

Trade as Engine of Growth: The Case of Turkey

İbrahim Arslan

Gaziantep University, Turkey

arslan@gantep.edu.tr

İsmail Taş

Tunceli University, Turkey

ismailtas@tunceli.edu.tr

As a result of technological changes in the world, international trade has become very easy in practice and has shown a rapid increase in the volume. The increase in trade volume is closely related to the growth policies implemented by countries. While some of countries applying import substitution policies for economic growth, some of them applying export oriented policies for growth. Both import-led growth hypothesis and export-led growth hypothesis are an important discussion in applied economics. Turkey's economy implemented import substitution growth policies until 1980 then country's economy affected by oil crisis after that stabilization program applied in 24 January 1980. In this respect, the study is divided into two separate parts, which are the years between 1962 and 1981, years between 1982 and 2010. These two groups analyzed and evaluated separately. The main purpose of this study is to investigate relationship between export, import and growth in both periods for Turkey. Dickey Fuller (ADF) tested stationarity of the variables. Granger causality test was applied to test the existence of causality between the variables. As a result of this paper, it is found that causal relationship from import towards economic growth from 1962 to 1981 and casual relationship from export towards economic growth between the years 1982 and 2010.

Keywords: Export-Led Growth, Import-Led Growth, Economic Growth, Trade, Granger Causality Test.