

Kriz Dönemlerinde Sermaye Kaçışının Belirleyicileri: Türkiye'den Kanıtlar

The Determinants of Capital Flight During Crisis Periods: Evidence from Turkey

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Abstract

Turkey, among a number of developing countries, has been exposed to capital flight in many periods of its economic history due to both global and domestic dynamics. Our study attempts to investigate the determinants of capital flight, which has occurred since the 2000s and whose emergence depends on different factors, with the VAR method for the Turkish economy. Although the analysis period is for the quarter period 2000q1-2020q4, the key determinants of capital flight are investigated by considering various sub-periods. The determinants of capital flight are investigated by taking into account the sub-periods indicating financial stress periods, which is the differentiating aspect of the study from the related literature. The outcomes indicate that there is a positive association between capital flight and external debt for the whole period, but an adverse relationship between capital flight and current account deficit and depreciation of the Turkish lira. Also, a positive association was indicated between capital flight and inflation rate. The empirical results show that there is variation in the significant effect of the determining factors of the capital flight among the three examined periods. These results are important for determining the policy designs and key issues regarding Turkey's process of combating capital flight. Ensuring financial stability, building investor confidence, closely monitoring external borrowing dynamics and implementing policies that prioritize the fight against inflation are integral parts of this process. Since they are also among the fundamental elements of macroeconomic stability, every step to be taken in this regard is of great importance.