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The Effects of Macroeconomic and Socio-Political Developments on the Long-Term Economic Growth for Turkey, 1950-2015

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ABSTRACT

In order to progress, it is crucial for countries to secure a good quality and sustainable economic growth. Favorable macroeconomic conditions are necessary but not sufficient to sustain such a long term economic performance. In the long run, increase in per capita income can be sustained when macroeconomic advancements are supported by suitable socio-political improvements. In this context, the effects of macroeconomic and socio-political developments on the longterm economic growth are investigated for the multi-party period in Turkey, by using the production function approach. The findings show that improvements in both macroeconomic and socio-political conditions in Turkey have a positive effect on long-term economic growth. In addition, the generalized impulse responses analysis has been carried out to determine short and medium-term effects. This analysis brings socio-political developments along with macroeconomic performance increases but the developments in socio-political structure negatively affect macroeconomic performances. Although there are tradeoffs between macroeconomic and socio-political developments, it is necessary to achieve advancements in both to sustain a long-term economic success.

KEYWORDS Macroeconomic Performance; Socio-political Performance; Economic Growth

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