

ECONOMIC DEVELOPMENT: HOW IS LIFE IN TURKEY?

EBRU TOMRİS AYDOĞAN
taydogan@yeditepe.edu.tr

INTRODUCTION

Economic and human development are among the most prominent and widely discussed topics of economics today. The Human Development Index(HDI) and Human Development Reports that are published by the United Nations Development Programme(UNDP, 2018) primarily analyze income, education, health, gender issues, and hence development and life satisfaction of most of the countries in the world. The Nobel Laureate economist Amartya Sen (1998) has influenced economists throughout the world with his studies on the relationship between factors such as poverty, gender inequality, welfare - namely economic and human development. Sen (1999, p. 3) defines development as “a process of expanding the real freedoms that people enjoy”. Freedom of choice, self-esteem, and the ability to meet basic needs are the core values of development that increase a person’s life satisfaction and happiness - a part of human well-being.

ECONOMIC DEVELOPMENT

Development stems from the expansion of economic and social choices, availability of life sustaining goods, and higher standards of living. Eradication of extreme poverty and hunger, achievement of universal primary education, promotion of gender equality and empowerment of women, reduction of child mortality, improvement of maternal health, the combat against diseases, environmental sustainability, and the idea of developing a global partnership for development make up the eight Millennium Development Goals (MDGs) that were set out by the UN in 2000.

Economic development is essential for the developing countries, since it increases human capabilities, well-being, living standards, and life satisfaction. Easterlin (1974) indicates that the level of economic development of a country and the overall happiness of the citizens are not correlated with each other. The Easterlin Paradox suggests that as income increases, so does life satisfaction up till a certain level - as of then happiness starts decreasing. In other words, the increase in the per capita income level of a country raises the level of the life satisfaction of its people only to a certain level.

TURKEY'S ECONOMIC DEVELOPMENT

Economic development accelerates human development, life satisfaction, and the happiness levels of individuals. In order to understand a country's economic development, one needs to analyze factors such as: income, education, and life expectancy that define “*human development*” and female reproductive health, empowerment, and labor that express “*gender inequality*”. The level of economic development not only enhances human development, gender equality and equity, but it also creates a fairer distribution of income, longer life expectancy, better educational opportunities - that increase individuals' life satisfaction - for the society in general. For this reason, the indices that outline such measures are used in this study to elaborate the development process of Turkey between 1990 and 2015, which stands as a country with a relatively high human development (UNDP, 2018) despite her upper middle income status according to the World Bank (2018a).

The Human Development Index report released on March 21st, 2017 by the UNDP (2018) classifies the countries into four groups according to their level of human development as follows - very high, high, medium, and low human development. Turkey ranks as the 71st within a group of 188 countries.

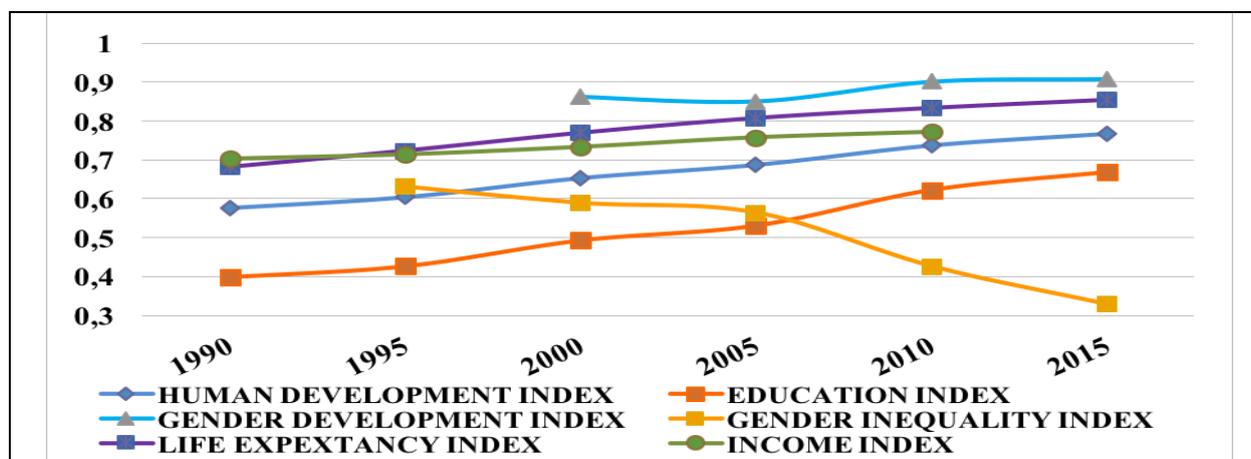


Figure 1 - Turkey's Economic Development

Source: UNDP (2018) Human Development Report Data of 2016.

The Human Development Index of Turkey reflects an increase in her level of human development from 0.576 in 1990 to 0.767 in 2015. Her Gender Development Index shows an increase from 0.862 to 0.908 for the 2000-2015 period. In line with this outcome, the Gender Inequality Index for Turkey depicts a sharp decline from 0.631 to 0.328 for two decades (1995-2015). Turkey's Education Index (0.399 in 1990 and 0.668 in 2015) and Life Expectancy Index (0.681 in 1990 and 0.854 in 2015) both present further progress throughout the aforementioned 25 years. The Income Index for Turkey does not demonstrate the latest data since it comes to a

halt in 2010. Nevertheless, it demonstrates an upward movement from 0.703 in 1990 to 0.771 in 2010. It has not shown any improvement since the new millenium.

EDUCATION IN TURKEY

Turkey’s net male primary school enrollment ratio of 94.89% in 1995 has increased, only 0.44%, to 95.33% in 2015. The same ratio for the female population reached 94.38% in 2015 from 88.32% in 1995, showing a much greater achievement (World Bank, 2018b). The adult literacy rate that was recorded as 79.2% in 1990 reached a saturation around the first years of the millenium where it became somewhat stable at 95%. The adult male literacy rate - for percentage of males ages 15 and above - which was 89.85% in 1990 increased to 98.58% in 2015. Although the adult female literacy rate - for percentage of males ages 15 and above - recorded a sharp increase from 68.52% in 1990 to 92.65% in 2015, it still remained at a point where it fell behind the adult male literacy rate by 5.93% in 2015 (World Bank, 2018c). The gross enrollment ratios of secondary and tertiary education are 50% and 13% for 1990 and 84% and 56% for 2010 respectively Although the primary school dropout rate - stated as the percentage of primary school cohort - decreased to 2.2% in 2005 from a level of 4.5% in 1995, the situation was reversed as the primary school dropout rate from 2005 to 2010 climbed first to 5% only to be doubled within the next year 2011 to 10%. These data became unavailable after 2011 (Figure 2).

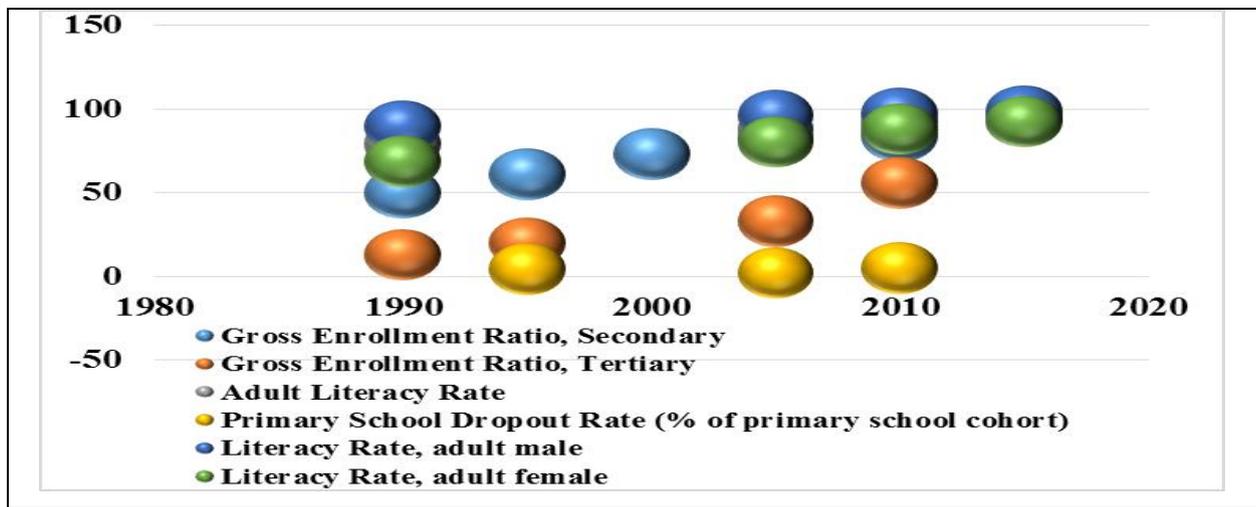


Figure 2 - Turkey’s Educational Attainment

Source: UNDP (2018) Human Development Report Data of 2016 and the World Bank (2018b and 2018c).

Despite the fact that both the expected and the mean years of schooling have risen in general during the period between 1990 and 2015, the male population seems to be better off and ahead of the average expected and mean years of schooling in Turkey. The female

expected and mean years of schooling have been about two years shorter than those of the males during the last 15 years. Moreover, the female mean years of schooling is about seven years lower than the expected years of schooling (Figure 3).

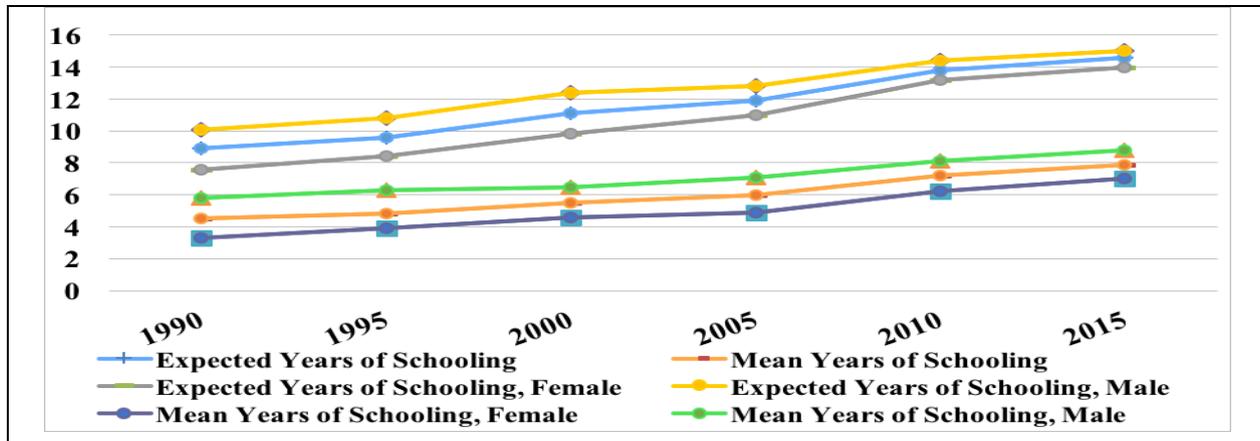


Figure 3 - Years of Schooling in Turkey

Source: UNDP (2018) Human Development Report Data of 2016.

GENDER IN TURKEY

The total unemployment rate in Turkey - stated in terms of her female to male ratio - has increased from 79% in 1990 to 133% in 2015 - a 54% increase - indicating that the unemployment rate of females is higher than the unemployment rate of males and it keeps increasing (Figure 4).

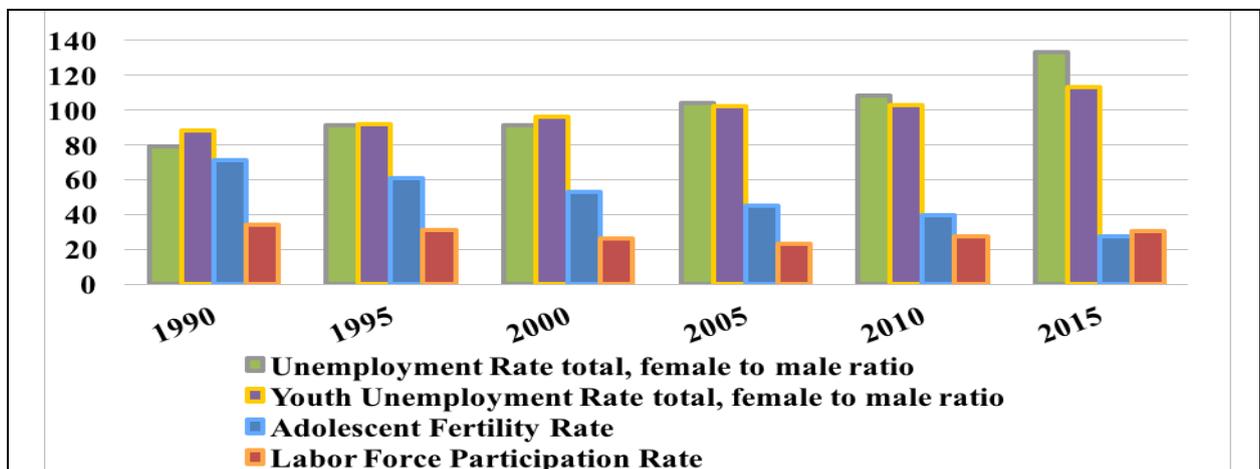


Figure 4 - Gender Inequality in Turkey

Source: UNDP (2018) Human Development Report Data of 2016.

The total youth unemployment rate female to male ratio that was 88% in 1990 reached 113% in 2015, once again representing a higher youth unemployment rate for females than males. Although in general the female participation is declining, the reverse is true for young females. The increase in female years of schooling has led to a downward inclination of the

adolescent fertility rate in Turkey from 71.4% in 1990 to 27.6% in 2015 as shown in Figure 4. Finally, the labor force participation rate of women shrunk from 34.1% in 1990 to 30.4% in 2015 denoting doubts about gender inequality and the glass ceiling in the Turkish labor market.

HEALTH INDICATORS OF TURKEY

Both the infant and under-five mortality rates have declined as the level of economic development increased in the 1990-2015 period. Even though the former decreased from 55.8% in 1990 to 11.6% in 2015, the latter recorded an enormous reduction from 74.5% in 1990 to 13.5% in 2015. Therewithal, the public health expenditure that was 1.8% in 1995 became 4.2% of Turkey’s GDP in the next two decades, depicting a progress (Figure 5).

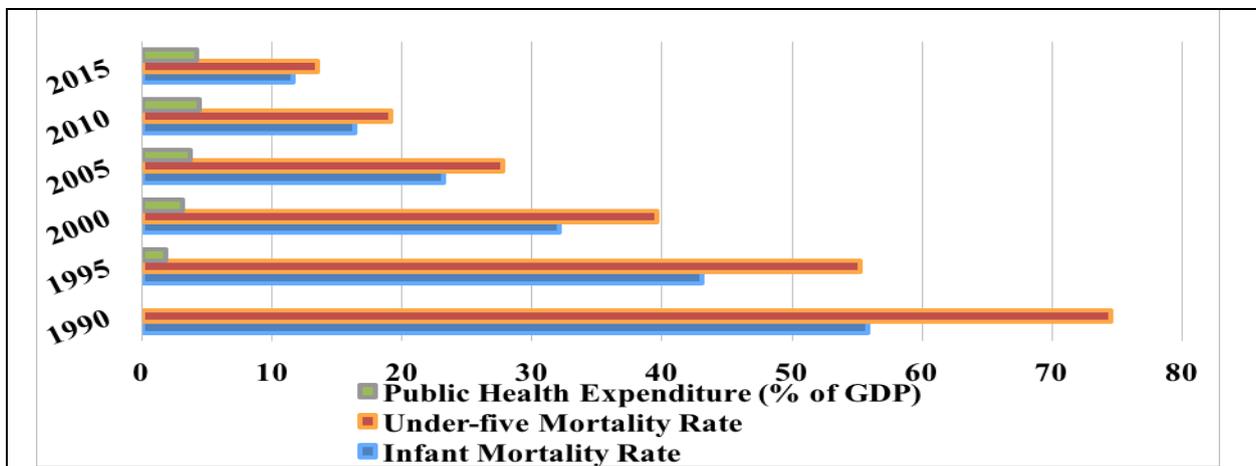


Figure 5 - Health Indicators of Turkey

Source: UNDP (2018) Human Development Report Data of 2016.

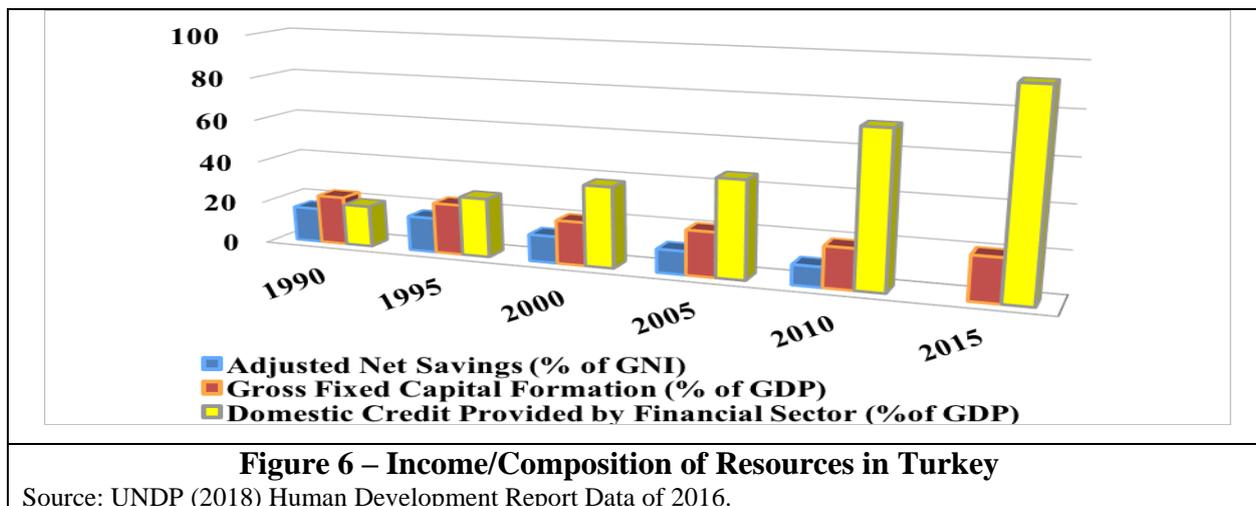
Other than the health indicators given in Figure 5, economic development comprises human development which involves maternal health, prevalence of HIV/AIDS, malaria, and other diseases. Health and education are bi-directionally correlated to each other in the sense that health is essential for school attendance and longer years of schooling and likewise, higher levels of education lead to healthier living and longer life expectancy, disclosing the importance of women’s education, since educated mothers have a multiplier effect on the next generations to come.

INCOME/COMPOSITION OF RESOURCES IN TURKEY

Figure 6 reports the downturn in the adjusted net savings from 19.5% in 1990 to 9.3% of Turkey’s GNI in 2015. The most populous country of the world, China with her more than 1.4 billion people had an adjusted net savings of 21% in 1990, and the rate has increased to 34.5%

by 2015 (UNDP, 2018). Compared to such highly saving countries, Turkish savings rate is quite low. The rate of gross fixed capital formation also demonstrates a reduction from 22.9% in 1990 to 20.3% in 2015.

As illustrated below, the domestic credit provided by the financial sector in Turkey reflects a rapid increase from 19.5% in 1990 to 92.8% in 2015 and proves the upward escalation of consumption, thereby leaving the economy vulnerable in case of an economic crisis. Economic growth and development are important in achieving poverty reduction - first of the MDGs. This can be achieved through investments in the real sector and increasing production and exports.



ENVIRONMENTAL SUSTAINABILITY IN TURKEY

Environmental sustainability is vital for the future generations which will be living in a world with a roughly expressed 9.5 to 10 billion estimated population by 2050 (UNDP, 2018). Decreasing the carbon footprint should therefore be a requisite for our generation, since otherwise we would be borrowing the natural resources of the world from the future generations.

The carbon dioxide emissions of Turkey have increased by nearly 52% throughout the two and a half decades after 1990 from 2.7 to 4.1 tonnes per capita (UNDP, 2018). The level of natural resource depletion has stayed stable at 0.3% of GNI throughout the same period. The period between 1990 and 2015 witnessed a total percentage change in the forest area of Turkey from 12.5 to 15.2 in turn.

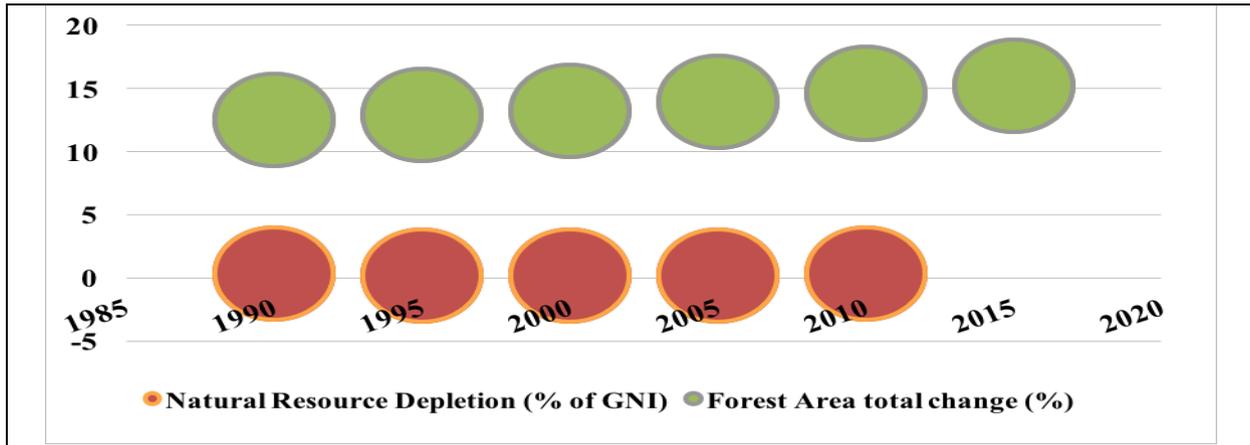


Figure 7 - Environmental Sustainability in Turkey

Source: UNDP (2018) Human Development Report Data of 2016.

OECD BETTER LIFE INDEX AND TURKEY

The Better Life Index computed by the OECD (2018) covers a group of 38 OECD countries. According to the index, Turkey ranks as the third country from the bottom, in other words it ranks as the 36th in terms of the overall OECD Better Life Index that includes variables such as: housing, income, jobs, community, education, environment, civic engagement, health, life satisfaction, safety, and work-life balance (Appendix).

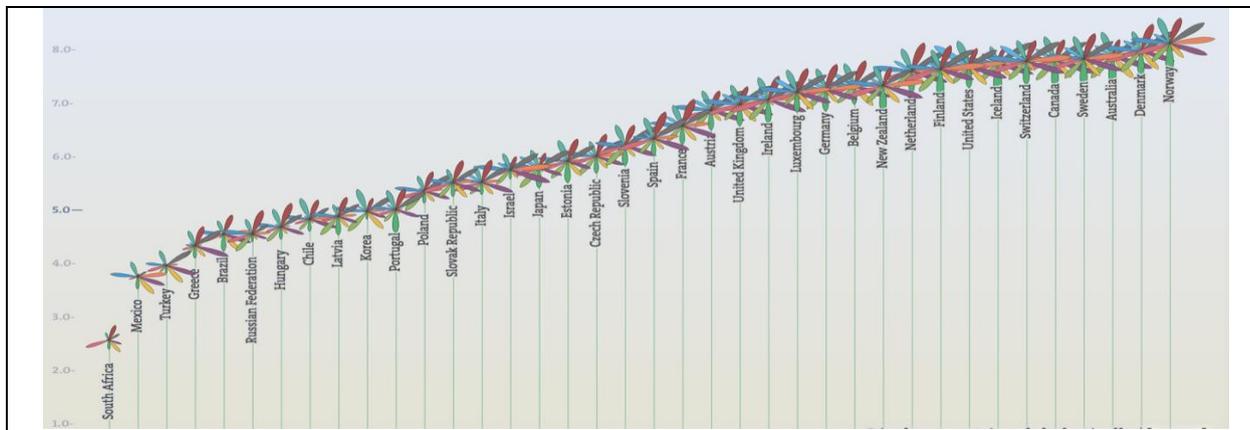


Figure 8 - OECD Better Life Index and Turkey

Source: OECD (2018), Better Life Index.

The OECD Better Life Indices for Turkey indicate the following ranks for these variables: *Civic Engagement* (voter turnout and stakeholder engagement for developing regulations) - 6th, *Health* (life expectancy and self-reported health) - 24th, *Housing* (rooms per person and dwellings with basic facilities and housing expenditure) - 29th, *Safety* (feeling safe walking alone at night and homicide rate) - 30th, *Community* (social support network) - 33rd, *Income* (household net adjusted disposable income per capita and household net financial wealth) - 34th, *Life Satisfaction* (how people evaluate their life as a whole) - 34th, *Jobs*

(employment rate, long term unemployment, and job security) - 35th, *Education* (years in education, educational attainment, and students' skills) - 35th, *Environment* (air pollution and water quality) - 37th, and finally *Work-Life Balance* (employees working long hours and time devoted to leisure and personal care) - 38th.

CONCLUSION

Human development, gender development, education, life expectancy, and income indices reflect an upward trend - while gender inequality index shows a decline - suggesting the presence of some economic development for the period between 1990 and 2015 in Turkey. But, the data show a relative decline, when Turkey is compared to other countries.

The economic development process of Turkey displays that while net primary schooling ratios, gross secondary and tertiary education ratios, expected and mean years of schooling for both females and males have increased together with the adult literacy rate, the increase in the primary school dropout rate poses a problem. Longer years of schooling had a positive influence on the adolescent fertility rate for the 1990-2015 period.

Analysis of the unemployment rates for the adults and youth assert that the unemployment rates are higher for females in comparison with the males in both groups. Hence, the labor force participation rate of the female population of Turkey declined within the last 25 years that have been investigated in this study.

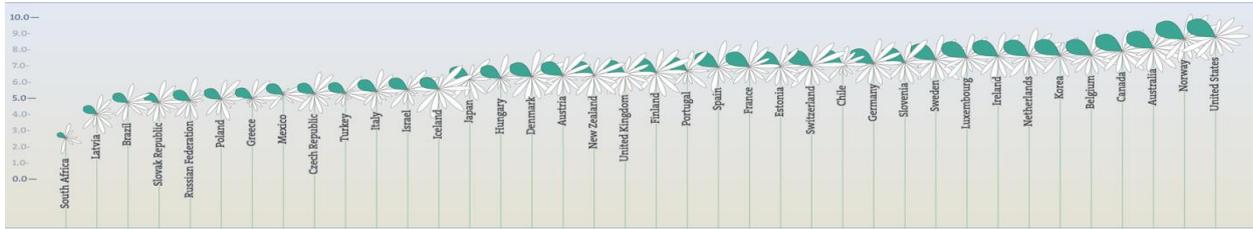
Infant and under-five mortality rates declined throughout the period of 1990 and 2015, indicating a positive development for the health care in general, yet the magnitude of investment made on public health care remained insignificant.

The variables put forward by the income/composition of resources data reflect negative outcomes, since the adjusted net savings and gross fixed capital formation both decreased. Although, the total change in forest areas proposed a positive result, carbon dioxide emissions increased in Turkey between the years 1990 and 2015, indicating increased environmental problems. The increasingly high domestic credit rate and a low savings rate have shown a negative impact on economic growth.

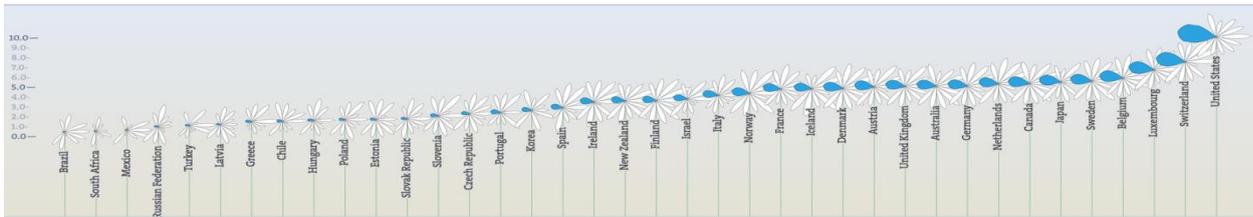
The results obtained from the OECD Better Life Index interestingly reflect that Turkey ranks as the 34th country within the 38 countries in terms of her income and life satisfaction which reflects nation's level of happiness. The employment and education results of the index depict low ranks with worst outcomes for environment and work-life balance which shows Turkey at the bottom of the listed countries.

APPENDIX - OECD BETTER LIFE INDEX VARIABLES (2018)

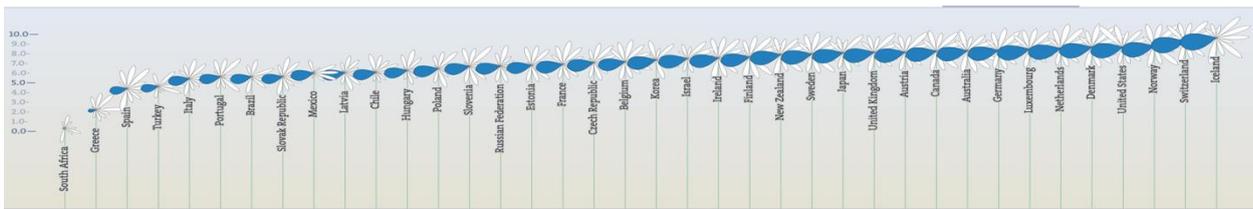
Housing



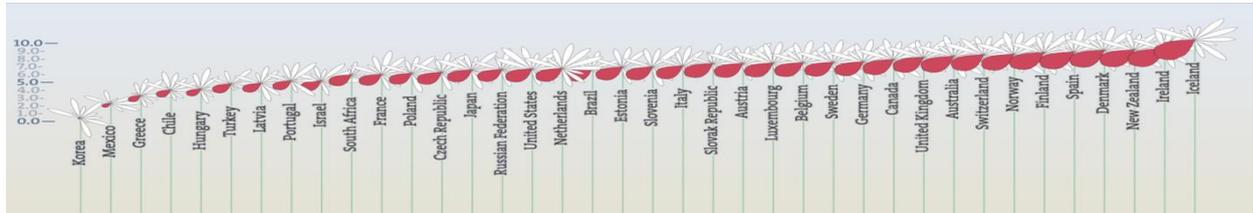
Income



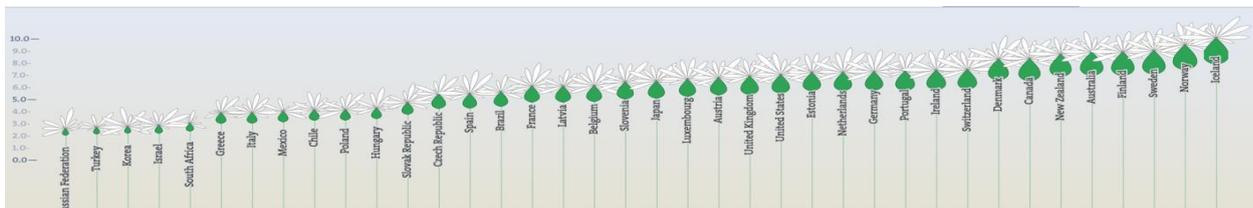
Jobs



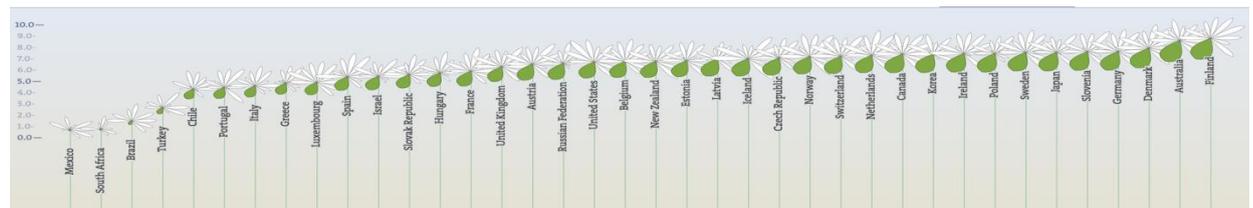
Community



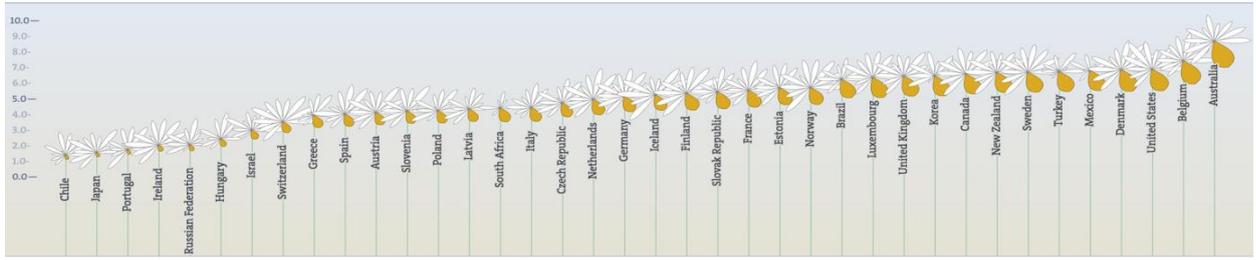
Education



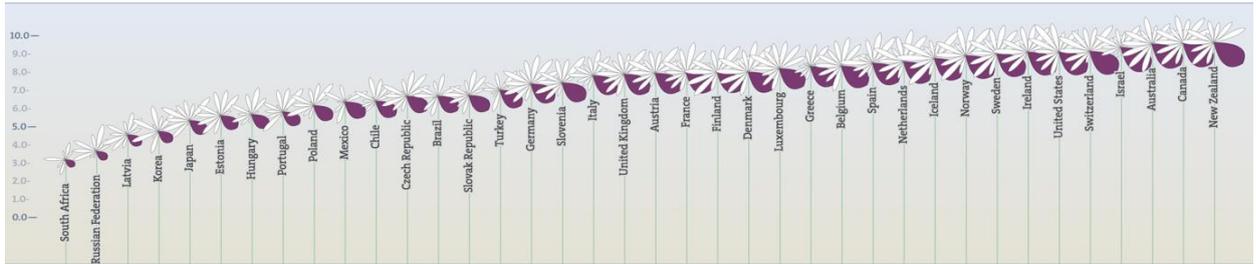
Environment



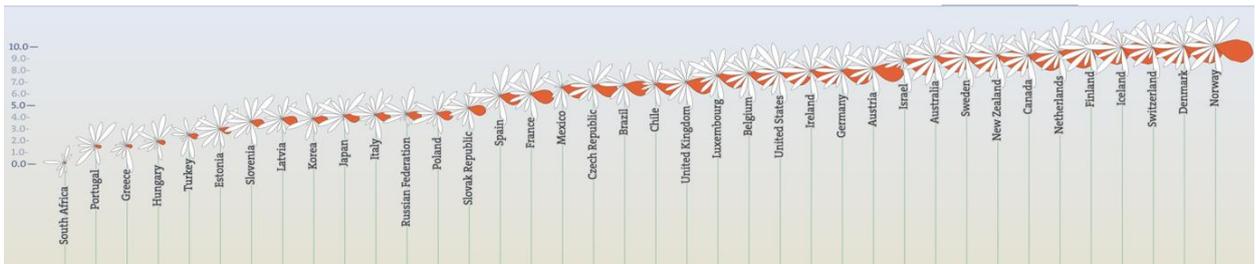
Civic Engagement



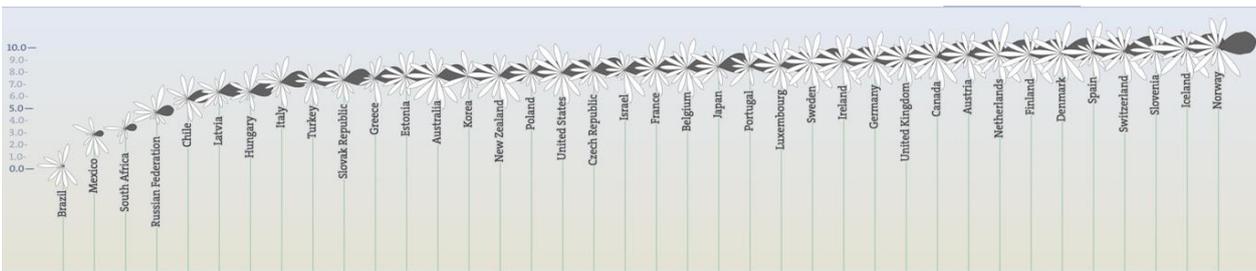
Health



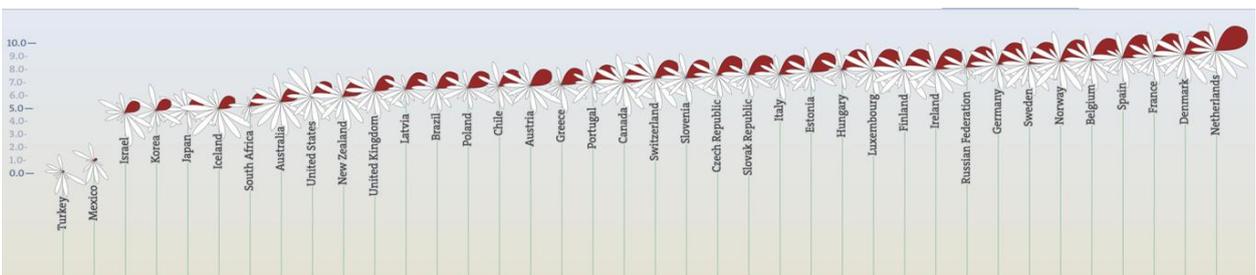
Life Satisfaction



Safety



Work-Life Balance



References

Easterlin, R., 1974, “Does Economic Growth Improve the Human Lot? Some Empirical Evidence”, in Paul A. David; Melvin W. Reder. *Nations and Households in Economic Growth: Essays in Honor of Moses Abramovitz*. New York: Academic Press, Inc.

Organization for Economic Cooperation and Development (OECD), 2018, *OECD Better Life Index*, retrieved on April 28th, 2018, at <http://www.oecdbetterlifeindex.org/>

Sen, A., 1999, *Development as Freedom*, Anchor Books, a division of Random House, Inc., New York.

United Nations Development Programme (UNDP), 2000, *Millennium Development Goals*.

United Nations Development Programme (UNDP), 2018, *Human Development Data (1990-2015)*, retrieved on April 28th, 2018, at <http://hdr.undp.org/en/data>

World Bank, 2018a, *Data for Upper Middle Income, Turkey*, retrieved on April 28th, 2018, at <https://data.worldbank.org/?locations=XT-TR>

World Bank, 2018b, *Primary School Enrollment*, retrieved on April 28th, 2018, at <https://data.worldbank.org/indicator/SE.PRM.NENR.MA?end=2017&start=1989> (for the male) <https://data.worldbank.org/indicator/SE.PRM.NENR.FE?end=2017&start=1989>(for the female)

World Bank, 2018c, *Literacy Rate, Adult Male and Female*, retrieved on April 28th, 2018, at <https://data.worldbank.org/indicator/SE.ADT.LITR.MA.ZS?view=chart> <https://data.worldbank.org/indicator/SE.ADT.LITR.FE.ZS>