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**Growth Performance of the Turkish Economy: The Role of
the Informal Sector**

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Abstract

The presence of informality and its connection with economic growth has been a contentious issue on which the current literature has failed to generate a consensus. In this study, first, we investigate the growth performance of the Turkish economy through the lenses of a simple growth accounting exercise. Moreover, we also extend the growth accounting framework to account for the presence of an informal sector and give emphasis on how the presence of a relatively large informal sector in Turkey (about 28 % of GDP, according to recent estimates) affects growth of the official economy as well as its determinants.

Keywords: economic growth, growth accounting, Turkish economy, informal sector.

JEL classification: E26, O17, O47.