

GLOBALIZATION TRENDS: CHALLENGES AND OPPORTUNITIES IN TURKEY

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Abstract: Globalization has multi-facet impacts on the lives of people. Turkey has faced the reality of globalization for many years but its adverse effect has been severely felt especially after the 1980s. Rapid development in technology and high-speed communication has made the technology change harder for some developing countries to cope with. As a result of technological advances in communications (e.g. telephone and worldwide web), countries are much more connected to each other politically, economically and environmentally. Basically, globalization can also be defined as the internationalization of everything related to different countries. Globalization process has impacted agricultural sector more than any other sector. Trend toward greater economic, cultural, political and technological interdependence among national institutions and economies. Turkey is one of the many countries that is taking this change the hardest, especially in the last 20 years, as a result of mayhem they have been enduring.

In this research, globalization has been revealed with the following dimensions:

- Globalization as a phenomenon, its causes and consequences.
- Advantages and disadvantages of globalization.
- Implications of globalization in Turkey

The findings of this research indicated that as globalization has progressed, living conditions have changed significantly in virtually all countries. Despite the divergence of views about globalization and its conflicts, there is, more common ground in this debate than is apparent at first glance. As a conclusion that this study looks only at the correlation between globalization and socio-economic measures. While the argument can be made that globalization directly impacts income, the argument that globalization directly impacts health, longevity, and the environment is more tenuous. Besides, globalization needs permanent control from the governments, affects all people’s lives. Globalization has both advantages and serious disadvantages.

Keywords: global trade, inequality, economic growth, human right.

Introduction

Globalization has multi-facet impacts on the lives of people. Turkey has faced the reality of globalization for many years but its adverse effect has been severely felt especially after the 1980s (TCMB, 2019). Rapid development in technology and high-speed communication has made the technology change harder for some developing countries to cope with. As a result of technological advances in communications (e.g. telephone and worldwide web), countries are much more connected to each other politically, economically and environmentally. Basically, globalization can also be defined as the internationalization of everything related to different countries. Globalization process has impacted agricultural sector more than any other sector.

Globalization is the most important tool of the economy planning on international scale in a manner consistent and occurring in the integrated world economy. Factors effecting economy also effects globalization. In this context, it is difficult to give a single definition of globalization. Globalization is not a new concept. Especially after World War II, more than one country tried to be the best not only in term of the economic also in political area. Therefore, many undeveloped and developing countries became a potential market for those powerful countries.

In this study, the importance of globalization process and its effects on Turkey's economy are investigated. Turkey's strategic location is one of the most important reasons for this influence. Turkey embraces two continents, one arm reaching out to Asia, the other to Europe. Turkey hosts many civilizations, which has both positive and negative impacts on the country's economy.

In Turkey, it is said that economic globalization started after 1980s. State removed its effects on economy and gave priority to private companies in many areas. Export was encouraged by government. Turkey's politic statue has become more important after development foreign trade. Nowadays, Turkey still tries to improve its economic system and it changes their currency market when it needs. In this research It will be explained the globalisation concept, the globalisation concept, globalization causes, and then it will be tried to describe implications of globalization, challenges and opportunities in Turkey.

Method

In this study it has been aimed to provide a better understanding monitoring the globalization trends; challenges and opportunities in the Turkey.

This research is a library research-based paper. As a secondary data source in the study, it has been benefited from the reports and statistics published by the CIA World Factbook, the International Monetary Fund, The World Bank Statistics, Turkish Statistical Institute,

As such, it is important that the view on globalization in Turkey solely relies on the possible data obtained from secondary research method. Therefore, this study acts as a preliminary study into understanding further about the globalization.

The globalisation Concept

It is the world economy which we think of as being globalized. It means that the whole of the world is increasingly behaving as though it were a part of a single market, with interdependent production, consuming similar goods, and responding to the same impulses.

Features of globalization

- Creation of new markets

Globalization implies a drastic reduction of physical barriers between countries. This has allowed the market to diversify and expand, increasing the production of goods and services. As a result of diversification, new markets have emerged. Some critics of globalization indicate that this has created an ideal platform for countries with greater wealth to take advantage of the advantages of working with poorer countries, since the labour force in these countries is more economical.

- Local regulations can go down

A globalized world gives priority to global regulations over those of each country or region. This leads to the existence of global organizations that develop international ordinances in such varied subjects as crime, business, intellectual property, environmental protection, labour standards, access to health, competition policies, among other aspects.

- Promotes cultural exchange

Globalization allows the interaction of people from different countries, with different cultural characteristics. At present it is possible to visit different regions, to know their cultures, their expressions, their gastronomy, their modes of behaviour, among other elements, which implies that people have the option of greater proximity.

- Greater tolerance

Globalization has led people from different regions to live in a common space, which encourages them to observe and interact.

- Increased flow of information

At the present time information travels quickly to different parts of the world. Globalization has allowed countries with very few coincidences to be able to share information channels.

- Concern about learning different languages

In the globalized era it is common for people to want to learn at least one language other than the native language.

- Free trade

Globalization is characterized by the promotion of free trade. This allows new jobs to emerge, companies become more competitive and consumers can get lower prices.

- Technological innovation

The technological area is one of the main elements of globalization, because it has given rise to the platform so that, effectively, there can be interaction between regions separated from each other.

- Social movements at international level

Globalization allows people from different countries to interact and form groups based on similar concerns or interests.

Globalization Causes

Globalization is not a new phenomenon. The world economy has become increasingly interdependent for a long time. However, in recent decades the process of globalisation has accelerated; this is due to a variety of factors, but important ones include improved trade, increased labour and capital mobility and improved technology.

Main reasons that have caused globalisation

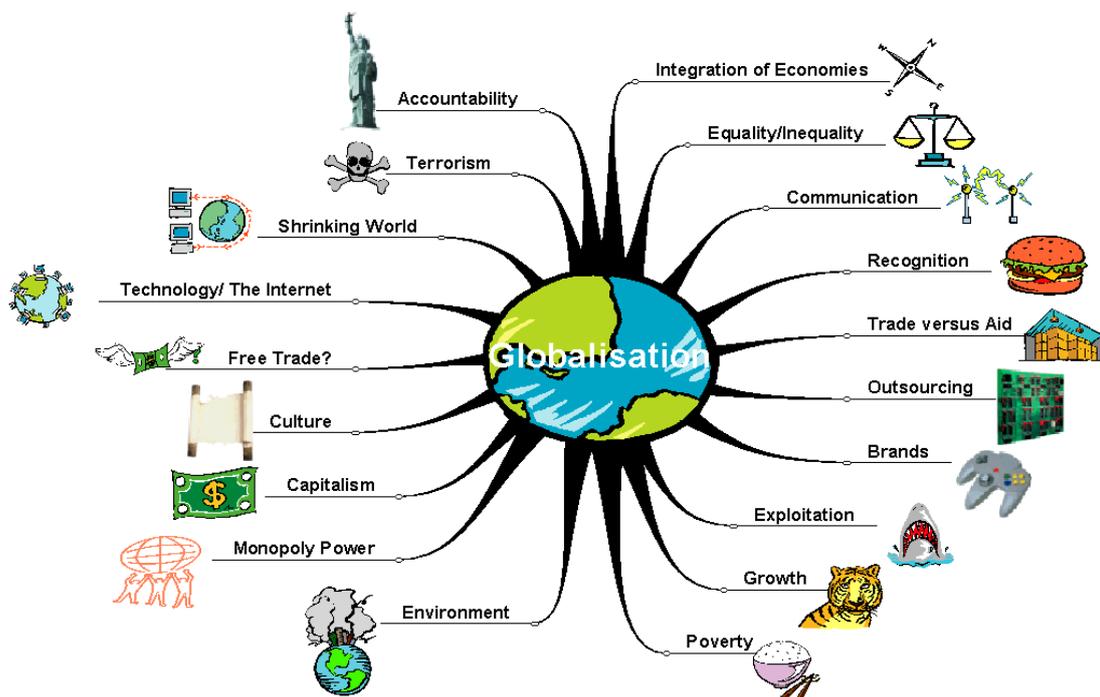


Figure 1. Reasons that have caused globalisation

- Improved transport, making global travel easier. For example, there has been a rapid growth in air-travel, enabling greater movement of people and goods across the globe.
- Containerisation. there was a rapid adoption of the steel transport container. This reduced the costs of inter-modal transport, making trade cheaper and more efficient.
- Improved technology which makes it easier to communicate and share information around the world. E.g. internet.
- Growth of multinational companies with a global presence in many different economies.

- Growth of global trading blocs which have reduced national barriers. (e.g. European Union, NAFTA, ASEAN)
- Reduced tariff barriers encourage global trade. Often this has occurred through the support of the WTO.
- Firms exploiting gains from economies of scale to gain increased specialisation. This is an essential feature of new trade theory.
- Growth of global media.
- Global trade cycle. Economic growth is global in nature. This means countries are increasingly interconnected. (e.g. recession in one country affects global trade and invariably causes an economic downturn in major trading partners.)
- Financial system increasingly global in nature.
- Improved mobility of capital. In the past few decades, there has been a general reduction in capital barriers, making it easier for capital to flow between different economies
- Increased mobility of labour. People are more willing to move between different countries in search for work. Global trade remittances now play a large role in transfers from developed countries to developing countries.

Globalisation Consequences

Globalization process consists of many different factors such as economic, social, technological, cultural, political and ecological. Despite the fact that various definitions on this process, most commonly accepted is globalization as the increasing integration and independence of national economies and the growing exchange of technologies, information, ideas and cultures across national borders.

Today's globalization started after 1945, accelerated during 1990s. Importance of industry increased with improving information age (Dreher, 2006). During the last forty years, especially, after the falling of central planning regimes, economic globalization has been particularly rapid. Market directed capitalism had become the paradigm for most of the world.

Implications of Globalization, Challenges and Opportunities in Turkey

In all over the world are seeing and feeling the implications of globalization in their day to day lives. Rapid development in technology and high-speed communication has made the technology change harder for some developing countries to cope with. Turkey is one of the many countries that is taking this change the hardest, especially in the last 20 years, as a result of mayhem they have been enduring. Turkey has been experiencing all of this instability more severely than any other European country. Here, it will be evaluated the recent advances in Turkey, as well as the implications globalization has had on them, and will be argued the adverse effect globalizations has on Turkey. In the last decade, the Turkish have taken on many changes socially, economically and politically.

It is known that Turkey is a country that is located between Europe and Asia and its capital city and seat of power is Ankara. Istanbul is its largest city and it is considered by many as the commercial capital of Turkey. Turkey has the world's 17th-largest nominal GDP (Gross Domestic Product), and 13th-largest GDP by purchasing power parity (Anonymous b, 2019).

The country is among the world's leading producers of agricultural products; textiles; motor vehicles, transportation equipment; construction materials; consumer electronics and home appliances. The economy of Turkey is an emerging market economy as defined by the International Monetary Fund. Turkey is among the world's developed countries according to the CIA World Factbook (www.cia.gov). Turkey is also defined by economists and political scientists as one of the world's newly industrialized countries.

Table 1. The performance of Turkey economy in the globalizing world

	2013	2014	2015	2016	2017
Population (million)	76.7	77.7	78.7	79.8	80.8
GDP per capita (USD)	12,386	12,026	10,898	10,805	10,542
GDP (USD bn)	950	934	858	862	852
Economic Growth (GDP, annual variation in %)	8.5	5.2	6.1	3.2	7.4
Domestic Demand (annual variation in %)	10.1	3.2	5.4	4.4	7.2
Consumption (annual variation in %)	7.9	3.0	5.4	3.7	6.1
Investment (annual variation in %)	13.8	5.1	9.3	2.2	7.8
Industrial Production (annual variation in %)	7.2	5.7	5.8	3.4	9.0
Unemployment Rate	9.0	9.9	10.3	10.9	10.9
Fiscal Balance (% of GDP)	-1.0	-1.1	-1.0	-1.1	-1.5
Public Debt (% of GDP)	31.4	28.8	27.6	28.3	28.3
Money (annual variation in %)	22.2	11.9	17.1	18.3	15.7
Inflation Rate (CPI, annual variation in %, eop)	7.4	8.2	8.8	8.5	11.9
Inflation Rate (CPI, annual variation in %)	7.5	8.9	7.7	7.8	11.1
Policy Interest Rate (%)	4.50	8.25	7.50	8.00	8.00
Exchange Rate (vs USD)	2.15	2.33	2.92	3.53	3.79
Exchange Rate (vs USD, aop)	1.91	2.19	2.73	3.02	3.65
Current Account (% of GDP)	-6.7	-4.7	-3.7	-3.8	-5.6
Current Account Balance (USD bn)	-63.6	-43.6	-32.2	-33.1	-47.4
Trade Balance (USD billion)	-79.9	-63.6	-48.1	-40.9	-59.0
Exports (USD billion)	162	169	152	150	166
Imports (USD billion)	242	233	200	191	225
Exports (annual variation in %)	-0.1	4.4	-10.0	-1.2	10.7
Imports (annual variation in %)	6.3	-3.8	-13.9	-4.5	17.8
International Reserves (USD)	111	107	92.9	92.1	84.2
External Debt (% of GDP)	41.4	43.5	46.7	47.5	53.5

World Development Indicators, World Bank, 2018

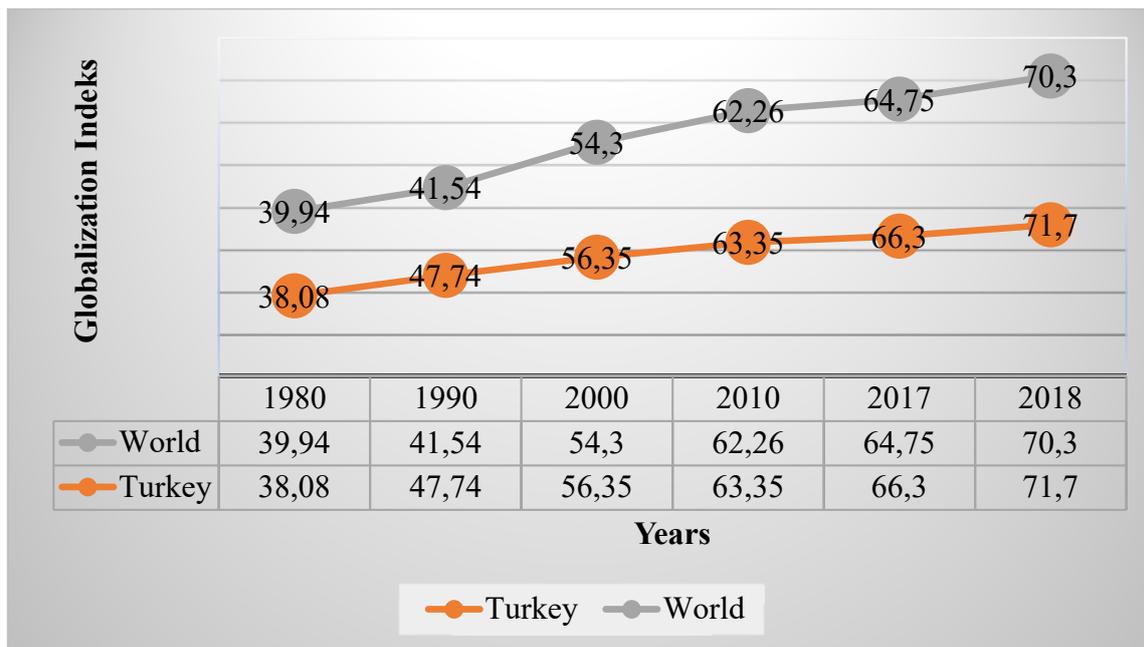
As of 2017, Turkey is the world's largest producer of hazelnuts, cherries, figs, apricots, and pomegranates; the second-largest producer of quinces and watermelons. Turkey is known to be responsible for about 80% of the world's hazelnut exports and it has the world's 17th largest GDP by Purchasing Power Parity. Turkey's economy is driven predominantly by the exporting sector with the automotive industry leading in this regard. Key exports from Turkey are hazelnut, Ships, oil and chemical vessels, textiles and processed foods et al.

The services sector accounted for about 65% of Turkey's GDP, while the Agric sector accounted for about 26% but the Agricultural sector still remains one of the highest employers of labour in Turkey. Tourism is a major revenue generator for Turkey as a matter of fact; Turkey is ranked as the 6th most popular tourism destination in the world. The banking and the construction industry are also another major income generator for Turkey (World Bank, 2018).

The KOF Globalisation Index distinguishes between the economic, social and political dimensions of globalization (Gygli, Haelg, and Potrafke, 2019). Economic globalization includes trade and financial globalization. Social globalization includes interpersonal, informational and cultural globalization. Cultural globalization as part of social globalization is the most difficult dimension to grasp.

Besides, the majority of FDI inflows to Turkey have originated from Europe, North America, and the Gulf countries during the past 16 years while the share of Asia has been noticeably on the rise

At the same time globalization process has impacted agricultural sector more than any other sector. Turkey is no exception in this regard. 35% of total population lives in rural areas and 30% of the labor force is employed in agriculture (<https://www.dsps.unifi.it> › sub › gulcubuk, 2019)



Graphic 1. Globalization Index (the KOF Globalisation Index)

<https://kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-globalisation-index.html>, (14.11.2019)

Despite its significance in employment, agriculture contributes only 10% to the gross national product. Especially in the 1990s liberalization policy being implemented has resulted in structural changes in the agricultural sector of Turkey. Millions of people have been adversely affected by globalization in general and by privatization and free-market economic policy in particular. Agricultural policy being orchestrated by international policy formation agencies has affected 90% of small agricultural businesses and 35 % of landless rural population and this policy has furthermore caused unemployment, poverty and migration from the rural to urban areas working as unregistered workers (Anonymous b, 2019). As a result of globalization policy being imposed, legal regulations regarding the limited production of tobacco, sugar, hazelnut and tea has affected about two million rural families and millions of agricultural workers directly or indirectly. Such development has increased poverty and 36% of people are making a living under the poverty line.

Conclusion

Turkey has always been an integrated part of the global economic system and that placing Turkey within this global context is crucial. The Turkish economy is greatly impacted by what is going on in the world. Turkish economy has shown remarkable performance with its steady growth over the last twenty years (Anonymous d, 2019). A sound macroeconomic strategy in combination with prudent fiscal policies and major structural reforms in effect since 2000 has integrated the Turkish economy into the globalized world, while transforming the country into one of the major recipients of FDI in its region. The structural reforms, hastened by Turkey's EU accession process, have paved the way for comprehensive changes in a number of areas. The main objectives of these efforts were to increase the role of the private sector in the Turkish economy, to enhance the efficiency and resiliency of the financial sector, and to place the social security system on a more solid foundation (Mirac,2019).

The general results indicate that opportunities against globalization on Turkish economy:

- Private sector to become an engine of economic growth,
- To restrain rate of inflation and ensure price stability,
- To decrease state bureaucracy,

- To execute a balanced budget, even if budget surplus isn't provided,
- To remove or reduce tariffs on imported products,
- To get rid of quotas and domestic monopolies,
- To boost export,
- To customize state-owned industrial enterprises and public enterprises,
- To liberalize the capital markets,
- To make currency convertible,
- To open markets to foreign direct investment (FDI),
- To decrease public regulations in order to increase competition in the economy. Impact of political developments in the world and giant international organizations such as United Nations, Transnational pacts, such as NATO, New Transnational Economic Unions; European Union, the North American Union, Black Sea Economic Cooperation etc.

As a conclusion Turkey is greatly influenced by the globalization process because of Turkey's strategic location. Also, this special statue affects especially energy sector between East-West in economic areas (Mirac, 2019). Turkey is neighbour with many special countries which have the richest energy resources in the world. Turkey offers transportation of oil and gas reserves in the East-West direction economically with the shortest and least costly route. Nowadays, Turkey still lives universal globalization rules. For countries with sensitive geopolitical positions like Turkey, politics and economics go hand in hand. Therefore, it will be difficult to address economic challenges without understanding both domestic and regional politics. It is also necessary to create a framework that ensures Turkey's national security. However, turning our backs on globalization would take us down the wrong path. On the contrary: it is precisely the emerging and developing countries which have achieved only below average levels in the globalization index thus far and therefore still have great potential to globalize. By doing so, they could generate correspondingly high globalization-induced growth effects. This is why it is essential that emerging countries become better integrated into the global economy. In industrialized countries, it is necessary to spread the benefits of globalization more widely so that social acceptance of an open society is not lost.

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