

ABSTRACT

THE EFFECTS OF FINANCIAL LIBERALIZATION ON TURKISH ECONOMY

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The objective of this study is to examine the changes on Turkish economy caused by financial liberalisation policies that has started to be applied in Turkey since 1980. Financial Liberalisation having begun in 1980 and demonstrated effects more since 1989, has been remarked by two main views and entered into literature. Having collapsed Bretton Woods system, after a short lasting relief period, an economical crisis period occurred. Resolution Formula that was suggested for getting away from the crisis included two opposite policies. One of these policies highlighted that getting rid of this crisis period is only by means of an active role by the state. The other policy advocated that application of the free policies in escaping from the crisis period will be effective. The valid view was the second one that was a liberalisation policy, so the studies demonstrated an improved in this way.

In the first part of the study which consists of 3 different parts in general, explanation and kinds of liberalisation were given and liberalisation theories were mentioned. In the second part the transition process that occurred after the liberalisation took part in Turkish economy was told. In addition, the effects of financial liberalisation in Turkey over the sectoral construction, economic crisis and macro variables were analyzed. In the third part, after financial liberalisation, the rate of improvement and supply of fund were analyzed in an econometric way. The findings provided from the econometric tests were examined in theoretical and literatural perspective.

KEYWORDS: Financial Liberalization, Growth, Capital İnflows, Mckinnon-Shaw Hypothesis.