



CONCEPTUAL PAPER

Effects of Real Exchange Rate on Economic Growth: Evidence From Turkey

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Abstract

Various studies show that the exchange rate is a key variable and not paying attention to its proper management can create problems for the economy of any country. Since there is a strong correlation between economic growth and the real exchange rate, exchange rate policies should be adjusted in a way that does not negatively affect economic growth. The aim of this study is to investigate the relationship between the real exchange rate and economic growth in Turkey for the period 1981-2017. For this purpose, the Cointegration Vector Autoregressive Model has been used. According to the research findings, the real exchange rate has had a negative effect on Turkey's economic growth during the period under study.

Keywords: Real Exchange Rate, Economic Growth, Cointegration Vector Autoregressive Model

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