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**GOVERNMENT FRAGMENTATION, BUDGET DEFICIT AND
DEMOCRACY: A LITERATURE REVIEW AND THE CASE OF TURKEY****Abstract:**

There are several studies on the relationship between political structure and fiscal performance in the field of political economy. The literature on political budget cycles which is the one of the most important theories of political economy, forms the basis of the relationship between government fragmentation and budget deficit. As scholars indicate; competitive elections let voters to express their preferences as a requirement of democracy. In addition to this; incumbents might prefer to increase government expenditures or decrease taxes which might cause larger deficits; for the purpose of increasing the probability of reelection of themselves or their parties in the election year or a year before. Most of the studies in the literature on the relationship between political fragmentation and deficits indicate that the number of the political actors in the decision making level is positively correlated with deficit level. At this point of view, it is important to examine how power dispersed between political parties at the legislative and executive level to understand the effects of political fragmentation. The purpose of this study is to investigate the relationship between government fragmentation and budget deficit. To this aim I will make a comprehensive literature review on this relationship in terms of democracy. Additionally, I will observe the same relationship over the case of Turkey by using various political and fiscal datasets. According to the literature review and investigation of the Turkey's condition basically two findings emerge: First, political fragmentation both at the legislative and executive levels increases deficits. Second, the net effect of democracy depends on the level of fragmentation.

Keywords:

political fragmentation
fiscal outcome
deficit
democracy

JEL Classification: H11, H62, E62