

Infrastructure, Economic Growth and Population Density in Turkey

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Abstract

Transportation infrastructure is an exciting topic for public policy, private sector and the connection between them. This study deals with the impact of railways as hard type of transportation infrastructure on economic growth and population density. The purpose of this study is to search for historical relationships between railway infrastructure and economic growth; and between railway infrastructure and population density in Turkey. By using annual data for 1950-2004, both tangible and intangible effects of railway infrastructure are aimed to be estimated. The results from cointegration and causality tests imply that there is a positive long run relationship between railway length and population density and between railway length and real GDP per capita. Railway length causes real GDP per capita to increase only in the long run but it causes population density to increase both in the long and the short run. These results confirm the theoretical framework that improvements in transportation infrastructure lead to higher income and higher population in the investigated area.

Keywords: Hard types of infrastructure, Public Policy, Transportation systems, Railways, Causality

JEL classification: H54, O40, L92

1. Introduction

Public and private sector complementarities have many important linkages for stabilized continuity in terms of infrastructure in wide range (such as transportation, communication). Firm clusters, national and international companies establish their production facilities near transportation sources to benefit from the services they provide. Firms are in need of more opportunities and maintenance from public authorities for various transportation systems. In addition, when new plants are built, public service expenditures such as water, sewer, electricity, telephone lines and internet lines are provided by public sector. Public authorities' support is crucial for private sector settlements for different

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