

Relationship between Energy Consumption and Economic Growth: The Case of Turkey

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"Power" phenomenon has always been important throughout the history of mankind. In the past, the territory of the countries that they have the power, as measured by the colonies or the army, these parameters gave place as well as a stable economy and have owned the most effective utilization of resources. Definitely, the most recently prominent sources are energy. In this context, energy has a strategic importance for the countries, and that is used to measure the wealth and development.

Turkey, has an important position as the Middle East's, Asian countries', the Mediterranean's and the Caspian region's rich oil and natural gas resources is transmitted to centers of demand in the West by "energy corridor". Due to its geopolitical position, Turkey must perform all policies including growth policies with energy policies harmonizing. The world's energy consumption is expected to increase and the majority of consumption is satisfied from in this region including Turkey. In this context, Turkey is a bridge as well as a market in order to transport Central Asia's production to the world's market due to the geographical and geopolitical position of Turkey. However, despite all these advantages, Turkish economy depends on foreign markets for energy. For this reason, the energy in the case of Turkey is becoming more and more important. Therefore, combining the issue of energy and growth, a long-term plan is needed.

In the light of the foregoing, taking into consideration for the period of 1980-2011 in Turkey was aimed to analyze the relationship between energy consumption and economic growth in this study. In this analysis

was benefited from the unit root test, VAR analysis, as well as the causality tests.

The empirical findings for this period in Turkish economy show that the relationship between energy consumption and economic growth is bidirectional in Granger causality test, mutually affect each other and feedback hypothesis is available. When the feedback hypothesis is available, policy-makers must take into consideration feedback effect of economic growth on the energy in the event of reducing energy consumption. Bidirectional causality between energy consumption and economic growth or feedback evidence represents increasing economic growth causes to raise energy consumption. According to this view, energy-saving policies aimed at the reduction in energy use must reduce the demand for energy without causing adverse effects on economic growth. It would be achieved through a suitable combination of energy taxes and energy substitution. Policy makers should encourage the industry to adopt technologies for reducing pollution.

Keywords: Energy Consumption, Economic Growth, Turkish Economy, Feedback Hypothesis