

The Economy of Turkey since Liberalization

Edited by

S. Togan

*Professor of Economics
Bilkent University, Ankara*

and

V. N. Balasubramanyam

*Professor of Development Economics
Lancaster University*



Contents

<i>List of Figures</i>	vii
<i>List of Tables</i>	viii
<i>Preface</i>	xi
<i>Acknowledgements</i>	xii
<i>Participants in the Conference and Contributors to the Volume</i>	xiii
1 Introduction	
<i>S. Togan and V. N. Balasubramanyam</i>	1
2 Trade Liberalization and Competitive Structure in Turkey during the 1980s	
<i>Sübidet Togan</i>	5
3 Trade Reform and Changes in the Terms of Trade in Turkey	
<i>David Greenaway and David Sapsford</i>	52
4 Financial Reform in Turkey since 1980: Liberalization without Stabilization	
<i>P. N. Snowden</i>	67
5 Foreign Aid and Adjustment in Turkey	
<i>Oliver Morrissey</i>	88
6 Foreign Direct Investment in Turkey	
<i>V. N. Balasubramanyam</i>	112
7 Turkey and the European Community: Regional Integration and Economic Convergence	
<i>Robert C. Hine</i>	131
8 Export Expansion, Capital Accumulation and Distribution in Turkish Manufacturing, 1980–9	
<i>Fatma Taskin and A. Erinc Yeldan</i>	155

9	Liberalization, Export Incentives and Exchange Rate Policy: Turkey's Experience in the 1980s <i>Oktan H. Aktan</i>	177
	<i>Index</i>	198

List of Figures

3.1	Turkey's trade orientation, 1968–85	59
4.1	Disequilibrium in the market for bank credit	68
4.2	Interest liberalization with endogenous budget deficits	73
4.3	Intermediation costs and loan supply	77
6.1	Effective exchange rates and inflows of foreign direct investment in Turkey	126
8.1	Composition of Turkey's manufacturing exports	165
8.2a	Capital accumulation and the profit–wage frontier in consumer manufacturing	171
8.2b	Exports per worker and depreciation versus wage costs in producer manufacturing	171
8.3a	Exports per worker and depreciation versus wage costs in consumer manufacturing	173
8.3b	Capital accumulation and the profit–wage frontier in producer manufacturing	173

List of Tables

2.1	Share of 'restricted list' imports in total imports	12
2.2	Share of imports 'subject to permission' on sectoral imports (%)	13
2.3	Sectoral protection rates (%)	16
2.4	Protection rates by major commodity groups and trade categories (%)	20
2.5	Sectoral subsidy rates (%)	24
2.6	Subsidy rates by major commodity groups and trade categories (%)	26
2.7	Real exchange rate	32
2.8	Anti-export bias (%)	34
2.9	Sectoral real effective exchange rates	37
2.10	Comparative advantage according to domestic resource cost (DRC)	40
2.11	Comparative advantage according to the values of revealed comparative advantage	41
2.12a	Correlation coefficients of Turkish RCA values for the period 1986-8 with the RCA values of different countries for the periods 1986-8, 1983-5 and 1980-2	43
2.12b	Correlation coefficients of Turkish RCA values for the period 1989-90 with the RCA values of different countries for the periods 1989-90, 1986-8, 1983-5 and 1980-2	43
2.13	Revealed comparative advantage (RCA) of Greece and Korea, 1989-90	44
2.14a	Nominal and effective protection rates in selected developed countries (1962)	47
2.14b	Nominal protection rates in manufacturing sectors of selected developed countries	48
2.14c	Nominal and effective protection rates in Germany (1970)	48
2.14d	Nominal and effective protection rates in selected developing countries	49
3.1	Turkey's trade orientation and terms of trade, 1968-91: causality analysis	61

3.2	Turkey's trade orientation, 1968-91: a distributed lag model	63
4.1	Central government budget: ratios to total expenditure (percentages)	71
4.2	The structure of financial claims in Turkey (1981-7) (percentages)	75
5.1	Patterns of Turkish aid receipts	91
5.2	Conditionality content of SALs	96
5.3	Compliance with conditionality, 1980-7	99
5.4	Comparison of results on effectiveness of SALs	102
5.5	Sequencing in Turkish adjustment programme	107
6.1	Stock of foreign direct investment in Turkey, 1970-91	113
6.2	Flows of foreign direct investment: selected developing countries, 1970-88	114
6.3	Sectoral distribution of foreign direct investment in Turkey (January - end of May 1992)	115
6.4	Geographical distribution of foreign direct investment in Turkey (January - end of May 1992)	116
6.5	Estimated regression equations (dependent variable - annual average inflows of foreign direct investment per capita for the years 1970-80)	121
6.6	Effective exchange rates for Turkey's exports and imports	121
7.1	Variations in per-capita incomes in the EC(12) and Turkey	137
7.2	The development of intra-industry trade in Europe	138
7.A	Inflation rates in relation to per-capita incomes	152
8.1	Prices and costs in Turkish manufacturing	157
8.2	Exports by commodities (million US\$)	160
8.3	Commodity composition of exports (% of total exports)	162
8.4	Commodity composition of manufacturing industry exports (% of industrial exports)	166
9.1	Total charges on imports	179
9.2	Total protection: import duties and other charges, 1980-91	180
9.3	Liberalization of trade regime: numbers of commodities on various import lists, 1979-90	184
9.4	Total protection: impact of import duties and	

	quantitative restrictions by commodity group 1980-91 (estimated percentage of cif price)	185
9.5	Total subsidies and offsets: 1980-89, weighted average subsidy rates	192
9.6	Nominal and PPP exchange rate for Turkey, 1975-90	195
9.7	Effective exchange rates for producers of import-competing goods and manufactured exports, 1980-9	196