

The External Debt in the Context of Economic Growth: The Sample of Turkey

Authors : Ayşen Edirneligil, Mehmet Mucuk

Abstract : In developing countries, one of the most important restrictions about the economic growth is the lack of national savings which are supposed to finance the investments. In order to overcome this restriction and achieve the higher rate of economic growth by increasing the level of output, countries choose the external borrowing. However, there is a dispute in the literature over the correlation between external debt and economic growth. The aim of this study is to examine the effects of external debt on Turkish economic growth by using VAR analysis with the quarterly data over the period of 2002:01-2014:04. In this respect, Johansen Cointegration Test, Impulse- Response Function and Variance Decomposition Tests will be used for analyses. Empirical findings show that there is no cointegration in the long run.

Keywords : external debt, economic growth, Turkish economy, time series analysis

Conference Title : ICSS 2015 : International Conference on Social Sciences

Conference Location : Amsterdam, Netherlands

Conference Dates : August 06-07, 2015