

Turkish Economy, Eco 403

Week 11

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Turkish Economy, Eco 403, 1

- The 2000s
- Two big crises of 2000 and 2001(Review, its afterwards)
- Monetary policy after 1980: Monetary expansion, financing budget deficits, Central Bank of Turkey (CBT) behaves like a development bank, has changed.
- Finance policy after 1980: Bonds from the Treasury, the most important buyer is still CBT until 2001.
- State economic enterprises: Prices determined in the market, and their deficits minimized. In addition, privatization had started.

Turkish Economy, Eco 403, 2

- 1986. Istanbul Stock Exchange Market
- 1989: Financial liberalization.
- New monetary policy of interest and OMO.
- Monetary aggregates.
- A new economic policy, against and with IMF after 2003, controlling inflation, erasing zeros from TL.
- Increasing foreign and domestic debt after 2000- 2001, a gradual decline, but still 60+percent of gdp.
- Privatization after 2001.
- The effects of globalization, free capital movements from one country to other.

Turkish Economy, Eco 403, 3

- Turkey- EU relations in the early 2000s.
- Development plans!
- Fast growth rates, 'hot money debates', increasing current account deficits, increasing foreign debts, 'as long as debts are repaid, no problem' dilemma, investments on infrastructure (highways, airports, hospitals, residential investments, universities,...), deterioration after 2007.
- Worldwide crises of 2008-(Mortgage crises)
- Foreign direct investment.
- Sectoral developments: Declining importance of agriculture, declining shares of industry in gdp, increasing share of services.