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Geçiş Ekonomilerinde Bütçe Açığı ve Parasallaşma Boyutu / Budget Deficit and Its Monetization Dimension On Transition Economies

Özge Buzdağı¹, Dilek Özdemir¹, A. Fatih Aydemir¹, Ömer Selçuk Emsen¹, Hüseyin Daştan¹

¹Atatürk University, Turkey

A B S T R A C T

In parallel to the transition process initially attributed to the public understanding of all the activities in the former socialist countries, which initially most of the activities carried out by the public, replace has started to transfer to private sector led policy. With this aspect, institutionalization tendencies have been emerged in both reduction of public and the liberal perspective for providing public balance. In other words, while the main argument of policy is public spending on public revenue equalization; the most crucial dimension of public imbalance is to result of spending more than revenues, the budget deficit occurred. The budget deficit will lead to cause what kinds of problems on economy will determine depends on deficit foundation in which way. According to monetarist approach, the central bank increases the money supply to finance the budget deficit; in other words, deficit monetization may well cause permanent inflation in the economy. In this study, it were subject to whether the budget deficit is determined with inflationary expectations or not and also whether monetization is applied or not. It is clear that monetization is precursor of self-sustaining-persistent inflation. With using panel data technique researcher can reach the satisfied quality of data. In this study, the budget deficit of chosen 16 transition economies between 2003 and 2011 is subject to analysis and the variables is determined such that; budget deficit, money supply, inflation. According to the findings in general in the transition economies has been identified as the monetization of budget deficits

KEYWORDS Budget deficit; monetization; panel data analysis

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