

# Turkish Economic Review

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## 4<sup>th</sup> International Conference on Economics, ICE-TEA<sup>\*</sup>

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### Conference Notes

This paper summarizes the presentations and the speeches of the conference “4th International Conference on Economics, ICE-TEA” which held on 18-20 October 2014. The aim was to discuss the risks, identify and suggest solutions to the current problems about the main theme of the conference, which was “Global Stability and Growth and the State of Economics”.

In the first opening speech Governor of Central Bank of Turkey Erdem Başçı mentioned three topics ‘Economic Activity and Rebalancing’, ‘Inflation’, and ‘Monetary and Financial Conditions’ regarding macroeconomic outlet and monetary policy.

Başçı stated that global demand remains weak, while the contribution of domestic demand to growth is increasing also the moderate course of consumer loans and the favorable terms of trade may contribute to the improvement in the current account balance in Turkey.

In terms of inflation Başçı pointed out that macro prudential measures taken at the beginning of the year and the tight monetary policy stance continue to have a favorable impact on the core goods inflation. He gave information about Central Bank’s policy on inflation stating that inflation expectations, pricing behavior and other factors that affect inflation will be closely monitored and the tight monetary policy stance will be maintained, by keeping a flat yield curve, until there is a significant improvement in the inflation outlook.

In the following opening speech, Minister of Finance Mehmet Şimşek pointed out structural transformation reforms, which includes areas such as increasing savings, decreasing dependence on foreign energy, and improving human capital quality. Şimşek also highlighted the importance of the quality of intuitions on sustainable development and stated that Turkey has moved forward with financial sustainability.

Stating that Turkey’s external debt GDP ratio is smaller lower than OECD, European and other developing countries Şimşek underlined the fact that although many other developing countries are rich in natural resources Turkey is financially in a good position.

In sum, Minister Şimşek emphasized the growing importance of Turkey in global stability and growth in recent years.

With many individuals and institutions’ participation more than 250 papers presented in three days during the conference.

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In the first session ‘Crises’ with Tuncer Bulutay’s (Ankara University) chairmanship four papers presented. In sum, the similarities between the occurrence of financial crises and the macroeconomic indicators such as employment rate and balance of trade were discussed. Also the importance of OECD Corporate Governance Principles was highlighted. In the light of these presentations discussions were made on the possible scenarios of economic crises that Turkey may face.

Middle-income trap and growth, which is one of the hot topics regarding Turkey’s economic position, has been handled in middle-income trap and growth session. In their presentation ‘Does Turkey Suffer from Middle Income Trap or Is Stuck in Permanent Low Growth?’ Suut Dođruel and Fatma Dođruel (Marmara University) addressed Turkey’s position during the post Second World War period. They stated that within its economic and political institutions and stuck off physical and human capital Turkey may reach its economic growth limit.

In another presentation Can Tansel Tuđcu (Nevşehir Hacı Bektaş Veli University), indicated issues such as education, quality of labor force, value added industry, high tech R&D are key elements of escaping from middle income trap.

In the second day of the conference, in the session of ‘Income Inequality and Distribution’ papers presented in issues such as income levels separation, the relationship between ethnicity and income differences, and re-distributional policies on income distribution and poverty.

Invited speaker Walter Enders (University of Alabama) presented a paper ‘Poverty, Radicalism, and Terrorism’ which holds the issue of growth from a different perspective. Based on the results of their study’s econometrics analyses he argued that there is a relationship between real per capita GDP and terrorism in lower-income countries.

Apart from the issues mentioned above, a number of sessions were held on topics; monetary policy, energy and environment, labor markets, money and finance, labor and poverty, inflation and banking, gender and poverty.

To summarize, in Turkey case while some of the presentations were parallel to the arguments of Şimşek and Başçı, which were Turkey’s economic position from an optimistic perspective, a number of studies stressed the problems Turkey struggles and may face in future.



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