

Middle East Technical University  
Faculty of Economic and Administrative Sciences  
Department of Economics  
Econ 510 2002-2003 Tuesdays 14.40-17.30  
Room F-107 Groups 1 and 2 will meet at alternate weeks.  
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## OUTLINE

### OBJECTIVES:

The course has three main objectives:

I) The first objective of the course is increasing student knowledge and understanding of the Turkish economy. A supplementary objective in this regard is to give students a development economics perspective. Students will also be encouraged to draw on material from other countries to gain a comparative perspective. To give students with different backgrounds a good start, there will at the beginning be a short reading time from three basic texts of the Turkish economy. These are:

- a) Yahya S. Tezel (1994), *Cumhuriyet Döneminin İktisadi Tarihi, 1923-1950*, Tarih Vakfı Yurt Yayınları, Üçüncü Basım, İstanbul.
- b) Y. Kepenek and N. Yentürk. (2000), *Türkiye Ekonomisi*. Onbirinci Basım. İstanbul: Remzi Kitabevi.
- c) G. Kazgan (2002), *Tanzimattan 21. Yüzyıla Türkiye Ekonomisi*. İstanbul: İstanbul Bilgi Üniversitesi Yayınları.

At the end of this reading period, students will take a one-hour examination on the reading material. The emphasis in the examination will be on testing student understanding of the linkages between different events rather than on testing their memory on specific developments. This examination will take place at 3.30 PM, on Tuesday, 25 March in Room F-107.

After this preliminary examination, there will be a total of five sessions, two of which on a general discussion of two different periods of the Turkish economy: The period before 1980 and the period after 1980. The remaining three sessions will be on three selected issues. These are: i) Trade and industrialization ii) Stabilization, Structural Adjustment Policies, and Economic Crises and iii) Labor Markets, Poverty, and Income Distribution

II) The second objective of the course is increasing students' research ability and skills in academic essay writing. For this purpose, students are required to prepare a research paper on an approved subject of approximately 20 pages long. Students will meet the instructor on Tuesday 18 March and Thursday 20 March on an individual basis to finalize their paper topics. The papers are expected to comprise a descriptive section where students review the relevant literature and an analytical section where they tackle an appropriate research question. In addition students will be responsible for writing a session paper which summarizes the material for the session in question, proposes discussion questions, and attempts to bring new perspectives to the literature. Students are also required to prepare abstracts for two papers (not from the sessions for which they are responsible) and prepare

research questions on the basis of two other papers (again not from sessions for which they are responsible and **not** from papers they are preparing their abstracts).

III) The third main objective of the course is to enhance student ability to make effective presentations and take an active part in class discussion. Students will present their session paper (up to 30 minutes), their research paper (up to 20-30 minutes) and will act as commentators (5-10 minutes) on two occasions. It is therefore essential that students attend all sessions on a regular basis.

## **PROGRAM**

Tuesday, 25 February: INTRODUCTION

Thursday, 6 March : PRELIMINARIES (Division of Labor)

Tuesday 18 March: Meeting with students on an individual basis to finalize paper topics (Group 1)

Thursday 20 March: Meeting with students on an individual basis to finalize paper topics (Group 2)

Tuesday 25 March: One-hour examination on Kepenek-Yentürk (2000) (Chapters V-VI, pp. 89-189 Kazgan (2002) Chapters 5-6, pp.121-88, and Chapter 14, pp. 446-75 and Tezel (1994), Chapters 2-7, pp. 97-227.

### ***SESSION 1: TURKISH ECONOMY BEFORE 1980 (HIGHLIGHTS)***

*APRIL 1 (Group 1), April 8 (Group 2)*

I- 1 Işık Özel (2000), An Evaluation of the Economic Performance of Turkey in the 1930s Based on Late-Ottoman Economy, *New Perspectives on Turkey*, 23, Fall, 125-46.

1-2 Irma Adelman, Fifty Years of Economic Development: What have we Learned? (mimeo).

1- 3. I. M. D. Little, T. Scitovsky, and M. Scott (1970), *Industry and Trade in Some Developing Countries*, OECD, Oxford University Press, Chapter 1, Summary, pp. 1-29.

1-4 Vedat Milor (1990), The Genesis of Planning in Turkey, *New Perspectives on Turkey*, 4, Fall, 1-30.

1- 5 Anne O. Krueger (1974), The Turkish Economy and its Growth: an Overview, Chapter 1, in A.O. Krueger, *Foreign Trade Regimes & Economic Development Turkey*, NBER, Columbia University Press, New York, pp.3-26.

1- 6 Henri Barkey (1990), *The State and the Industrialization Crisis in Turkey*, Westview Press, Chapters 3-5, pp.39-107.

## **SESSION 2: TURKISH ECONOMY SINCE 1980 (HIGHLIGHTS)**

April 15 (Group 1) and April 22 (Group 2)

2-1 Ercan Uygur (1993), Chapter II, An Overview of Recent Developments and the Adjustment Program, in *Financial Liberalization and Economic Performance in Turkey*, Central Bank of the Republic of Turkey, Ankara, pp, 7-21.

2- 2. John Waterbury (1992), Export-Led Growth and the Center-Right Coalition in Turkey, in T.F. Nas and M. Odekon, *Economics and Politics of Turkish Liberalization*, Lehigh University Press, London, pp, 44-72.

2- 3 Dani Rodrik ( 1990), Premature Liberalization, Incomplete Stabilization: The Özal Decade in Turkey, NBER Working Paper Series, No.3300.

2-4 Libby Rittenberg (1991), Investment Spending and Interest Rate Policy: The Case of Financial Liberalization in Turkey, *Journal of Development Studies*, 27 (2), 151-67.

2- 5 Nazım K. Ekinçi (2000), The IMF and Reforming the Public Sector in Turkey, ERC Working Paper No 00/04, METU, Ankara.

2- 6 Ahmet. H. Köse and Erinc Yeldan (1998), Turkish Economy in the 1990s: An Assessment of Fiscal Policies, Labor Markets and Foreign Trade, *New Perspectives on Turkey*, 18, 51-78.

2- 7 Nurhan Yentürk, 1999. “ Short-Term Capital Inflows and Their Impact on the Macroeconomic Structure: Turkey in the 1990s” . *The Developing Economies*.Vol. 37, March, pp.

## **SESSION 3: TRADE AND INDUSTRIALIZATION**

April 29 (Group 1) and 6 May (Group 2)

3-1 M. Shafaeddin (1998), How Did Developed Countries Industrialize? The History of Trade and Industrial Policy: The Cases of Great Britain and the USA, UNCTAD Discussion Papers, No. 139

3-2 Alan M. Taylor (1998), On the Costs of Inward-Looking Development: Price Distortions, Growth, and Divergence in Latin America, *The Journal of Economic History*, 58, No. 1

3-3 Merih Celasun (1994), Trade and Industrialization in Turkey, Initial Conditions, Policy and Performance in the 1980s, in G.K. Helleiner, *Trade Policy and Industrialization in Turbulent Times*, Routledge, London and New York, pp. 453-484.

3- 4 İ. Arslan and M. Celasun, Sustainability of Industrial Exporting in a Liberalizing Economy The Turkish Experience, in G.K. Helleiner (ed.), *Manufacturing for Export in the Developing World, Problems and Possibilities*, Routledge, London and New York.

3-5 Ziya Öniş, Liberalization, Transnational Corporations and Foreign Direct Investment in Turkey: The Experience of the 1980s, in Z. Öniş (ed), *State and Market The Political Economy of Turkey in Comparative Perspective*, Boğaziçi University Press, 1998, 125-148.

3-6 Faezeh Foroutan (1997), Turkey, 1976-85: Foreign Trade, Industrial Productivity, and Competition, Chapter 13, in M.J. Roberts and J. R. Tybout (eds.), *Industrial Evolution in Developing Countries*, World Bank, Oxford University Press,

3-7 Ziya Öniş, The East Asian Model of Development and the Turkish Case, A Comparative Analysis, in *State and Market The Political Economy of Turkey in Comparative Perspective*, Boğaziçi University Press, 1998, pp.261-284.

#### **SESSION 4: STRUCTURAL ADJUSTMENT and ECONOMIC CRISIS**

May 13 (Group 1) and May 20 (Group 2)

4- 1 A. Kleinknecht and J. ter Wengel (1998),, The Myth of Economic Globalization, *Cambridge Journal of Economics*, 22, 637-47.

4- 2 Colin Kirkpartick and Ziya Öniş, Turkey and the World Bank: Aid and Power, in Z. Öniş (ed), *State and Market The Political Economy of Turkey in Comparative Perspective*, Boğaziçi University Press, 1998, 125-148.

4-3 K. Metin-Özcan, E. Voyvoda and E. Yeldan (2001), Dynamics of Macroeconomic Adjustment in a Globalized Developing Economy: Growth, Accumulation and Distribution, Turkey, 1969-1999, *Canadian Journal of Development Studies*, XXII, 1, 219-253.

4-4 James H. Chan-Lee (1998), Tax Reform in Turkey since the 1980s, *Yapı Kredi Review*, 9 (1), pp. 43-60.

4-5 Yılmaz Akyüz and Korkut Boratav (2002), The Making of the Turkish Financial Crisis, United Nations Conference on Trade and Development, UNCTAD, Geneva

4-6 Ziya Öniş, Domestic Politics versus Global Dynamics: Towards a Political Economy of the 2000 and 2001 Financial Crises in Turkey, *Turkish Studies*, 4-2 (forthcoming)

4-7 Ercan Uygur (2001), Krizden Krize Türkiye: 2000 Kasım ve 2001 Şubat Krizleri, Ankara: Türkiye Ekonomi Kurumu.

#### **SESSION 5 LABOR MARKET, POVERTY AND INCOME DISTRIBUTION**

May 27 (Both Groups together)

5- 1 J.G. Williamson (1997), Globalization and Inequality, Past and Present, *The World Bank research Observer*, 12, 2, pp. 117-35.

5- 2 T. Demirel (2001), Turkey's Troubled Democracy: Bringing the Socioeconomic Factors Back in, *New Perspectives on Turkey*, 24, 105-40.

5-3 World Bank, *Turkey- Economic Reforms, Living Standards and Social Welfare Study*, Report No. 20029-TU, Poverty Reduction and Economic Management Unit Europe and Central Asia Region, World Bank: Washington D.C, 2000.

5-4 Özlem Onaran (2000), Labor Market Flexibility during Structural Adjustment in Turkey, İstanbul Technical University, Discussion Papers in Management Engineering, No: 00/1, İstanbul.

5-5 Şenses, F. 2003. "Economic Crisis as an Instigator of Distributional Conflict: The Turkish Case in 2000-2001". *Turkish Studies*, Vol.4, No.2 (forthcoming).

5- 6 Ayda Eraydın (2000), Dış Pazarlara Eklemlenmeye Çalışan Konfeksiyon sanayiinde Üretimin Örgütlenmesi ve Emek Süreçleri, *ODTÜ Gelişme Dergisi*, 27(1-2), 91-117.

**Paper presentations will take place at a suitable time at the end of the semester.**

Students are expected to

- i) carefully read the course material for each session.
- ii) send their session papers to **all** participants by the preceding Friday evening at the latest. (hard copy for the instructor!, please)
- iii) submit all other written work (research questions/abstracts) to the instructor (hard copy please) by the Friday evening before the relevant session.

GRADING:	Paper Abstracts:	5 points
	Paper Abstracts	5 points
	Paper	20 points
	Paper presentation	5 points
	Session presentation	10 points
	Commentator Performance	10 points
	Midterm Examination+	10 points
	Final Examination *	25 points
	Class participation	10 points

+ on Tezel (1994), Kepenek-Yentürk (2000) and Kazgan (2002).

\*on all 5 sessions

Good Luck