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TITLE: THE EFFECT OF TRADE OPENNESS ON EXTERNAL DEBT IN TURKEY:
AN ECONOMETRICAL ANALYSIS

ABSTRACT

Although there are many studies in literature, on the relation between trade openness and external debt; it is hard to see its examples in Turkey. The aim of this study is to analyze the change in the external debt during with trade openness. In this study, to fit this purpose, firstly the relation between these two variables is handled theoretically, later on; the hypothesis that, there will be an increase in external debt with the increase of trade openness is tested with the method of co-integration.

The study is consisted of three parts in general. The first part includes the conceptual framework and definitions concerning the subject matter of the study. In the second part, the relation between trade openness and external debt is emphasized by dealing with their progress in historical process. And in the third part, the effect of trade openness on external debt in Turkey is analyzed econometrically and the symptoms discovered are interpreted in a theoretical framework.

Keywords: *Trade Openness, External Debt, Co-integration Method, Turkey.*