

Trade Policy and Economic Growth of Turkey in Global Economy: New Empirical Evidence

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Abstract : This paper tries to answer to the questions whether or not trade openness cause economic growth and trade policy changes is good for Turkey as a developing country in global economy before and after 1980. We employ Johansen cointegration and Granger causality tests with error correction modelling based on vector autoregressive. Using WDI data from the pre-1980 and the post-1980, we find that trade openness and economic growth are cointegrated in the second term only. Also the results suggest a lack of long-run causality between our two variables. These findings may imply that trade policy of Turkey should concentrate more on extra complementary economic reforms.

Keywords : globalization, trade policy, economic growth, openness, cointegration, Turkey

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