

Current Account Deficit Problem in Turkish Economy: An Application with Selected Macroeconomic Variables

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ABSTRACT

The main goal of the countries that want to increase the prosperity of their citizens is economic growth. As a result of worldwide economic and prosperity growth, consumption and energy usage increased significantly. Insufficiency of the local resources lead the countries to international trade. Growth of international trade and increase of financial transactions made the current account deficit (CAD) problem very important for the countries. Therefore, countries develop policies in order to understand the causes of the CAD and resolve them. Some of the factors that cause the CAD are excessive appreciation of the country's currency, fast economic growth and increase in the imported oil prices. Increase of the CAD as a share of GDP lead economies to currency and/or financial crises by increasing their fragility. Thus, CAD preserves its actuality and significance as a problem for economies. In the last decades, the CAD issue became one of the chronic problems of Turkish economy. In this context, it is seen that Turkish economy adopted the growth with CAD strategy in last 20 years and always have CAD in this period except 1998 and 2001. Along with the contraction of the external conjuncture, Turkey made efforts on reducing the CAD during the post 2010 period. However, at the same time crisis the acceleration of growth is lost due to the influence of the 2008. In this study, the information about the causes of the CAD in Turkey will be identified and the influence degree of the macroeconomic variables will be given as a results of the econometric analysis.

Key words: Current Account Deficit, Economic Growth, Turkish Economy

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