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Politik Konjonktür Dalgalanmaları: Türkiye Uygulaması (1985-2014) / Political Business Cycles: The Case of Turkey (1985-2014)

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ABSTRACT

Political business cycle means that incumbent governments manipulate the economy in direction of their self-interests in order to maximize their votes and re-election chances via enhancing voters' prosperity prior to elections. The aim of this study is to investigate whether such manipulations exist for Turkey in the light of the Political Business Cycles Theories. Using quarterly data from 1985 to 2014 and applying autoregressive integrated moving average (ARIMA) models, we carry out the analysis by focusing on fiscal policy instruments (namely, government spendings, tax incomes, transfer payments, primary balance). Our estimation results find the evidence of political business cycle in Turkey as the fiscal policy instruments under consideration are fluctuated in election periods.

KEYWORDS Politic Fluctuations; Public Policy; ARIMA Model

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