

Stability or Instability? Triplet Deficit Analysis In Turkey

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Abstract : This paper aims to review the phenomenon of triplet deficit which is called interaction of budget balance that make up the overall balance of the economy, investment savings balance and current accounts balance in terms of Turkey. In this paper, triplet deficit state in Turkish economy has been analyzed with vector autoregressive model and Granger causality test using data covering the period of 1980-2010. According to VAR results, increase in current accounts is perceived on public sector borrowing requirement. These two variables influence each other bilaterally. Therefore, current accounts increase public deficit, whereas public deficit increases current accounts. It is not possible to mention the existence of a short-term Granger causality between variables at issue.

Keywords : internal and external deficit, stability, triplet deficit, Turkey economy

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