible symmetrical and asymmetrical relationship be revealed?" in the form. With these considerations, it is thought that the study will contribute to the literature when the theme examined in our study, the country group in which the application is performed and the quantitative method used.

The overall aim of this study is to reveal in more detail the impact of political risks on their economic growth for BRICS-T countries. In order to reveal this relationship in detail, instead of traditional time series methods, the Quantile on Quantile Regression (QQR) model developed by Sim and Zhou (2015) was used to analyze the data. The reason for adopting this method is that the direction and degree of impact may not be the same during the period under consideration. Quantile on Quantile Regression analysis establishes a different relationship between each quantile of the series. The QQR model provides detailed results as it examines dependent and independent variables by dividing them into quantities. The QQR model is superior to other models because traditional econometric time series analysis cannot fully explain the heterogeneous relationship between any two variables. With this in mind, our study aims to reveal a clearer relationship between political risk and economic growth. This purpose makes the study important. In addition, the reason why the study is conducted on BRICS-T countries is that this group of countries concentrates on economic growth and they are very sensitive to the items in the political risk index of these countries. It is also important to reveal the relationship between political risk and economic growth in this country group under consideration.

This study is expected to make many contributions to the literature, both because the method produces very successful results and because the topic is up to date. First of all, the study is among the few papers that explore the impact of the political risk index on economic growth. In another respect, the implementation of the application on BRICS and Turkey, which are a group of rapidly developing countries, makes the work even more important. It is believed that in these aspects, the study will contribute to people who work in the areas of political risk and economic growth.

According to the findings of the study, the political risk index for BRICS-T countries usually weakens the economic growth rates of countries. Low political risk and economic growth have a common negative impact on countries, while low political risk have

positive effects on high economic growth. High values of political risk had a weak positive effect on low values of economic growth.

In the following parts of the study, firstly the literature review is included. Next, the model used is explained. Then, we give the features of the political risk index and economic growth rate data of BRICS-T countries. After this section, we add the results of the analysis and finally explain the results of the study and finalize the study by making policy recommendations.

2. Lıterature Review

When the literature, which constitutes the main idea of the study, is examined, we come across many studies dealing with political risks and economic indicators.

Leahy and Whited (1996) indicated in their study that political instability would lead to uncertainty in the country's economy. Chen and Feng (1996) have shown in their study that regime instability, political polarization, and government repression have a negative impact on economic growth. In their studies using data from 113 countries from 1950 to 1982, Alesina et al. (1996) suggested that political instability had a negative impact on the level of economic growth. The study by Alesina and Perotti (1996) shows that political instability creates an uncertain political and economic environment, increasing risks and reducing investment. Bussiere and Mulder (2000) examined the impact of political instability on economic vulnerability and concluded that the inclusion of political variables in economic models increases their ability to explain and predict economic crises. Asteriou and Siriopoulos (2000) examined the relationship between stock market development, political instability and economic growth in Greece, and demonstrated the existence of a strong negative relationship between uncertain socio-political conditions and the general index of the Athens Stock Exchange (ASE). Asteriou and Price (2001) found in their study that political instability in the UK negatively affected economic growth. Kurzman et al. (2002) examined 106 countries in their study and found that political instability negatively affected economic growth. Using panel data analysis, Aisen and Veiga (2006) found that inflation rates are also high in countries with high political instability. Klomp and De Haan (2009) used Panel Data Analysis in their study of 100 countries between 1960 and 2005, which shows that political instability and policy uncertainties lead to economic fluctuations. Schneider at al. (2010) used data from 33 countries covering the period 1996-2008 to empirically explore the links between political risk, business climate and foreign direct investment inflows found that reduced political risk increased FDI inflows. They also revealed that favorable business conditions contributed to the increase in FDI. Aisen and Veiga (2013) used the GMM estimator for dynamic panel data models in their study covering 169 countries to determine the impact of political instability on economic growth and stated that political instability had a negative relationship with GDP per capita between 1960 and 2004. Gurgul and Lach (2013) have identified a negative relationship between political instability and economic growth in Central and Eastern European countries using sensitivity analysis. Uddin et al. (2017) examined 120 developing countries over the 1996-2014 period and identified political stability as the main determinant of economic growth using the dynamic GMM and Quantile regression analyses. In summary, many studies conclude that political instability has negative and statistically significant effects on economic growth (Dotsey and Sarte,2000; Bloom, 2009; Scotti, 2016; Caggiano et al., 2014). In addition, many studies that examine the impact of political instability on economic growth use the methods of horizontal cross section and panel data analyses (Kormendi and Meguire, 1985; Landau, 1986; Barro, 1991; Fosu, 1992; Alesina and Rodrik, 1994; Mauro, 1995; Knack and Keefer, 1995; Alesina and Perotti, 1996; Isham et al., 1997; Easterly and Levine, 1997; Devereux and Wen, 1997; Collier, 1999; Carmignani, 2003; Seonjou and Meernik, 2005; Jong-A-Pin, 2009).

Looking at the literature on the model used, it seems that the QQR model is often used in the study of the relationship between two time series variables (Sim and Zhou,

2015; Bouoiyour et al., 2017; Shahzad et al., 2017; Rawad and Arif, 2018; Raza et al., 2018; Shahbaz et al., 2018; Arif and Khan, 2019; Mishra et al., 2019; Mallick et al., 2019; Sharif et al., 2019; Lin and Su, 2020; Shahzad et al., 2020).

3. Method

Quantile regression analysis has been often used recently to analyze the relationship between any two time series variables. Because quantile regression analysis gives more detailed results than conventional regression analyses. But quantile regression analysis is also insufficient in fully explaining the heterogeneous structure between variables. Here, we need to reveal the relationship between the two variables in more detail. From this point of view, Sim and Zhou (2015) proposed the quantile-on-quantile regression analysis.

The quantile-on-quantile regression approach attempts to better point out the heterogeneous structure in question between variables by dividing the two variables in question into quantiles.

In our study, we look for the form of the relationship between the economic growth of countries and the political risk index and consider economic growth as a function of political risk.

When creating the quantile-on-quantile regression model, the following nonparametric regression equation is formed in accordance with the aim of our study.

$$GDP_t = \beta^{\theta}(PR_t) + \varepsilon_t^{\theta} \tag{1}$$

Here, GDP_t refers to the growth rate of the relevant country at time t, PR_t the value of the political risk index of the relevant country at time t, θ the θ. quantile of the conditional distribution of the GDP variable, and ε_t^{θ} the term error. Here, $\beta^{\theta}(.)$ is a function that we did not know about before and shows the form of the relationship between variables.

In our study, we examine the relationship between the θ. quantile of the economic growth rates of countries and the τ. quantile of the political risk index. Examining the equation (1), when the unknown β function is expanded around PR^{τ} into a first-degree Taylor series, we can get the following equation 2 expression.

$$\beta^{\theta}(PR_t) \approx \beta^{\theta}(PR^{\tau}) + \beta^{\theta'}(PR^{\tau})(PR_t - PR^{\tau}) \tag{2}$$

According to Sim and Zhou's study (2015), $\beta^{\theta}(PR^{\tau})$ and $\beta^{\theta'}(PR^{\tau})$ expressions can be redefined as $\beta_0(\theta,\tau)$ and $\beta_1(\theta,\tau)$, respectively, and thus we get the equation 3.

$$\beta^{\theta}(PR_t) \approx \beta_0(\theta,\tau) + \beta_1(\theta,\tau)(PR_t - PR^{\tau}) \tag{3}$$

If Equation (3) is written instead of Equation (1);

$$GDP_t = \beta_0(\theta,\tau) + \beta_1(\theta,\tau)(PR_t - PR^{\tau}) + \varepsilon_t^{\theta} \tag{4}$$

we get the equation above.

4. Data Set

The study used monthly data from 2001 to 2018 to analyze how political risk indices of countries had an impact on economic growth rates. Economic growth data for the countries we use are obtained from Thomson Reuters Data Stream infrastructure, and political risk indices are obtained from PRS Group. In order to match economic growth data with political risk index data, political risk index and economic growth data have been converted to monthly data. Because while economic growth data can be calculated 3-monthly, political risk index data is calculated in 2-month periods.

Summary statistics about the data used in our study is included in the Table 1 below.

Tablo 1. Summary Statistics

Variable	Country	N	Mean	Min.	Max.	Std. Dev.	Skew.	Kurt.	Jarque -Bera	Prob.
Political Risk Index	Brazil	205	-0,601	-0,694	-0,517	0,038	-0,022	2,649	1,068	0,050
	Russia	205	-0,684	-0,813	-0,579	0,090	-0,270	1,259	28,389	0,000
	India	205	-0,433	-0,532	-0,394	0,029	-1,004	3,748	39,247	0,000
	China	205	-0,646	-0,749	-0,561	0,058	-0,224	1,790	14,210	0,000
	S. Africa	205	-0,519	-0,602	-0,448	0,049	-0,157	1,418	22,198	0,000
	Turkey	205	-0,618	-0,802	-0,453	0,100	-0,036	1,746	13,461	0,001
Economic Growth	Brazil	205	4,604	4,567	4,635	0,016	-0,479	2,648	8,917	0,011
	Russia	205	4,605	4,574	4,649	0,013	0,854	5,081	61,952	0,000
	India	205	4,604	4,579	4,629	0,012	0,128	2,262	5,216	0,043
	China	205	4,605	4,584	4,622	0,008	-0,469	3,086	7,589	0,022
	S. Africa	205	4,605	4,583	4,630	0,010	0,515	3,504	11,253	0,003
	Turkey	205	4,603	4,567	4,635	0,016	-0,479	2,648	8,917	0,011

As can be seen in the Table 1, the largest standard deviation values in our data set of 205 observations are in the economic growth variable and, within this variable, in Brazil and Turkey. In addition, looking at the value of the Jarque-Bera statistics for variables, it is also clear that the data is not normally distributed.

5. Empirical Results

This section includes the results of the quantile-on-quantile regression (QQR) analysis of the relationship between economic growth rate and political risk index for each country discussed. Figure 1 shows the $\beta_1(\theta,\tau)$ coefficient of slope in the various θ and τ values of the relationship between the θ. quantile of the economic growth rates of the countries for the five BRICS countries and Turkey and the τ. quantile of the political risk index.

When Figure 1 is examined in detail, the darkest red color on the color scale shows that the political risk index affects economic growth positively, and the darkest blue color shows that it affects economic growth negatively. Other colors are also rated accordingly.

In Brazil, it is seen that the (0.05-0.20) quantiles of political risk have a weak but negative effect on economic growth. This effect has negatively increased the impact of increasing quantiles of economic growth. In the large area formed by the (0.20-0.65) quantiles of political risk and the (0.05-0.50) quantiles of economic growth, the effect of political risk on economic growth has become more moderate and has been very weak in the negative direction. For the increasing quantiles of economic growth, the (0.20-0.65) quantiles of political risk have had stronger negative effects. It is noted that high quantiles of political risk (0.75-0.95) positively affect the (0.05-0.50) quantiles of economic growth, while the (0.50-0.95) quantiles of economic growth have a stronger negative effect than the (0.75-0.95) quantiles of political risk. The published research backs up these findings (Campos and Nugent, 2002; Fountas and Karanasos, 2022).

In Russia, it is seen that the (0.05-0.25) quantiles of the political risk index have a weak negative effect on the (0.05-0.85) quantiles of economic growth. But it seems that economic growth quantiles (0.85-0.95) react positively to the political risk index quantiles (0.05-0.25). In fact, the positive impact has been the strongest in the largest quantile of economic growth. The (0.05-0.35) quantiles of economic growth gave weak positive reactions to the (0.25-0.65) quantiles of the political risk index, while in the increasing quantiles of economic growth, this reaction seemed to be weak negative. It is observed that the (0.65-0.95) quantiles of the political risk index negatively affect the (0.05-0.35) quantiles of economic growth, but have a very weak positive effect on the (0.35-0.80) quantiles of economic growth. The (0.80-0.95) quantiles of the political risk index appear

to have a strong negative effect on the (0.80-0.95) quantiles of economic growth. Prokopenko (2024) also find results consistent with our findigs.

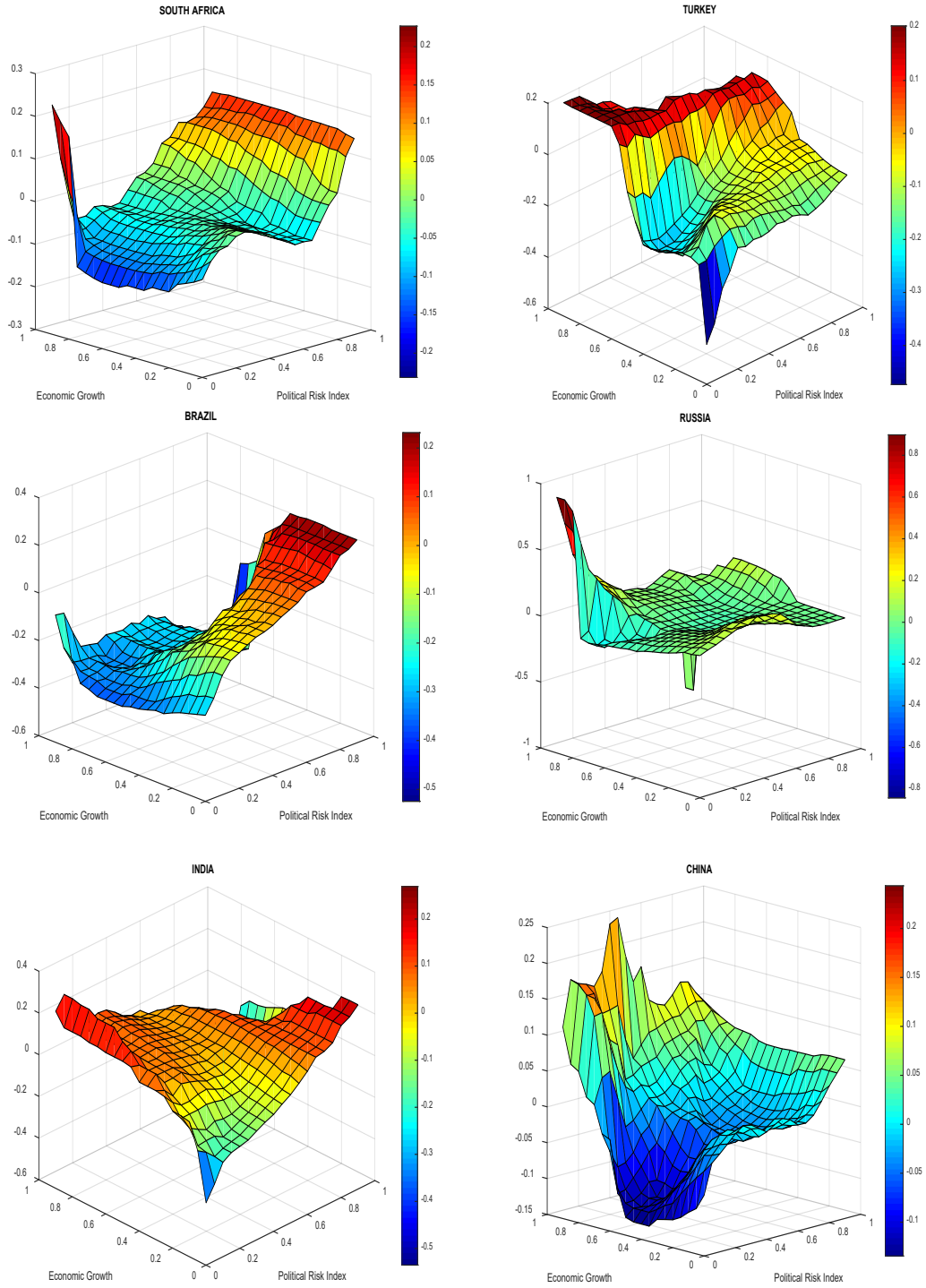

Figure 1. The Impact of the Political Risk Index on Economic Growth

In India, it is seen that the lowest (0.05-0.15) quantiles of political risk have a strong negative effect on the (0.05-0.10) quantiles of economic growth. In the increasing quantiles of economic growth, this effect seems to lose its strength and even the (0.55-0.95) quantiles of economic growth react positively to the (0.05-0.15) quantiles of the political risk index. We notice that the (0.20-0.75) quantiles of the political risk index

usually affect economic growth very poorly, but in the increasing quantiles of economic growth, this effect is positive, albeit weak. Economic growth (0.05-0.35) quantiles give positive reactions to the highest political risk index quantiles (0.75-0.95), while the increasing economic growth quantiles show that this effect is negative. A very strong negative impact occurs in the area formed by the highest quantile of the political risk index and the highest quantile of economic growth. Past research supports these findings as well (Raval and Salvi, 2017; Husnain et al. 2022; Alesina et al. 1996).

In China, it seems that economic growth is usually negatively affected by the political risk index. The weaker negative effect observed in the area between the (0.05-0.45) quantiles of political risk and the (0.05-0.25) quantiles of economic growth has become even stronger in the (0.25-0.75) quantiles of economic growth. In the largest (0.75-0.95) quantiles of economic growth, we see positive effects weaker than all values of political risk. Again, the (0.45-0.95) quantiles of political risk affected the values in the (0.05-0.40) quantiles of economic growth weakly, while affecting the (0.40-0.70) quantiles of economic growth more strongly. The (0.70-0.95) quantiles of economic growth, on the other hand, showed positive but weaker effects than all the quantiles of political risk. These results are matched with the literature (Yu and Wang, 2013; Lheem and Guo, 2004).

In South Africa, it seems that economic growth is often very weakly influenced by political risk. The (0.05-0.15) quantiles of political risk have weak negative effects in small quantiles of economic growth, while the strength of this negative effect has increased in the (0.20-0.85) quantiles of economic growth. At the highest (0.85-0.95) quantiles of economic growth, however, we see positive reactions to political risk. Weak negative effects are evident in the large area, where the (0.15-0.75) political risk index quantiles and all the quantiles of economic growth are located. It is observed that low quantiles of economic growth have weak positive reactions to the (0.75-0.95) quantiles of political risk, and the strength of this effect increases slightly in the increasing quantiles of economic growth. Meyer and Habanabakize (2018) and Dalyop (2019) also find results consistent with our findigs.

In Turkey, it is seen that the (0.05-0.15) quantiles of political risk have a strong negative effect on the (0.05-0.10) quantiles of economic growth. Serious negative effects, albeit weaker, are noticeable in the large area between the (0.05-0.55) quantiles of the political risk index and the (0.05-0.55) quantiles of economic growth. The strength of this effect has been gradually weakened in the increasing quantiles of political risk, and economic growth in very narrow areas has also given positive reactions. It seems that the (0.55-0.75) quantiles of economic growth respond positively to all quantiles in a way that is stronger to the low quantiles of political risk. Again, we observed that the highest (0.75-0.95) quantiles of economic growth continued to respond positively to the low (0.05-0.40) quantiles of political risk, but were strongly negatively affected by the (0.45-0.95) quantiles of political risk. This result corroborates previous research by Şanlısoy and Kök (2013) and Kartal and Öztürk (2017).

In order to test the validity of the QQR method used in the study, we compare the coefficients obtained from the classical quantile regression parameters and the coefficients of quantile on quantile regression.

Figure 2, the coefficients obtained from both quantile regression and quantile on quantile regression analyses for the examined BRICS-T countries show the slope coefficients that measure the impact of political risk index quantiles on economic growth.

Closely examining Figure 2, it appears that quantile on quantile regression analysis produces more precise results primarily for the relevant period. Although the results of quantile regression and quantile on quantile regression follow each other closely for some countries, the lines of quantile-on-quantile regression analysis in general seem to be more descriptive. The reason for this is that quantile on quantile regression analysis reveals more clearly the heterogeneous relationship between the analyzed variables.

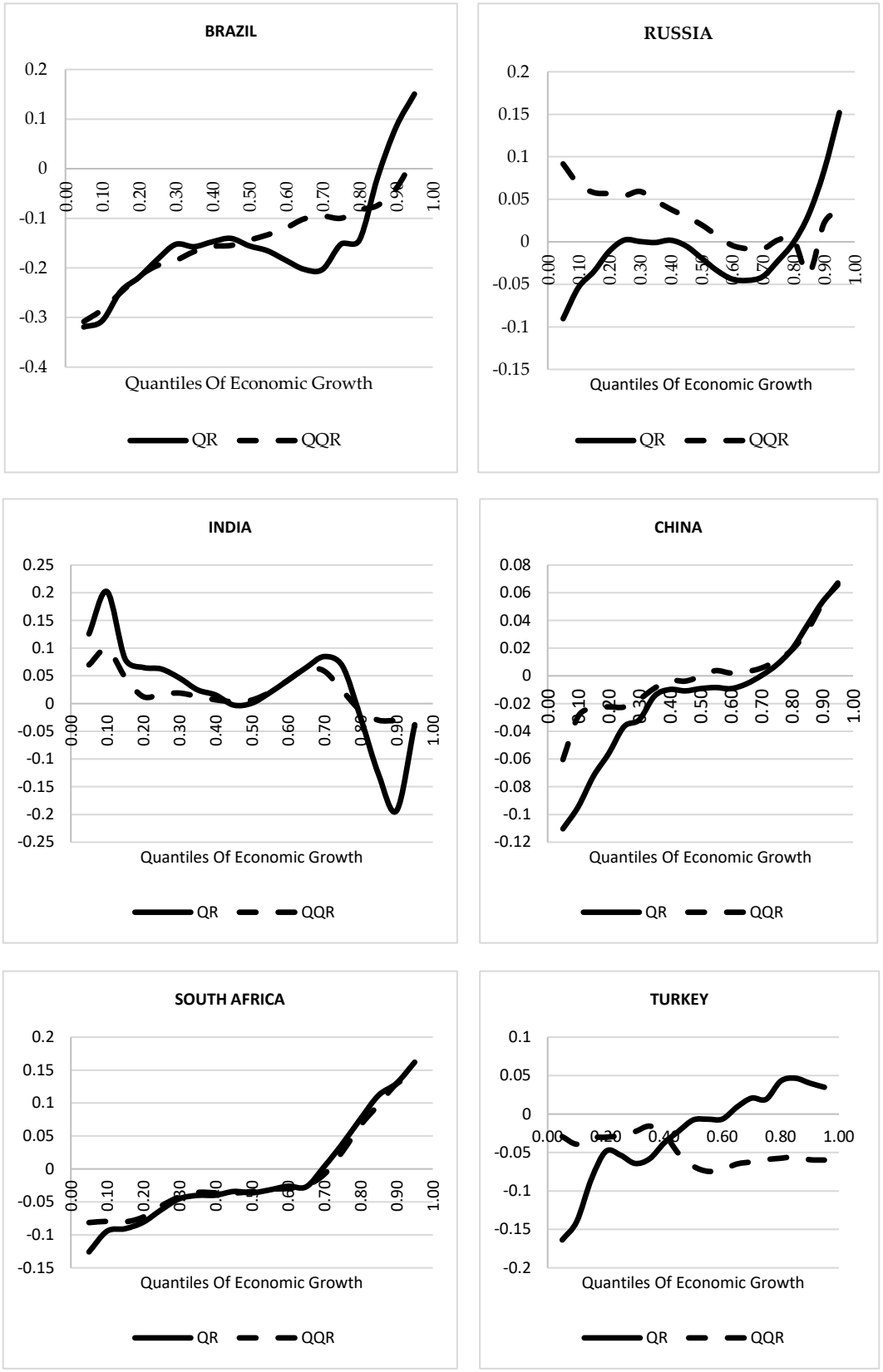

Figure 2. A Comparison of Quantile Regression and QQR Estimates

6. Conclusion

Problems arising from the internal and external dynamics of countries seriously affect the macroeconomic data of the country. This issue becomes even more important, especially in developing countries or countries with fragile economic structures. Internal and external threats of a country will firstly cause high political risk, as well as destabilizing the country. Especially in periods when political risk is high, domestic and foreign investors are not expected to take risks by converting the money in their savings into investments. In parallel, a slowdown in investment will bring about a decrease in exports and an increase in imports. At the same time, this high-risk environment will also push households to save, drawing them away from spending. In addition, public spending will become limited in countries with high public deficits or countries that provide public financing from foreign investors. For all these reasons mentioned, we think that economic growth will also be affected by this situation in unstable environments where political risk is high.

In addition to the BRICS countries, this study examines the expected relationship between the political risk index and the economic growth rate of Turkey in more detail using the quantile-on-quantile regression method.

First of all, the findings reveal a heterogeneous relationship between the political risk index and economic growth in the countries in question. In other words, not every value of economic growth gave the same reaction to every value of the political risk index. The expected strong negative impact on economic growth, especially at high levels of political risk, has not been the same for all countries. In all countries examined, economic growth was generally negatively affected by political risk, while positive effects were observed in smaller areas.

In general, we see that low values of political risk in BRICS-T countries negatively affect low values of economic growth and positively affect high values of economic growth. In other words, if political risk is low during periods of high economic growth, there is a positive reaction in economic growth. Again, high values of political risk have a weak positive effect on low values of economic growth, while having a weak positive effect on high values of economic growth in China and South Africa, and a negative effect in Brazil, Russia, India and Turkey. We understand that high values of political risk often negatively affect economic growth here as well. Even if economic growth is high in Brazil, Russia, India and Turkey, it can be negatively affected by political risk. In other words, we can say that the political risk index in these countries must more closely followed by the economic actors. Because even high economic growth rates have not been able to avoid being negatively affected by political risk. But when China, South Africa and even partly Russia capture high economic growth rates, it seems that economic growth is not so affected by political risk, and even continues to grow. It can be said that in particular, the way foreign investors are located in the country and the export items of countries are important here. Because in countries that are not affected by high political risk with high economic growth, there are either energy exports or established investments in foreign capital.

As a result, when countries can achieve a combination of low political risk and high economic growth, they should not be afraid of the existing political risk. When BRICS-T countries keep their political risks as low as possible, it will be useful for countries to keep this index low, since high values of economic growth usually respond positively to these small policy risks.

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