



Bilkent University

Department of Economics

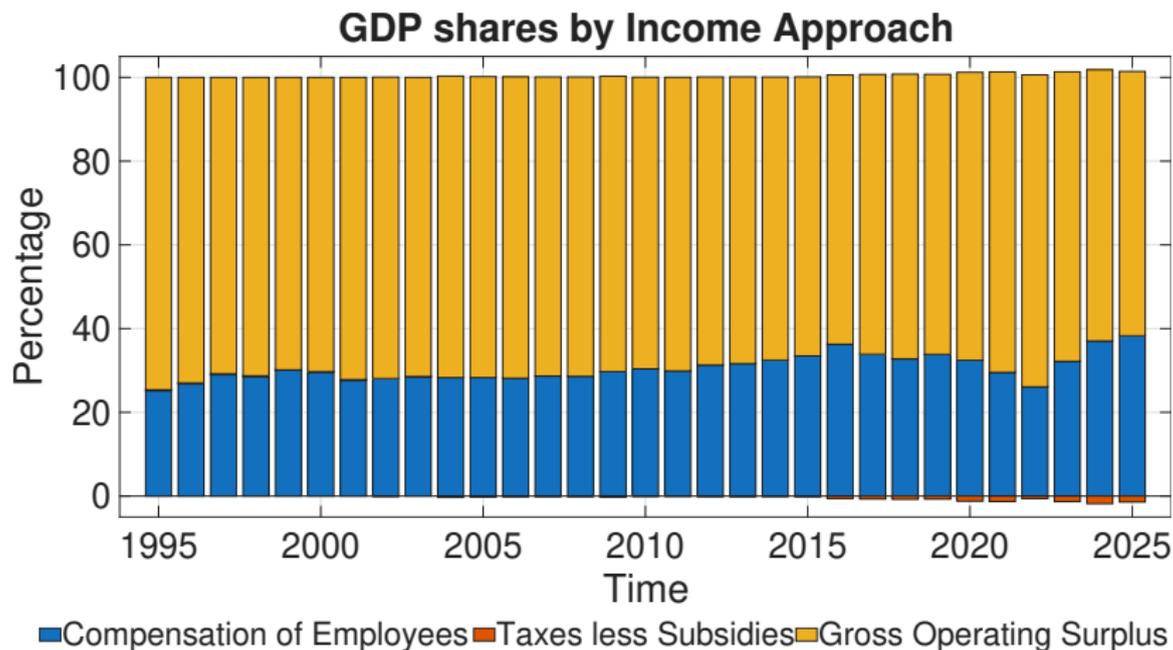
GDP and Balance of Payments

Mahmut S. İpek

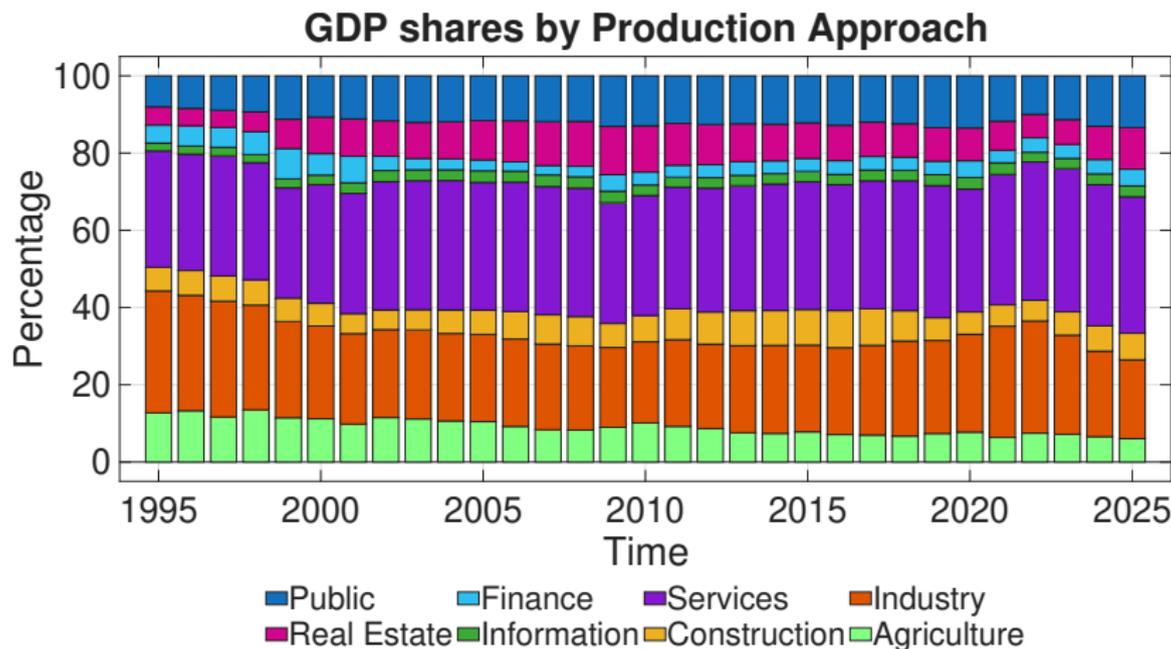
Bilkent University

Ankara

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GDP by Production



- ▶ Why does production equal income?

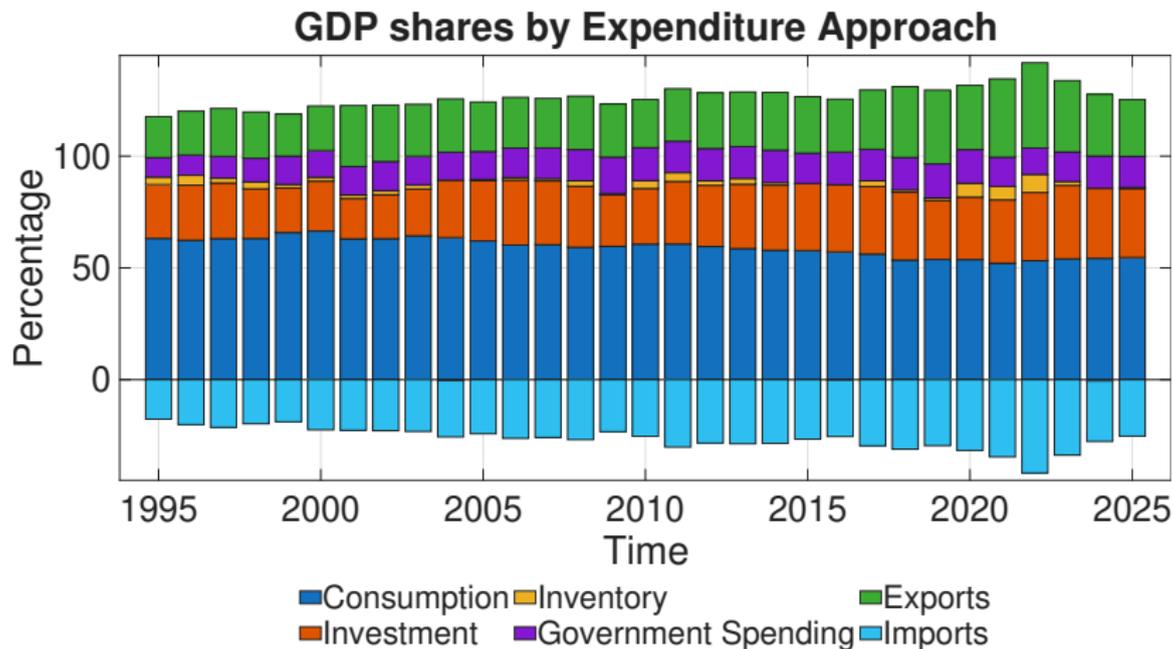


Remember?

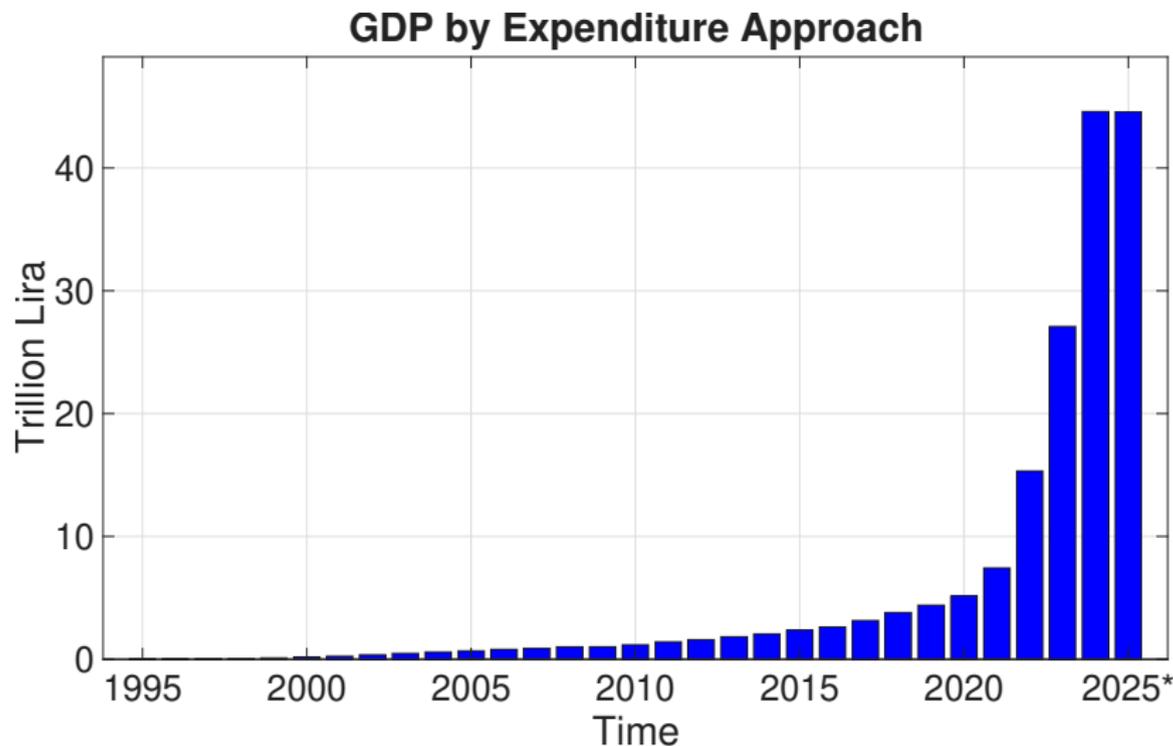
$$Y = C + I + G + X - M$$



GDP by Expenditure



GDP by Expenditure



- ▶ Did Turkey not produce anything in the 1990s?

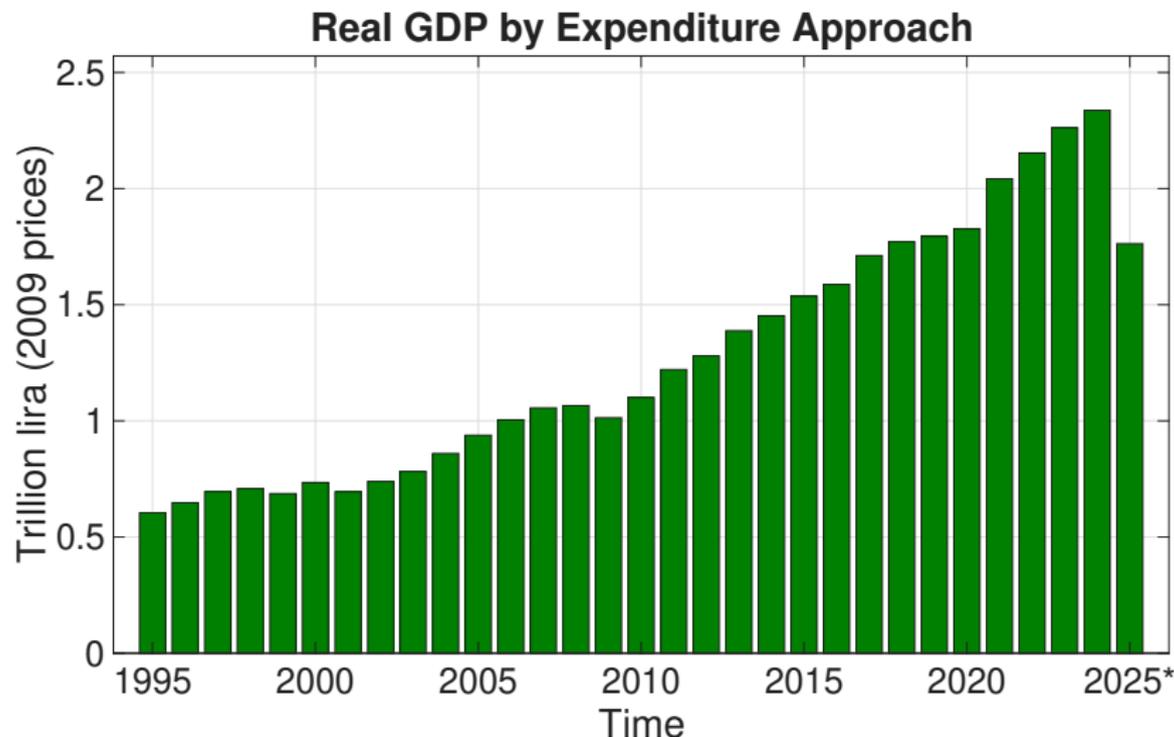


- ▶ Did Turkey not produce anything in the 1990s?
- ▶ What caused the steep increase in 2021?



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- ▶ What caused the steep increase in 2021?
- ▶ How is 2025 different?





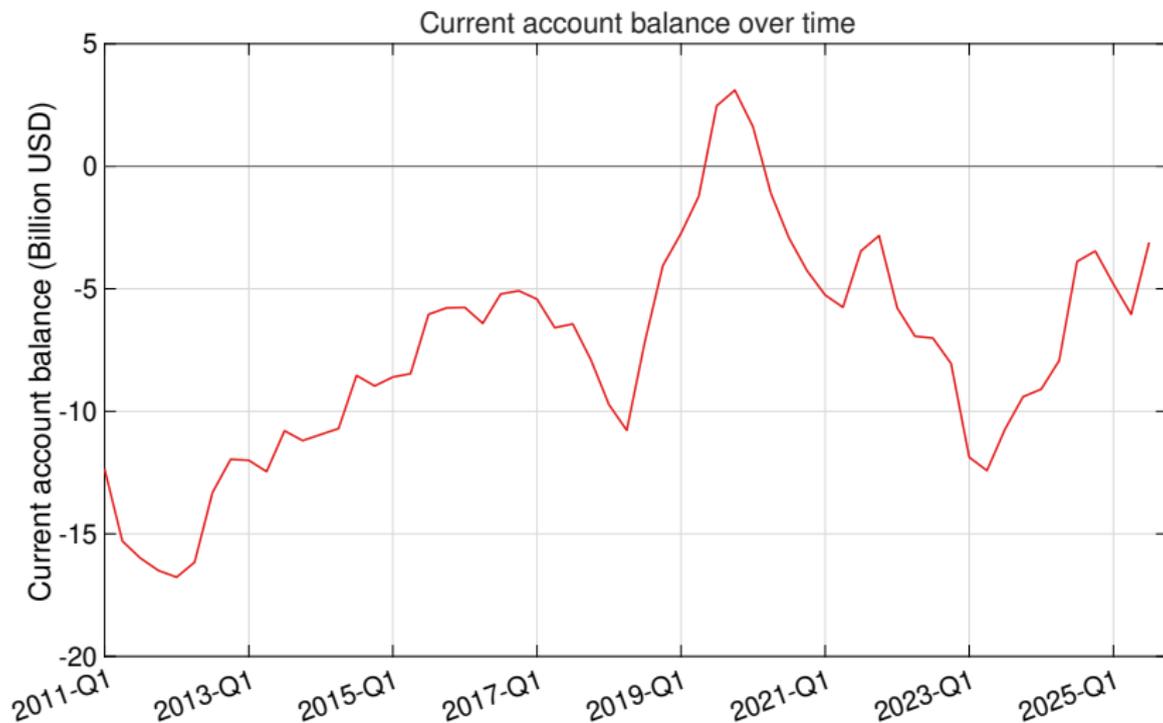
- ▶ What does the balance of payments mean?



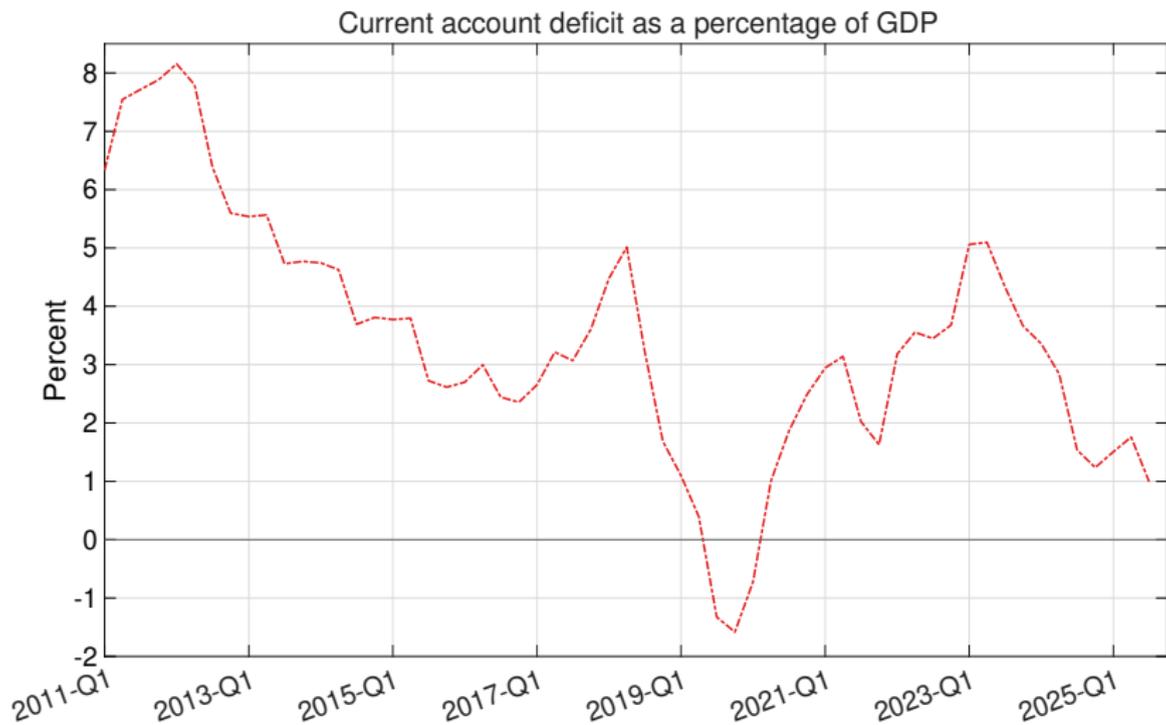
- ▶ What does the balance of payments mean?
- ▶ Why does it become a widespread topic in almost every discussion of the Turkish economy?

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- ▶ Why is Trump obsessed with the tariff rates?

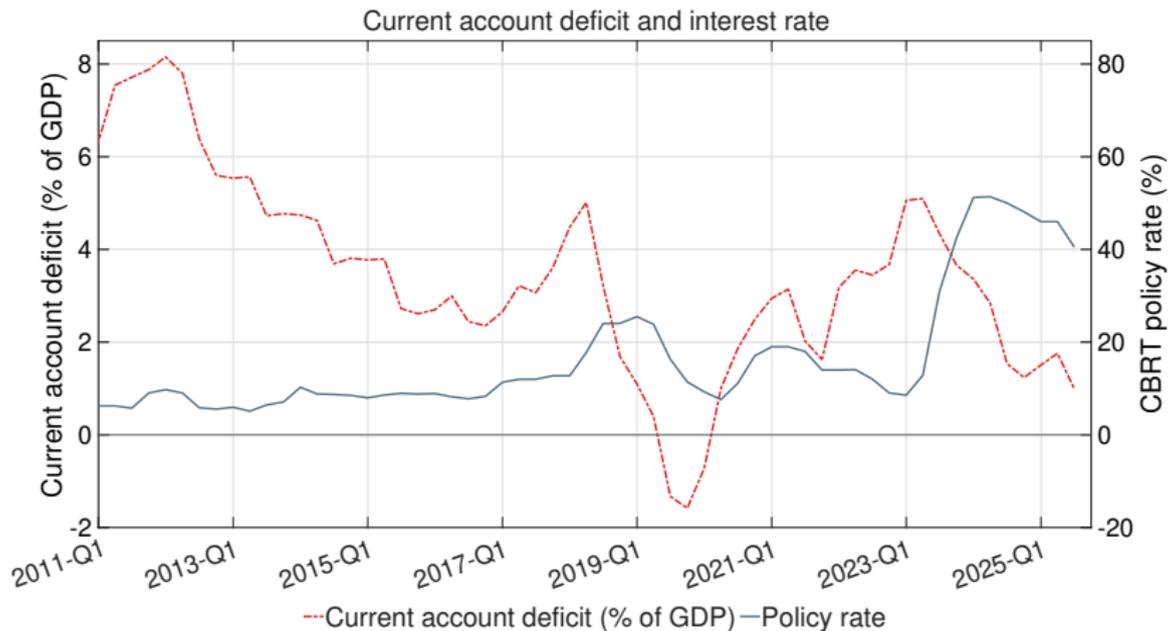
Current account deficit



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Current account deficit



- ▶ Why did the current account deficit (CAD) drop in 2018?
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- ▶ What might be the reason for the increase in the CAD after the policy rate cuts in late 2021?
- ▶ In the post-2023 period, the CAD drops while the policy rate is increasing? Is this just correlation, or is there any causation?