19th International Conference of MEEA

Piri Reis University



"International Trade and Sustainable Development in MENA Region"

9-11 October 2020

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Istanbul, Turkey

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Preface

19th International Conference of Middle East Economic Association is hosted online by the Piri Reis University on 9-11 October 2020. Due to the ongoing Covid-19 Pandemic it would not be possible to have an onsite face-to-face conference, however with high number of distinguished speakers and presenters our conference stands out as an outstanding scientific event for many of us. Our conference hosts 30 separate sessions with 110 individual presentations. We accommodate 64 invited speakers and around 200 academics and do live broadcast around 30-40 hours during the three-day event. We also have the privilege to have Professor Sevket Pamuk to address the keynote speech of the conference.

This conference proceedings e-book contains the abstracts of the presented papers. You can also kindly reach out the whole list of the accepted papers to the conference in the program section of the e-book. Some of the selected papers will be published as special issues, please follow our updates from the official conference web-page.

Finally, we would also like to take this opportunity to thank to conference Chairs Professor Oral Erdogan and Professor Wassim Shahin for enormous support and encouragement throughout the whole organization process. We are also grateful to Rahel Schomaker, Mine Cinar and Jeffrey Nugent for their support to the organizational and scientific details of the programme. We also have to acknowledge the local support from the Piri Reis University, especially from Hanifi Arslan, Elif Ecem Celtek and Metin Danis.

On behalf of the organization committee our biggest thanks is to the participants of the conference who make this outstanding conference programme possible. We are hoping to host an on-site conference in Istanbul in the future and looking forward to seeing you all in the upcoming meetings of MEEA.

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Conference Chairs

Prof. Oral Erdogan- Piri Reis University

Prof. Wassim Shahin - Lebanese American University

Scientific Committee

Prof. Alpay Filiztekin - Sabanci University

Prof. Ege Yazgan - Istanbul Bilgi University

Prof. Erol Taymaz - Middle East Technical University

Prof. Fatih Ozatay - TOBB University

Prof. Fatma Dogruel - Marmara University

Prof. Kamil Yilmaz - Koc University

Prof. Mehmet Pinar - Edge Hill University

Prof. Murat Donduran - Yildiz Technical University

Prof. Nathalie Hilmi - International University of Monaco

Prof. Rahel M. Schomaker - Carinthia University of Applied Sciences

Prof. Shawkat Hammoudeh - Drexel University

Prof. Suut Dogruel - Marmara University

Prof. Taner Berksoy - Piri Reis University

Prof. Mine Cinar - Loyola University Chicago

Prof. Jeffrey B. Nugent - University of South California

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Prof. Erhan Aslanoglu - Piri Reis University

Assoc. Prof. Burhan Can Karahasan - Piri Reis University

Inst. Kenan Tata - Piri Reis University

Res. Asst. Yasin Enes Aksu - Piri Reis University

Organization Committee

Conference Programme

19th International Conference of MEEA

09.10.2020 – First Day

Hour (+3 GMT) Istanbul Time	Author	Affiliation	Title
09:00 09:50	Opening Remarks (Oral Erdoğan - Wassim Shahin - Rahel Schomaker - Mine Çınar - Erhan Aslanoğlu) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZIkf-mprDMvE9c9c0ktz0CIWsdWy48cmq6w		
10:00 11:00	Keynote Speech: Şevket Pamuk, Boğaziçi University – Regional Inequalities and the West-East Divide in Turkey since 1880 Moderator: Alpay Filiztekin, Sabancı University **Zoom Link:** https://us02web.zoom.us/meeting/register/tZIkf-mprDMvE9c9c0ktz0CIWsdWy48cmq6w		
11:30 13:15	**Vulnerabilities in the Turkish Economy in the Face of the Covid Crisis - Special Session (Moderator: Suut Doğruel)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZYsdeCqqDgrHNCIfxVtOIefQPIzPEDapTMj		
	Kamil Yılmaz	Koç University	Demand & Supply Shocks and Connectedness in Turkey
	Gökhan Özertan	Boğaziçi University	An Analysis of Agriculture and Food Sectors in Turkey Under Sustainable Growth
	Fatma Doğruel	Marmara University	Vulnerabilities of Manufacturing Sector in Turkey
	Suut Doğruel	Marmara University	Vulnerabilities and Fragilities of Economic Growth in Turkey
14:30 15:30	Ayhan Köse, The World Bank – Global Prospects Under the Pandemic Moderator: Taner Berksoy, Piri Reis University **Zoom Link:** https://us02web.zoom.us/meeting/register/tZAqcu2pqDwuGN1X6OlJ8GeaJVK74S7-ZUJ2		
15:45 17:30	**Labor Economics I - Regular Session 1 (Moderator: Hüseyin Özel)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZYucO6urzMsGtRw9GiKftZq-cLFPYhwMeb5		
	Yasemin Özerkek Fatma Didin Sönmez	Marmara University Istanbul Bilgi University	Labour Underutilisation
	Kıvılcım Metin Özcan Şenay Üçdoğruk Birecikli Mustafa Ünlü Ayşenur Öktem Özgür	Ankara Social Science University Dokuz Eylül University Bingöl University Karamanoğlu Mehmetbey University	Determinants of Overtime in Turkish Private Sector
	Ozan Bakış Sezgin Polat	Bahçeşehir University Galatasaray University	Wage Inequality Dynamics in Turkey
	Nazlı Karamollaoğlu Barış Soybilgen	MEF University Istanbul Bilgi University	Quantile Panel Data Analysis of the Female Employment Ratio in Turkish Manufacturing Firms
	Regional Economics I - Regular Session 2 (Moderator: Fırat Bilgel) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZMrcOmsqDwtHdAPKBURE2WIQUdd8bhP1uXl		
	Cemre Küçük	Marmara University	The Impact of Trade Openness on Regional Inequality in Turkey
	Gizem Acet Dönmez	Marmara University	Poverty in Turkey: Determining the Absolute Poverty on a Regional Basis
	Raziye Selim Suat Küçükçifçi Gizem Kaya	Istanbul Technical University Istanbul Technical University Istanbul Technical University	The Economic Growth and Inequality in Turkey Regions
	Sedef Akgüngör Mert Abay	Dokuz Eylül University Dokuz Eylül University	Knowledge Space and Technological Relatedness: A Regional Analysis in Turkey
	Natural Resources and Environmental Economics - Regular Session 3 (Moderator: Nathalie Hilmi) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZYtcu-rqDwiGt1DezYRMdd7zTSyOIbNj2TC		
	Camilla Jensen	Roskilde University	Soft and Hard Aspects of Green Behavior – A Firm-Level Study of the Pollution Haven Hypothesis in the Mediterranean Basin
	Gül Dertli Pelin Yinaç	PhD Arel University	Renewable Energy Consumption, Carbon Dioxide Emission and Economic Growth in Egypt
	Davide Contu Özgür Kaya	Canadian University Dubai American University of Sharjah	Social Acceptability and Perceptions on Nuclear and Renewable Energy and Transient Residency Effect
	Omar A. M. El-Joumayle	PhD	The Institutional Churns in Iraq: A Reflection on the Upstream oil Industry Post-2003

17:30 19:15	**Labor Markets in the MENA Region during the COVID-19 Outbreak - Special Session (Organizer: Shaimaa Yassin - Moderator: İnsan Tunalı)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZIvdO2rrDItE9cJvNRhbot2-z64CuIP3fqo		
	Shaimaa Yassin	McGill University	
	Ragui Assaad	University of Minnesota	
	Caroline Krafft	St. Catherine's University	
	Mohammed Ali Marouani	IRD & Université Paris 1 Panthéon-Sorbonne	
	İnsan Tunalı	Boğaziçi University & Koç University & ERF	

19:30 21:30	**Syrian Refugee Migration and Its Effects on "Child Outcomes, Gender and Family" - Special Session (Moderator: Berkay Özcan, Discussants: Jorge Garcia Hombrados, Antonella Bancalari)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZ0ufuihrTouE922eVxWoweQlS3M4kP-Bd7J		
	Onur Alntıdağ Stephen D. O'Conell	Bentley University Emory University	Humanitarian aid at scale: how do unconditional cash transfers impact refugees?
	Semih Tümen Michael Vlassopoulos Jackie Wahba Vincent Boucher Yves Zenou	TED University University of Southampton University of Southampton Laval University Monash University	Mixing in Early Childhood: Evidence from Syrian Refugees in Turkey
	Bilge Erten Pınar Keskin	Northeastern University Wellesey College	Female Employment and Intimate Partner Violence: Evidence from Syrian Refugee Inflows to Turkey
	Cevat Giray Aksoy Berkay Özcan	EBRD, King's College London London School of Economics	Immigration and Native Fertility: Evidence from Syrian Refugees in Turkey

10.10.2020 – Second Day

Hour (+3 GMT)	Author	Affiliation	Title
09:00 10:45	**Selected Topics I - Regular Session 1 (Moderator: Emre Çakmak)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZ0qc-yrpzgiGdKE3gfC2Qta3Iyl6Z_VJeOa		
	Rıza Gürhan Korkut	Piri Reis University	Multi-Biomass Supply Chain Design from Source to the Power Plant
	Mourad Madouni	University Dr Tahar Moulay of Saida	Price Elasticity of the Demand for Sugar-Sweetened Beverages in Algeria
	Ali Sayehmiri Fereshteh Rahimi Mohammad Oshani	Ilam University Ilam University Ilam University	Investigating the Factors Affecting the Virtual Water Trade of Corn Crop in MENA Countries, Applying Gravity Model
	Mustafa Necati Çoban	Tokat Gaziosmanpaşa University	Investigation of MENA Countries within the Framework of Food Security Indicators
	Selected Topics II - Regular Session 2 (Moderator: Engin Kurun) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZMvd-qhqT4oEt1RAXvrnKhp-eQT6ShkQ3M0		
	Ergün Demirel	Piri Reis University	Cooperation for Shipping Between Libya and Turkey
	Pınar Özdemir	Piri Reis University	Entrepreneurship Education in Blue Universities
	Seda Şengül Büşra Karakuzu Ahmet Demirtaş	Çukurova University Çukurova University Çukurova University	The Source of Individual Happiness: Evidence From Turkey
	Demet Topal Koç Ercan Eren	Kırklareli University Yıldız Technical University	Are Modelling Methods in Health Economics Changing?
	Sustainable Development - Special Session (Moderator: Arif Orçun Söylemez) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZMvd-mtqD0oHtFf2MwzmKc3p_RQERqreQft		
	Arif Orçun Söylemez	Marmara University	Is the European Green Deal (EGD) a Tool of Market Perfection or Imperfection? Policy Recommendations for the Future of the Turkey - EU Trade under EGD
	Ece Handan Güleryüz	Marmara University	Prosperity and Economic Growth in the MENA Region
	Mehtap Öner Suna Gönültaş	Marmara University Doğuş University	The Impact of Fintech on Sustainable Development
	Emre Zehir	Istanbul Kültür University	The Green Bonds Market in Turkey

	Labor Economics II - Regular Session 3 (Moderator: Haluk Levent) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZwvd--vrj8tHdfXc4pV87Wfb58-rB6cHyZE		
	Bilge Eriş Dereli	Marmara University	Firm-Level Evidence on the Determinants of On-the-Job Training
	Anıl Duman Alper Duman	Central European University Izmir University of Economics	The More the Gloomier: Changes in Informal Employment and Wages in Turkey
	Youghourta Bellache Omar Babou Oksana Nezhyvenko Philippe Adair	University of Bejaia University of Tizi-Ouzou National University of Kiev Mohyla Academy University Paris-Est Créteil	Informal Employment in the Kabylia Region (Algeria): Labour Force Segmentation, Mobility and Earnings
	Sinem Bağçe Yasin Enes Aksu	Istanbul Bilgi University Piri Reis University	Social Transfers and Labor Force Participation of the Roma in Turkey
	International Trade and Economics of Globalization I - Regular Session 4 (Moderator: Yasemin Özerkek) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZUlcemrrjsvH9R9-g5m1udp30grAVmhHOfN		
	Luke Emeka Okafor Usman Khalid Ogechi Adeola	University of Nottingham United Arab Emirates University Pan-Atlantic University	The Effect of Regional Trade Agreements on International Tourist Flows in Sub-Saharan Africa and Middle East-North Africa
	Deniz Göktaş	Istanbul Gedik University	Determinants of International Tourism Demand for Istanbul
11:15 **13:00**	Halit Yanıkkaya Abdullah Altun Pınar Tat	Gebze Technical University TUBITAK Gebze Technical University	Is Simple Participation enough or Deeper Participation in GVCs necessary? Evidence from 40 major economies
	Jean Langlois Benedikt Barthelmess	Centre de Recherche en Economie Appliquée pour le Développement (CREAD) Centre de Recherche en Economie Appliquée pour le Développement (CREAD)	The Rise of Intermediated SME Lending in MENA: Multi and Bilateral Financial Institutions' Impact on the Region's SME's
	Regional Economics II - Regular Session 5 (Moderator: Ege Yazgan) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZ0kdO6gpzoiHN1-jyRTtpRQf0OKOBC2DNhq		
	Alpay Filiztekin Oya Kent	Sabancı University Okan University	Anatolian Tigers: Now and Then
	Raziye Selim Suat Küçükçifçi Gizem Kaya	Istanbul Technical University Istanbul Technical University Istanbul Technical University	What do Inequality Decomposition Analysis Signalize in Turkey Regions
	Seda Yıldız Derya Gültekin Karakaş Elif Garagon	Istanbul Technical University Istanbul Technical University Istanbul Technical University	An Evaluation of Educational Equality in Turkey from a Regional Perspective
	Burak Yerlikaya Tolga Aksoy	Yıldız Technical University Yıldız Technical University	Divorce and Suicide: Evidence from Turkish Provinces

	Industrial Relations - Regular Session 6 (Moderator: T. Benan Orbay) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZYlc-6ppjIqE9W1JeKVdSgs0YqbOPtZ-8Th		
	Shahin Baghirov Levent Koçkesen	Koç University Koç University	Managing Reputation in a Principal-Agent Problem
	Feride Gönel Hüseyin Taştan	Yıldız Technical University Yıldız Technical University	The Role of ICT in the Retail Sector: A Stochastic Frontier Analysis of Turkish Firms
	Murat Donduran	Yıldız Technical University	Size, Age and Firm Growth in the Turkish Manufacturing Industry
	Volkan Yeniaras İlker Kaya Anthony Di Benedetto Mumin Dayan	Özyeğin University American University of Sharjah Temple University United Arab Emirates University	Relational Governance, Organizational Unlearning and Learning: Evidence from Turkey
14:00 **15:45**	**Macroeconomic Policies – Regular Session 7 (Modertor: Hurşit Güneş)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZYlc-urrTkoG9QUfmEoQxDaTMhGfszOerlv		
	F. İrem Doğan Pınar Deniz	Altınbaş University Marmara University	Asymmetrics Analysis of Okun's Law: The Case for Turkey
	Yasin Kütük	Altınbaş University	Semantic Analysis of the Central Bank of the Republic of Turkey Communication Reports and Forecasting Model with LSTM
	Erdal Özmen Fatma Taşdemir	Middle East Technical University Sinop University	Capital Inflows and Growth in Emerging and Developing Countries: Expansionary or Contractionary?
	Harun Türker Kara Nildağ Başak Ceylan Ayhan Kapusuzoğlu	Ankara Yıldırım Beyazıt University Ankara Yıldırım Beyazıt University Ankara Yıldırım Beyazıt University	How Interest Rates Affect the Banking Sector?

14:00 15:45	**Agriculture, Environment Special Session (Moderator: Gökhan Özertan)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZwkduugqT8tH9S3AiB6avQWLHEAF2Z9kSwd		
	Burag Gurden	Durham University	Geothermal Energy and Its Discontents: An Uneasy Development in Turkey
	Reyhan Özeş Selim Çağatay	Akdeniz University Akdeniz University	Analyzing the Economic and Environmental Impacts of Turkey's Year 2023 Industrial Exports, Energy Use and Water Consumption Targets on Agricultural Sector
	Serkan Demirkılıç Hasan Tekgüç Gökhan Özertan	Kadir Has University Kadir Has University Boğaziçi University	Development of Food Inflation in Turkey: A Study on Selected Products

16:15 18:00	**Special Session of Turkish Economic Association (Moderator: Fatih Özatay)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZEpceGrqT4qHdb-veADkPA5RCg4ty6niPC3		
	Cem Çakmaklı Selva Demiralp Şebnem Kalemli-Özcan Sevcan Yeşiltaş Muhammed A. Yıldırım	Koç University Koç University University of Maryland Koç University Koç University	COVID-19 and Emerging Markets: Epidemiological Multi-Sector Model for a Small Open Economy with an Application to Turkey
	M. Aykut Attar Ayça Tekin-Koru	Hacettepe University TED University	Latent Social Distancing: Identification, Causes and Consequences
	Ebru Voyvoda A. Erinç Yeldan	Middle East Technical University Kadir Has University	Impact of the COVID-19 Outbreak on Turkey's Economy and General Equilibrium Analysis of Policy Alternatives
	Fatih Özatay Güven Sak Erol Taymaz	TOBB University of Economics and Technology TOBB University of Economics and Technology Middle East Technical University	Economic Policy Response of Turkey to COVID-19 Pandemic

18:15 19:00	Cihan Çobanoğlu, University of South Florida - The Impact of Technology on Sustainable Tourism Development Moderator: Erhan Aslanoğlu **Zoom Link:** https://us02web.zoom.us/meeting/register/tZUpfuCvqD4qHtc4XhpQMhIcXELwpT4ZKuyo

19:30 21:30	**Special Session on Migration - Special Session (Moderator: Rahel Schomaker)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZwsf-mvrj0vGN2lPdDVapjjVeCEwMNyf7tH		
	Franck Malherbet Eva Moreno-Galbis Mustafa Ulus	CREST-ENSAE and IZA Aix-Marseille University Galatasaray University	Informal Sector: Stepping-Stone or Dead End for Immigrants?
	Mehmet Balcılar Jeffrey B. Nugent Jiahui Xu	Eastern Mediterranean University University of South California Penn State University	Links between Background in Syria, Parents Health, Health Service Access, Local Circumstances in Turkey, and the Health Outcomes and Health Service Evaluations of Syrian Refugee Children in Turkey
	Aysun Aygun Murat G. Kırdar Murat Koyuncu Quentin Stoeffler	Istanbul Technical University Boğaziçi University Boğaziçi University Istanbul Technical University	Child Labor and Education among Refugees: Evidence from a Large Cash Transfer Program

11.10.2020 – Third Day

Hour (+3 GMT)	Author	Affiliation	Title
09:00 10:45	**Inequality, Growth and Development I - Regular Session 1 (Moderator: Oya Kent)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZcscu2rrzItGt3dF8bJKWmk-rHomBd5r3tj		
	Sufian Eltayeb Mohamed Abdelgadir	Sultan Qaboos University	Dynamics of Exports, Infrastructure and Growth in GCC: VARs and Causality Testing
	Mohammed Abu Alfoul	Swinburne University of Technology	The Effect of ICT Investment and Usage on Economic Growth in MENA Countries: Does Governance Matter?
	Philip D. Adams Nhi H. Tran James A. Giesecke	Victoria University Victoria University Victoria University	Forecasts of Future Labour Market Requirements for Oman: An Application of the OMAGE model
	Pelin Karatay Gögül Barış Ülker	Dicle University Dicle University	The Economic Convergence in Context of R&D: Acomparison Analyses of Selected OECD and Middle East Countries
	Yeşim Üçdoğruk Gürel	Dokuz Eylül University	Multilevel Analysis of the Role of Institutions on Investment Climate in MENA Countries

09:00 10:45	**Financial Markets, Institutions and Integration I - Regular Session 2 (Moderator: Pınar Deniz)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZcocOuuqzouEtwKqsJz2UVpdC15Thcj91Tp		
	Jean Langlois Benedikt Barthelmess	Centre de Recherche en Economie Appliquée pour le Développement (CREAD) Centre de Recherche en Economie Appliquée pour le Développement (CREAD)	The Impact of Financial Crime Legislation on Cross-Border Trade in the MENA Region
	Louise Roos Philip D. Adams	Victoria University Victoria University	Fiscal Reform – an Aid or Hindrance to Economic Diversification in Saudi Arabia: A Computable General Equilibrium (CGE) analysis
	Imad El Hamma	FSJES-Sale-Mohammed V University of Rabat	External Aid Versus Remittances: Which Works Better: The Case of a Selected MENA Countries
	Metin Vatansever A. Berrak Köten Ali Hepşen	Yıldız Technical University Istanbul Kültür University Istanbul University	Performance Analysis of Listed Real Estate Companies: A Practice in Turkey and MENA Region
	İlhan Eroğlu Öznur Özbek Mahmut Özbek	Tokat Gaziosmanpaşa University Tokat Gaziosmanpaşa University Tokat Gaziosmanpaşa University	A Study on the Effects of the Financial Crisis on Poverty in Turkey
	Gender Issues - Regular Session 3 (Moderator: Burcu Düzgün Öncel) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZYtc-6trD4rE9FBkGbWbOllFZP1DeWL8gsp		
	Sinem Sefil Tansever	Istanbul Commerce University	Gender Wage Differentials in Knowledge Intensive Services
	Imene Berguiga Philippe Adair	University of Sousse University Paris Est Creteil	Obstacles to Funding Female Entrepreneurs in North Africa: Self-selection vs. Discrimination?
	Mariem Liouaeddine Fairouz Naji	Ibn Tofail University University of Chouaib Doukkali	Gender in Economic Policies and Trade Agreements: Evidence from Morocco
	Burcu Düzgün Öncel	Marmara University	Association among Health, Disability and Labor Force Status: A Panel Analysis on Turkish Females

11:15 13:00	**Inequality, Growth and Development II - Regular Session 4 (Moderator: Mehmet Babacan)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZMtfuCoqD4tEtwZAIA0GAyC0-vsZV2gVPoY		
	Gülşah Özşahin Zuhal Özbay Daş	Kırklareli University Fenerbahçe University	Structural Transformations in Manufacturing Industry in Turkey in 2000s
	Sırrı Emrah Üçer	Yıldız Technical University	Crisis of Privatization and Privatization of Crisis: Turkish Privatization Policy, 2002-2020
	N. Gur Mesut Karakaş Mehmet Babacan	Istanbul Medipol University Gebze Technical University Istanbul Medipol University	Effects of FED Monetary Policy on Manufacturing Investment: Evidence from Turkey
	Bilge Eriş Dereli	Marmara University	A Pseudo Panel Analysis of the Returns to Field of Study
	Financial Markets, Institutions and Integration II - Regular Session 5 (Moderator: M. Aykut Attar) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZctfu6trT8jEtT6fuT0wJj1xgqFn6LtSneA		
	Ege Yazgan Çağlayan Yavuz	Istanbul Bilgi University Istanbul Bilgi University	What Drives Emerging Markets' Term Premia?
	Gülsüm Akarsu Nebile Korucu Gümüşoğlu	19 Mayıs University Istanbul Kültür University	Causal Relations among Financial Development, Economic Growth, Poverty, Inequality, and Inflation
	Ibrahim Nandom Yakubu Ayhan Kapusuzoğlu Nildağ Başak Ceylan	Ankara Yıldırım Beyazıt University Ankara Yıldırım Beyazıt University Ankara Yıldırım Beyazıt University	Financial Inclusion and Banking Sector Efficiency in Sub-Saharan Africa
	Ahmet F. Aysan Mustafa Dişli	Istanbul Sehir University Ghent University, Hamad Bin Khalifa University	Favoring the Small and the Plenty: Islamic Banking for MSME's in an Emerging Market
	Leila Aghabarari Ahmed Rostom	World Bank Group World Bank Group	Credit Cycles in Countries in the MENA Region-Do They Exist? Do They Matter?
	International Trade and Economics of Globalization II - Regular Session 6 (Moderator: Mahmut Tekçe) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZEldeuvqTguHddYmS0MCbZyKTl1ZohF346e		
	Fatma Taşdemir	Sinop University	Endogenous Thresholds for the Determinants of FDI Inflows: Evidence from the MENA Countries
	Uğur Aytun Cem Özgüzel	Kütahya Dumlupınar University OECD	Shooting Down Trade: The Impact of Russian Sanctions on Turkish Exports and Exporters
	A.S Kalaitzi S. Kherfi S. Al-Rousan S.M. Katsaiti	London School of Economics American University of Sharjah UAE, Ministry of Finance United Arab Emirates University	Are Non-Primary Exports the Source for Economic Growth in the UAE?
	Ömer Tuğsal Doruk Serhat Konuk	Adana Alparslan Türkeş Science and Technology University Adana Alparslan Türkeş Science and Technology University	Export Premium and Corporate Leverage: A Dynamic Treatment Model

	Middle East Special Session (Moderator: Ahmet Kasım Han) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZEvd-ygqTkpE9MpQ11ZPmC6wryIb__yGtKF		
	Altay Atlı	Boğaziçi University	Beyond Hydrocarbons: Diversification in China's Economic Relations with the Middle East
	Özlem Tür	Middle East Technical University	Political Economy of the Middle East since the Arab Spring
	Mehmet Ali Soytaş	King Fahd University	GCC's Labor Market Reforms and Economic Diversification Challenges
	Ahmet Kasım Han	Altinbas University	The Economic Rational of US Involvement in the Middle East: Shifting Sands
14.00 **15:45**	**Selected Topics III - Regular Session 7 (Moderator: Necip Çakır)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZYpf-2tpjMoG9S52fhl1iidpZsxG03VF3tT		
	Sanlı Ateş Ali Samet Karataş Kenan Lopcu Harun Arıkan	Çukurova University Çukurova University Çukurova University Çukurova University	The Effects of Military Spending on Growth: The Case of Turkey
	Issam Abdo Ahmad Ali Fakih	Lebanese American University Lebanese American University	Does the Legal Form Matter for Firm Performance in the MENA Region?
	Sabri Burak Arzova Bertaç Şakir Şahin	Marmara University Yıldız Technical University	The Impact of Covid-19 Pandemic on the Selected Turkish Financial Indicators: Empirical Evidence from Toda Yamamoto Causality Test
	Barış Esen	Beykent University	Economic Causes and Consequences of the UAE-Israel Agreement

	Special Session on Political Economy (Moderator: Burhan Can Karahasan) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZIqc-qgrzkoGNWhoR7jZHSqKEMTYkSnUdNV		
	Ceyhun Elgin	Boğaziçi University	Countercyclical Economic Policy Response during COVID-19
	Hurşit Güneş	Marmara University	The Political Background of Economic Crises - The Turkish Case Revisited, 1950-2019
	Melani Cammett Davide Luca Ernest Sargenti	Harvard University Cambridge University The World Bank	Inclusive Distribution as Electoral Strategy: The Politics of Turkish Central Government Spending under AK Party Rule
	Burhan Can Karahasan Mehmet Pınar Pınar Deniz	Piri Reis University Edge Hill University Marmara University	Political Climate and Regional Well-being in Turkey
16:15 **18:00**	**Special Session on Macroeconomic Policies in Turkey (Moderator: Sadi Uzunoğlu)** **Zoom Link:** https://us02web.zoom.us/meeting/register/tZwtcuyvpjgrEtQOaH-o3gFWfTNpuyoC8Cn4		
	Caner Özdurak Sadi Uzunoğlu Nil Sirel Öztürk	Yeditepe University Trakya University Trakya University	The Impact of Political Stability to Portfolio Investments: Case of Turkey (2007-2020)
	Sadi Uzunoğlu Caner Özdurak Serap Dursun	Trakya University Yeditepe University Trakya University	Relation with Institutions; The Relationship Between CDS, FX and BIST: Case of Turkey (2007-2020)
	Caner Özdurak Sadi Uzunoğlu Serap Dursun	Yeditepe University Trakya University Trakya University	The Relationship Between Interaction with Foreign Policy Actors and Economic Stability: Case of Turkey (2007-2020)
	Burak Atamtürk Caner Özdurak Nil Sirel Öztürk	Istanbul University Yeditepe University Trakya University	The Impact of Institutional Interaction on Political Application Efficiency and Governance: Case of Turkey (2007-2020)

18:30 **19:15**	Refet Gürkaynak, Bilkent University – Thinking About Central Bank Information Effects Moderator: Murat Üçer **Zoom Link:** https://us02web.zoom.us/meeting/register/tZwucO2grjkiGNLbLdhAnfuQlU9FIiRJRJFP

	Central Banks and Monetary Policy - FED Special Session (Moderator: Erhan Aslanoğlu) **Zoom Link:** https://us02web.zoom.us/meeting/register/tZwucO2grjkiGNLbLdhAnfuQlU9FIiRJRJFP		
	Murat Üçer	Koç University	Turkey's Low Quality Growth and the Role of Monetary Policy
	Berrak Bahadır İnci Gümüş	University of North Carolina at Greensboro Sabancı University	House Prices, Collateral Effects and Sectoral Output Dynamics in Emerging Market Economies
19:30 **21:30**	Gregory H. Bauer Şermin Güngör	University of Rochester Bank of Canada	Risk Management for Monetary Policy Across Business and Financial Cycles
	Sriya Anbil Alyssa G. Anderson Zeynep Şenyüz	FED FED FED	Are Repo Markets Fragile? Evidence from September 2019
	Jasper Hoek Steve Kamin Emre Yoldaş	FED FED FED	When is Bad News Good News? U.S. Monetary Policy, Macroeconomic News, and Financial Conditions in Emerging Markets

21:30 **22:00**	Closing Remarks

PS: Virtual Caffee will be open between 10:00 and 16:00 o'clock for 09-10-11 October.

Zoom Link of Virtual Caffee: **09.10.2020 –** https://us02web.zoom.us/meeting/register/tZ0kcuyorjwvHdU8Zs-z8SlXhEITFo9wt9Cb
10.10.2020 – https://us02web.zoom.us/meeting/register/tZIvceuhrDoiEt2t3GXa-DPZVpj_JPckDB6Y
11.10.2020 – https://us02web.zoom.us/meeting/register/tZYpdu6hrj8vHdSnjQlQXE4ebThXno-Ux3_6

Labor Economics I

Labour Underutilization

Yasemin Ozerkek [1], Fatma Didin Sonmez [2]

Abstract

Unemployment is one of the main concerns for policymakers, investors, and society. Besides the standard unemployment rate, there are alternative measures of labour underutilisation which can provide a broader picture of underutilisation of labour. There is a large body of literature about labour market focusing largely on unemployment. However, studies on labour underutilisation which is comprising unemployment, underemployment, and potential labour force (including mainly discouraged workers) are limited. Considering that underutilisation of labour has important consequences for the economy and society, this study aims to delineate some facts about labour underutilisation for a selected group of countries. For this purpose, specifically, discouraged workers, time-related underemployment and potential labour force data from ILOSTAT are used to measure the labour underutilisation (excluding the standard definition of unemployment). Some macroeconomic (eg. gross domestic product, inflation, and unemployment), demographic, and institutional variables are also used to reveal their relationships with the concept of labour underutilisation in the analysis.

JEL Classification: E24, J21, O11

Key Words: Labour underutilisation, unemployment, economic development

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Determinants of Overtime in Turkish Private Sector

Kivilcim Metin Ozcan [1], Senay Ucdogruk Birecikli [2], Mustafa Unlu [3], Aysenur Oktem Ozgur [4]

The paper objectives: The aim of this study is to determine the factors affecting individuals, who are aged 18 and over, working overtime in Turkish the private sector by using Tobit model. There are vast amount of literature summarized in our paper suggesting that overtime work is dependent upon interrelated economic, societal and institutional factors. Having motivated from the previous empirical literature, the Household Labour Force Survey data by the TurkStat is used in this analysis. We select the main determinants of overtime working as gender, age, education, marital status, years of experience, status at work, not being registered to Social Security Institution (SSI), the scale of the enterprise in terms of the number of workers, economic sectors, household size, regional information. In addition macro variables (inflation and GDP per capita) are included to the tobit model. We test the following hypotheses:

H1: Level of education has an effect on overtime. Workers with more education work less overtime than workers with less education

H2: Workers who are not registered with the SSI work more overtime than the registered ones. OR Workers without SSI registration work more overtime than the workers with SSI registration.

H3: As the organization or workplace is small in terms of number of workers, so workers work more overtime Workers in small workplaces work more than the workers in large workplaces.

H4: Workers who are employed in service sector work more overtime than workers in the other sectors.

Data: In this study, the Household Labour Force Survey which implemented regularly since 1988 by the TurkStat is used. In this data, all private households who are living in the territory of the Republic of Turkey are covered. Questions on labour force status are asked for persons 15 years old and over. We used pooled data between 2014 and 2017 period. The number of observations consists of 285,785 people over the age of 18 who are employed in the private sector. The dependent variable is the overtime hour of an individual working over 45 hours a week. The weekly working time period is determined in accordance with Article 63 of Labour Law number 4857 in Turkey for up to 45 hours. The macro variables used in the model are Gross Domestic Product (Turkish Lira) per capita and CPI inflation.

Method: Since the dependent variable is censored at 45 hours, it is appropriate to use the Tobit model. The Tobit regression model offers a way of coping with left-censored data and can be viewed as a linear regression model where the response variable is incompletely observed. In this study, working hours that exceed 45 hours per week are examined and the data was censored

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at 45 hours. Therefore, it is best to examine the data with the Tobit model (Trejo, 1993: 268; Bauer & Zimmermann, 1999: 427; Bell & Hart, 1999: 283; Jirjahn, 2008: 154).

Results and conclusions: According to the results, differences in overtime tendencies were found according to age groups. Men work more overtime than women. It has been observed that married people work more overtime than singles, and overtime decreases as the level of education increases. On the other hand, it was found that overtime decreases with experience. The rate of overtime work is higher for those who are not registered with the Social Security Institution (SSI) and are in the status of informal employment. It is concluded that employers, unpaid or family workers or self-employed workers are working more overtime than paid employees. In addition, if the workplace of the employee is small in terms of the number of employees, the overtime rates increase. It is determined that the overtime rate is high especially in the services sector. People living in rural areas are working more overtime. The impact of GDP per capita on overtime is negative. Overtime decreases as per capita income increases. Therefore, the contraction in the economy and the decrease of the purchasing power of individuals lead them to overtime.

Unemployment is one of the main concerns for policymakers, investors, and society. Besides the standard unemployment rate, there are alternative measures of labour underutilisation which can provide a broader picture of underutilisation of labour. There is a large body of literature about labour market focusing largely on unemployment. However, studies on labour underutilisation which is comprising unemployment, underemployment, and potential labour force (including mainly discouraged workers) are limited. Considering that underutilisation of labour has important consequences for the economy and society, this study aims to delineate some facts about labour underutilisation for a selected group of countries. For this purpose, specifically, discouraged workers, time-related underemployment and potential labour force data from ILOSTAT are used to measure the labour underutilisation (excluding the standard definition of unemployment). Some macroeconomic (eg. gross domestic product, inflation, and unemployment), demographic, and institutional variables are also used to reveal their relationships with the concept of labour underutilisation in the analysis.

JEL Classification: J01, J81, F66, C24

Key Words: Turkish Private Sector, Overtime, Tobit Model

Wage Inequality Dynamics in Turkey

Ozan Bakis [1], Sezgin Polat [2]

Abstract

This paper studies evolution of wage inequality in Turkey for the period between 2002-2018 using household labor force surveys. We find the there is an important decline in wage inequality over the period analyzed. This decline can be explained by a combination of (i) minimum wage hikes (2004,2016), (ii) a stable aggregate demand curve, (iii) between-industry shifts in relative demand, and (iv) relative stagnation of wage of post-secondary graduates. The impact of minimum wage adjustments that took place in 2004 and 2016 has led to real gains for lower wage earners and reduced the wage gap between upper and lower percentiles. The results of decomposition analysis using DiNardo et al. (1996) provide evidence that minimum wage adjustment produce strong wage (pricing) effect over the wage distribution. The impact exhibits spill-overs even for wage earners above median. We argue that minimum wage adjustment replace the role of central wage bargaining in an emerging economy where the share of low qualified job are high and labor market institutions are almost lacking. We also document some evidence to relative real wage erosion for upper deciles, which further contributed to the reduction in inequality in recent years.

JEL Classification: J23, J31, J38, C14

Key Words: Minimum wage, Wage inequality, Turkey, Decomposition, Wage dynamics

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Quantile Panel Data Analysis of the Female Employment Ratio in Turkish Manufacturing Firms

Nazli Karamollaoglu [1], Baris Soybilgen [2]

Abstract

Turkey has one of the lowest urban female labor participation rates compared to both emerging and developed countries. The low urban female labor participation lowers the Turkish economy's growth potential and prevents the Turkish economy from getting out of the middle-income trap. Previous literature generally focuses on the supply side of the urban Female Labor Force Participation problem in Turkey and ignores the demand side. In this study, we analyze how the Turkish industrial landscape affects the female labor force in the manufacturing sector using a large-scale manufacturing firm-level panel data set covering the period between 2005 and 2015. In particular, we test the effect of a firm's size, age, ownership structure, exporting status, labor productivity, capital intensity, manufacturing worker ratio, part-time worker ratio, IT technology usage, and average working hours on the firm's female labor ratio. Instead of a regular panel regression methodology, we adopt the quantile regression estimator for panel data with nonadditive fixed effects. The quantile regression estimator allows us to analyze the varying effects at different points of the conditional distribution of the outcome variable. Our results show that the firm's size is important for the female employment ratio until the 60th percentile quantile. Still, the firm size's effect on the female employment ratio is not that effective for firms with already high female employment. Being foreign-owned, the exporting ratio of firms, the part-time working possibilities in a firm generally increases the female labor force participation across all quantiles whereas being government-owned, the age of a firm, the blue-collar worker share has either no significant effect or significantly decreases the female labor force ratio of firms. We also test whether the sophistication of a firm affects the female labor ratio in firms. Our results show that a firm's labor productivity and capital intensity significantly decrease the female labor ratio in the firm. The effect increases with higher quantiles.

JEL Classification: C33, J23, J21

Key Words: Female labor force participation, Labor Demand, Quantile Regression

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Regional Economics I

The Impact of Trade Openness on Regional Inequality in Turkey

Cemre Kucuk [1]

Abstract

Economic growth and international trade nexus has been one of the topics discussed extensively. Beside the international trade theories that foresee rise in economic performance and welfare due to openness, there are studies that support regional inequality triggered by trade. The rising complexity of trade has made it more difficult to assess the overall impact.

The relationship has gained more importance in Turkey since the liberalization process in the beginning of 1980s. According to Gezici and Hewings (2004), population and capital that are concentrated more in the west has created inequality between west and east in Turkey. Rising trade openness and liberalization process has benefited especially developed regions and caused the difference to widen. The main objective of the analysis is to test existence of the relationship between trade openness and within inequality today in Turkey. The study is conducted at NUTS1 level for 2009-2018 period. As a measure of inequality and trade openness, Gini coefficient and share of trade (export plus import) in GDP for each region are used in order. To take into account the possible different impact of export and import, two additional indicators which are share of export and share of import in GDP also added into analysis separately.

The dynamic panel estimations which are performed with fixed effect and GMM exhibit that while the overall openness does not have any impact, openness via export and import have different effects on regional inequality. In general, it is observed that openness via exports increases the within region inequality. The possible explanation for the dissimilarity are difference in the structure of the exported and imported goods and development level of the trading partners.

JEL Classification: F43, R11, R12

Key Words: Trade Openness, Regional Income Inequality

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Poverty in Turkey: Determining the Absolute Poverty on a Regional Basis

Gizem Acet Donmez [1]

Abstract

Poverty, described as the situation of a person who cannot meet a minimum welfare level, has been an important problem all around the world for a long time. To cope with this issue effectively, determining the poor regions is a necessary step. In the studies examining the poverty in Turkey, relative poverty lines -defining people whose consumption (or income) are lower than some percentage of median consumption in the country as poor- are used because Turkish Statistical Institute (TurkStat) has been estimating poverty lines in that form since 2010. However, relative poverty lines reflect the distributional issues rather than the poverty itself. Besides, they are typically suggested only for high income countries where poverty is rare. For analyzing the poverty in a single country, especially in a developing one, generating an absolute poverty line-consumption expenditure to meet a minimum living standard acceptable- is regarded as a better way. This paper aims at generating absolute poverty lines for Turkey on a regional basis over the period of 2003-2018. TurkStat's old absolute poverty lines -which are available until 2010- are recalculated for the years after 2010 by taking inflation into account. Furthermore, all the poverty lines are transformed to regional poverty lines by considering the differences in prices and in average household sizes among the regions. Then, level, depth, and severity of poverty are estimated by using micro data obtained from TurkStat through the methods of head count ratio, poverty gap ratio, and squared poverty gap. Preliminary results show that poverty indicators highly differ across regions due to considerable variation in prices and other factors among the regions of Turkey when absolute -and regional- poverty lines are used. Focusing on the poorer regions would make the policies against poverty and regional inequalities more efficient.

JEL Classification: I32, I30

Key Words: Poverty Analysis, Poverty Line, Poverty Measurement

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The Economic Growth and Inequality in Turkey Regions

Raziye Selim [1], Suat Kucukcifci [2], Gizem Kaya [3]

Abstract

This paper aims to analyze the relationship between income inequality and growth in the regions of Turkey over the period 2006-2018. The cross section country studies generally find the negative impact of inequality on growth for long periods. In the regional researches, Ezcurra (2007) finds negative relationship between economic growth and income inequality in European Union regions and Royuela, Veneri and Ramos (2019) find negative relationship in OECD regions. However, Patridge (2005) finds positive link between inequality and long-run economic growth in US states. We test this relationship in the regions of Turkey. The data comes from Survey of Income and Living Conditions (SILC) that is conducted by Turkstat in Turkey from 2006 to 2018. The researches on regional income growth in Turkey mostly use the per capita income of regions coming from national accounts. We use the economic growth rates of household mean incomes of regions that is estimated from household surveys. The inequality measures for regions is also estimated from SILC surveys for Nuts-1 and Nuts-2 level data using Eurostat equivalence scale. The data for regional demographic and economic variables comes from regional statistics of Turkstat. We estimate regional socio-economic index from these variables using factor analysis methodology. The analysis period gives opportunity to test the effectiveness of incentives that is implemented in 2009 and 2012 via dummy variables. The socio-economic index and other control variables such as net migration rate, research and development expenditures, education and incentives is used in the analysis. The methodology of research is the heterogenous panel data models. The two stage least squares and spatial regression models is also tested. The inequality has a positive impact on growth in the west regions of Turkey. According to spatial regression there are clusters of among regions. The results are used to determine which indicators have significant effect on economic growth in regions for policy recommendations.

JEL Classification: O18, O47, R11

Key Words: Economic growth, Regional inequality, Panel data analysis

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Knowledge Space and Technological Relatedness: A Regional Analysis in Turkey

Sedef Akgungor [1], Mert Abay [2]

Objectives: Regional development policies based on regions' core strengths is key for innovative and competitive growth. Smart specialization strategy emphasizes that each region would discover their own growth paths grounded on their existing knowledge base and capabilities. Smart Specialization has been a significant tool for regional development policies in Europe (European Commission, 2012) as well as an important guide for implementing agencies in Turkey as well (European Commission, 2020a and 2020b). Although there are studies that focus on regional clustering of economic activity (for example, Oz, 2004; Akgungor, 2006; Filiztekin, Barlo, & Kibris, 201; Dogruel and Dogruel, 2011) and technological dispersion of sectors in Turkey (Kaygalak and Reid, 2016; Gezici et al., 2017), little is known related to the regions' potential to attract new technologies based on their core strengths. There are three objectives of the paper: The first objective is to map the knowledge space in Turkey for 2010 and 2017. The second objective of the paper is to understand branching opportunities (potential to diversify into new and related technologies) in Turkey's regions for 2010 and 2017. For both objectives the aim is to explore differences across two time periods. The third objective is to demonstrate the relationship between patent applications and technological relatedness across Turkey's NUTS3 regions.

Data: The study uses data from the European Patent Office (EPO) REGPAT Database (downloaded in January 2020). The authors cleaned the data to obtain frequencies of patent applications to EPO according to 7-digit international patent classification codes (IPC) for 2010 and 2017 for Turkey's 81 NUTS3 regions. The 7-digit IPC codes are converted into 35 technology classifications using World Intellectual Property Organization (WIPO) IPC Technology Concordance Table (Schmoch, 2008).

Methodology: In order to map knowledge space, we use technological relatedness between patent classes. Following Boschma et.al. (2015) and Rigby (2015), the number of patents that contains a co-class pair are counted and standardized as demonstrated in Balland, et.al., 2019. The knowledge space is a network where nodes represent technological categories and lines represent links between each pair of technology. Branching opportunities of the regions is operationalized by relatedness density following Hidalgo et al. (2007) and Boschma et al. (2015). With relatedness density, it is possible to see how technology tends to cluster around individual technological fields in the region. The paper demonstrates average relatedness density of Turkey's NUTS-3 regions for the 2010 and 2017. We then use correlational methods

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and graphs to demonstrate the connection between patent applications and average relatedness density of the regions.

Results: The analysis demonstrates technological relatedness across different technology classes (chemistry, electrical engineering, instruments, mechanical engineering, other) in Turkey. The study also demonstrates differences in technological branching potential and patent applications in Turkey's NUTS-3 Regions. Large metropolitan regions have higher branching opportunities. Patent numbers are larger for the regions where average relatedness density is higher.

Conclusion: The study is a preliminary attempt to explore the technology portfolio of Turkey's regions and their potential to diversify into new technologies. The findings demonstrate considerable differences across Turkey's regions. Although the paper focused only on knowledge captured by patents, the findings could be used as a preliminary understanding for the regions on their diversification opportunities for smart specialization.

JEL Classification: R10, R11 R58

Key Words: Knowledge space, Technological branching, Relatedness density, Regional diversification, Regional development, Smart specialization, Patents, Turkey

Natural Resources abd Environmental Economics

Soft and Hard Aspects of Green Behaviour - A Firm-Level Study of the Pollution Haven Hypothesis in the Mediterranean Basin

Camilla Jensen [1]

Abstract

The paper seeks to test the pollution haven hypothesis with soft and hard measures of green behaviour collected with the World Bank's enterprise surveys (ES) in the context of three Mediterranean Basin countries: Turkey, Italy and Greece.

A major methodological challenge is that firms may not voluntarily participate in such type of investigations and they may be unlikely to give true information about the soft and hard aspects of their behaviour. The objective in the paper is therefore both to improve validity in empirical studies of the pollution haven hypothesis by 1) using data at the proper level of polluting observational units (firms) and by 2) combining soft (communication and symbolic gestures) and hard (de facto energy consumption) measures of green behaviour and finally 3) by creating latent constructs which can also aid to improve the reliability of dependent variables in studies of firm behaviour.

Using robust estimation methods for cross sectional data for the Italian data set suggests that there are large differences in the results for soft and hard measures of polluting behaviour. For the dependent variables reflecting soft behaviour there is found to be no statistical difference across the ownership categories in the context of Italy. But for the hard measures of green behaviour and after controlling for firm size with the level of sales, I find that there is a significant statistical difference in the behaviour or conduct by firms. Current estimates suggest that foreign firms exhibit energy intensities that are higher with a factor of up to 10 when producing in Italy.

Final results presented at the conference will reflect the same type of econometric inquiry, but increasing the sample to include the two other countries (Greece and Turkey) and by including latent constructs as more valid dependent variables. The expected policy implications of the paper is a need to increase environmental regulation both in terms of alignment and transparency and both within the Internal Market and in particular towards Internal Market appendants such as Turkey.

Key Words: Pollution behaviour, Energy consumption, Corporate communications, Foreign direct investment, EU Internal Market regulations, Sustainable trade

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Social Acceptability and Perceptions on Nuclear and Renewable Energy and Transient Residency Effect

Davide Contu [1], Ozgur Kaya [2]

Abstract

Climate change and global warming has been a hotly debated topic with scientific reports and evidence pointing out human activities, especially the release of carbon dioxide (CO2) and other greenhouse gases into the atmosphere, as the most likely cause for most of the global warming that has occurred over the last several decades. Nuclear energy allows a reduction of green-gas emissions (GHG) to a considerable extent, as it is argued that zero or next to zero CO2 is emitted while generating electricity. Depending on the energy situation, it can also enhance energy diversification and mitigate specific energy-security risks. As of 2015, there were 69 reactors under construction in 15 countries and 45 countries were also considering starting nuclear programs. Among these countries, United Arab Emirates (UAE) aims to become a role model for nuclear energy development worldwide and plan to open four reactors by 2020.

Social acceptability is deemed to be a crucial constraint in the diffusion of energy sources, being one of the main barriers to the construction of nuclear power stations and nuclear waste facilities. However, as far as UAE is concerned, social acceptance cannot be considered as a direct barrier for nuclear implementation, given the political structure of the Country. The UAE is characterized by a high share of expatriates compared to UAE nationals: the total population is over 9 million as of 2014 and expatriates make up more than 80% of the total population. This particular setting allows investigating social acceptance of nuclear energy in the context of transient population, i.e.: individuals who spend only part of their life in the Country. Importantly, expats residents can vote with their feet, responding to policies they may oppose, choosing to leave or avoid coming to the Country altogether. However, we expect that the existence and high share of such transient population should decrease the impact of risk perception, especially with respect to long term risks connected to nuclear energy, such as the disposal of nuclear waste.

This study employs a stated preference technique, choice experiments, and a survey of the UAE population in terms of age, gender and nationality group in 2015. Choice experiments (CE) allow us to create a hypothetical market from which we can determine respondents' preferences towards new generation nuclear plants by presenting the respondents a series of scenarios. Respondents are then asked to choose their most preferred scenario. If a money attribute is included, the implicit price of each of the other attributes can be calculated as well as the total welfare change provided by the various scenario options. Our results show that respondents seem to support the realization of nuclear plants in the UAE and this support seems to be greater among transient

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individuals, especially those who are more satisfied with their lives in the UAE.

JEL Classification: C9, D62, D82, Q48, Q51, Q58

Key Words: Energy, Social acceptability, Transient resident, Choice experiments, UAE

Selected Topics I

Multi-Biomass Supply Chain Design: from Source to the Power Plant

Riza Gurhan Korkut [1]

Abstract

Objective: To address both economic and environmental benefits together with the obstacles of the proposed design of supply chain management model for energy production from agricultural biomass. Modelling is the critical step for building a vision that leads the decision makers to improved efficiency and effectiveness in supply chain management.

Relation to the Themes of 19th. International Conference of MEEA: Renewable Energy sector is cleaner and safer for long-term investments where climate change and environmental considerations have positive consequences driving such investments while enhancing human well-being.

It is highlighted in 55th. report of Renewable Energy Country Attractiveness Index (RECAI) dated May 2020 that despite the global slowdown caused by COVID19 pandemic, the sector is expected to bounce back soon, and long-term investment drivers remain strong. Five of MEEA region countries i.e. Egypt, Jordan, Saudi Arabia, Turkey, and UAE are ranked among the first 40 countries of the world in the same report as per their attractiveness index where 3 of them placed increasing importance on renewable energy with their plans and policies supporting renewable energy investments. In the recent years, the importance on boosting awareness for renewable energy production through agricultural waste sources increased by the energy investors in Turkey that Agricultural Biomass provides continuous production of electricity.

Methodology & **Discussions:** Agricultural Biomass is an organic material that comes from living organisms such as animals and plants. The very well-known types of agricultural biomass are crop and livestock, forage, corn stalk and stem of corn plant, straw, pruning wastes of almond, apricot like fruit trees and the excreted materials from live animals such as chicken and poultry manure.

The activities that essential in basic Biomass Supply Chain Scenarios are harvesting and pruning agricultural wastes at the field, collecting and then moving those into the loading platforms in the field and/or garden, special treatments for improving the unit load density for low-cost transportation purposes, loading and unloading, road transportation, storage in several locations such as in harvesting field or intermediate and next to the power station.

Biomass Supply Chain Modelling studies focus on selecting the most efficient and effective modelling configuration as profitable and competitive as possible while optimizing the size of it through cost minimization of the scheduled operations.

Results: Continuous supply of biomass into the power plant is crucial whereas plant sourced

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agricultural biomass harvest and pruning have seasonality which directly affect the planning methodology and techniques applied in its supply chain. Even poultry manure and livestock supply have their own special production cycle changing from spring to winter season.
Specialty equipment are required for all the logistics operations involved in this supply chain management model i.e. equipment for harvesting and pruning then collecting at the fields; loading and unloading into platforms and/or transportation vehicles; baling or bundling and converting the unit load of biomass after harvesting in the field as heavier and smaller as volumetrically; cleaning and maintenance operations infield sustainability for an uninterrupted supply chain.
Conclusions: Most of the stakeholders investing in the energy sector are chasing the companies where the climate change and sustainable long-term development entrenched in their policy and business strategy.
There is a concrete requirement for integrating of all the processes and management strategies involved in end-to-end processes from biomass harvest up until to final step where the conversion to energy takes place in such a modelling of supply chain management.
Possible Application of the Study: The design proposed here in this study and its consequences are all inspired by the supply chain management modelling specifically done for a renewable energy investment project and applied in Salihli which is a large town and district of Manisa province in the Aegean region of Turkey. Real-life implications of the study to be included in the full paper submission, as well.

JEL Classification: Q21

Key Words: Energy Economics, Renewable Energy, Agricultural Biomass

Investigating the Factors Affecting the Virtual Water Trade of Corn Crop in MENA Countries, Applying Gravity Model

Ali Sayehmiri [1], Faresteh Rahimi [2], Mohammad Oshani [3]

Abstract

Today, population growth, agricultural development in arid and semi-arid countries, and inappropriate atmospheric precipitations in some areas have given rise to water crisis. All of these occurred since the agricultural sector consumes water the most. Therefore, the global trade in agricultural products, coupled with the virtual water trade, could be a good solution to this crisis. Virtual water is the amount of water a product consumes during its production process. This study investigated the virtual water trade of corn crop and its influencing factors in Iran and MENA countries using Heckscher-Ohlin theory of gravity model. To do so, corn crop statistics were gathered through the World Bank and FAO databases from 2009 to 2017. During the period, the volume of virtual water imported into Iran was 55 billion cubic meters and the amount exported was 321 thousand cubic meters representing a beneficial business policy. Among the variables, the population of the studied countries with a coefficient of 2.2 had the most influence on gravity model. The findings revealed that the MENA countries in the virtual water trade could further protect their water resources by following the Heckscher- Ohlin theory.

JEL Classification: Q1, Q2, F2

Key Words: Iran, Virtual Water Trade, Corn, Gravity Model, MENA

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Investigation of MENA Countries within the Framework of Food Security Indicators

Mustafa Necati Coban [1]

Abstract

Food security, which refers to the process from production to consumption, is important for healthy nutrition. Failure to ensure food security poses a threat to human life.All kinds of damages should be anticipated and precautions should be taken to ensure food security.

In the study, it is aimed to evaluate MENA countries according to food security indicators. For this purpose, the Global Food Security Index data published by The Economist and the food security data published by FAO were used as food security indicators.Using these data, it is aimed to make a comparative assessment within the scope of MENA countries, food security indicators.

JEL Classification: Q18, D18, O57

Key Words: Food Security, Consumer Protection, MENA Countries

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Selected Topics II

Cooperation for Shipping between Libya and Turkey

Ergun Demirel [1]

Abstract

Turkey is an important actor in MENA region especially in the Eastern Mediterranean. Although it does not have oil sources, Turkey is one of the developing countries of the region. It has historical and cultural ties with all countries in the region. Libya, on the other hand, is a country with significant oil deposits in the world and is dependent on foreign countries with its limited industry and agriculture. Since the year 2011 civil unrest and war continue in this country. While France, Egypt, Greece, Italy, Cyprus (Greek Cypriot Administration), United Arab Emirates support the Nation Reconciliation Government at the West, Turkey, Qatar and the United States give provide support to the Libyan National Army recognized by the United Nations. This situation cannot be expected to continue forever. It is inevitable to achieve order by reaching a consensus in Libya in the near future. After that, the reconstruction of Libya, which was destroyed by the civil war, will begin. This will require the transportation of thousands of tons of materials, especially construction materials, to Libya by sea.

The aim of this research is to evaluation of possible economic activities and development in Libya, in the near future and defining the scope of maritime transport will be realized for this purpose. Finally, assessing the sustainable cooperation areas in shipping field between Libya and Turkey.

This research will begin to evaluate the political, economic, sociocultural and military relations of the two countries and as a result, to identify possible areas of cooperation in the maritime field. Afterwards, the determined cooperation areas will be examined separately to identify the results and suggestions will be presented.

It is believed that the research will also constitute a resource for the researchers in other fields on Turkish-Libyan relations.

Key Words: Turkey-Libya Relations, Cooperation in the Maritime Field, Cooperation in the MENA Region

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Entrepreneurship Education in Blue Universities of the MENA Region

Pinar Ozdemir [1]

Abstract

The importance of entrepreneurship education (EE) and the need for it are being appreciated increasingly by the people each day. It is even more important today as the world is going through such an unprecedented event as the COVID-19 epidemic, which has increased unemployment, among other problems. A great number of people have lost their jobs due to the permanent or temporary shutdown of their workplaces while new jobs have emerged and gained importance. In this context, it is important to have entrepreneurially minded people who can see the opportunities and challenges of the present situation and make use of them in order to create employment, which can eventually boost the economy. One way to make this possible is to help young people gain an entrepreneurial mindset and skills by giving them entrepreneurship education no matter what their major is. Maritime, with its interactions with people from different countries and cultures, is a promising sector from an entrepreneurial point of view. The purpose of this paper is to examine the developmental level of entrepreneurship education within the context of maritime universities and faculties, which are referred to as blue institutions in this research, in the MENA region. The research is based on the existence of entrepreneurship-based curricular and extracurricular activities and the innovation capacity of these universities. 36 maritime universities in 16 countries were examined quantitatively through a survey of their official websites. The survey's main findings are not promising about the general state of EE in blue higher education institutions in the MENA region. It is found that there remains much to be done by most of these universities to give a sound EE to their students in order to furnish them with the necessary skills which may help them come up with brilliant ideas to create new jobs, or to make their workplaces a better environment for all.

JEL Classification: M13, N30, O31

Key Words: Entrepreneurship Education, Maritime Universities, Entrepreneurial Mindset and Skills

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The Source of Individual Happiness: Evidence From Turkey

Seda Sengul [1], Busra Karakuzu [2], Ahmet Demirtas [3]

Abstract

Individual happiness is considered an indicator of development and its importance in the literature has increased worldwide. However, studies examining individual happiness in Turkey are very lacking. Happiness can be examined in two broad categories: contextual and individual. Contextual sources of happiness relate to factors at the community and state level, such as democracy, social capital, better environment, good government and GDP per capita. Individual sources of happiness include gender, age, marital status, friendship, social bonds, religiosity, health, employment status, education and personal or household income.

The purpose of this study is to estimate the most effective sources of contextual and individual on happiness in Turkey. The data used in this study are obtained from five different waves of World Values Survey(WVS) which are 1990-1994, 1995-1998, 1999-2004, 2005-2009, 2010-2014. By summing all data from these five waves, total sample size has reached 9,289 individuals. Individual happiness was used as dependent variable and measured by a question that defined as the rank of individual happiness (1 =very happy, 2 =quite happy, 3 =not very happy, and 4 =not at all happy). The percentage of very happy or quite happy is not stable, it differ from wave to wave. The dependent variable in the study is an ordinal variable, therefore, the basic model of this study is ordered probit model.

The findings of this study show that religious, health status, democracy, income are the most important determinants of happiness in Turkey. Satisfaction with financial situation, saving and trust are also positively related with happiness.

JEL Classification: C21, D63, I30

Key Words: Happiness, Panel Ordered Probit, Turkey

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Are Modelling Methods in Health Economics Changing?

Demet Topal Koc [1], Ercan Eren [2]

Abstract

Health is a complex system since the appearance of illness and sickness has high uncertainty. In this regard, health economics is a complex system that the emergence of health care demand is uncertain. Thus, evaluation of health economics using classical mathematical methods produce insufficient and incorrect outcomes. Therefore, in this work, complex system tools and methods assessing the health economics and the health care market were investigated to illustrate the superiority of the simulation methods. In recent years, researchers tend to use simulation and modelling based applications to assess the health care market instead of classical methods such as cost-effectiveness and cost-utility. Hence, methods like discrete event simulation, system dynamic modelling, and agent-based modelling attract the attention of researchers. Such methods were used in the evaluation of different health care policies and the assessment of the simulation outputs. Moreover, simulation methods were also used in the minimization of health care expenditures and the assessment of health insurance repayment. It was concluded that researchers tend to use simulation methods to evaluate health economics rather than classical approaches.

JEL Classification: C61, C63, I11

Key Words: Computational Economics, Simulation Modelling, Health Economics

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Labor Economics II

Firm-Level Evidence on the Determinants of On-the-Job Training

Bilge Eris Dereli [1]

Abstract

The earnings returns to on-the-job training has been found to be significant in most of the empirical studies. Moreover these earning effects are long-lasting and transferable to other jobs. On-the-job training is evaluated as an important component of human capital accumulation. In this regard, the presence of intra-firm training programs is seen as an indicator of firms' development and identification of its determinants is essential to design long-term development strategies for the firms. This study aims to analyze the relationship between firms' probability to offer on-the-job training programs and basic firm characteristics using a comprehensive survey of 1063 Turkish manufacturing firms conducted under the World Bank's Enterprise Surveys in 2019. The responses to the question "Over the last fiscal year, did this establishment have formal training programs for its permanent, full-time employees?" is used as a dummy variable to serve as a proxy for presence of the on-the-job training programs. Basic firm characteristics like firm size, firm's age, annual sales, foreign and state ownership shares, top manager's gender and years of experience and shares of direct and indirect exports are included in the analysis as explanatory variables. Several logit and probit models are estimated to identify the determinants of firms' on-the-job training program offering probability. Industry and region dummies are included into the model to control for heterogeneities across industries and regions. Findings indicate that the effects of firm size, sales, foreign ownership, use of computer and shares of direct exports on on-the-job training offering probability are significant. On the other hand, firm's age, top manager's gender and year of experience and share of indirect exports do not have a significant effect on this probability.

JEL Classification: C21, J24, O53

Key Words: On-the-Job training, Firm Characteristics, Logit Models

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The More the Gloomier: Changes in Informal Employment and Wages in Turkey

Anil Duman [1], Alper Duman [2]

Abstract

Quite a number of empirical studies found wage gaps between formal and informal sector workers even after controlling for a number of individual and firm level characteristics. It has also been shown that the earnings differentials across these sectors are quite stable over the years. While there is limited amount of research considering the same issues in the Turkish labor market, the development of wage gap between formal and informal employment has not been examined. In our paper, we carry this analysis for Turkey and estimate the wage gap between the registered and unregistered workers by utilizing Household Labor Force Survey (HLFS) for the period of 2005 and 2017. There are three main findings in our paper; first, the decline in informal employment is not uniform and especially after 2012, the share of informal jobs at the lower end of wage distribution has even gone up. Second, the returns to informality vary significantly across quantiles. There is an informal sector premium, although small, for the workers at the upper end of the distribution and the magnitude has been stable over the years. On the other hand, the informal sector penalty for the workers at the bottom quantile is considerable and it increased over time. Third, our quantile decomposition results indicate that formal/informal wage gap for the high earners decreased over time, which is due to compensation. Informal sector employers can only attract higher ability employees by more generous wage scales in Turkey where the share of informal sector employment is diminishing at this segment. In contrast, the wage gap is quite stable at the bottom end with a sizable and growing unexplained component. We argue that the larger negative effect of informality and the diminished returns on endowments over the years for the low earners in Turkey is due to the Syrian refugee inflows. The larger pool of available workers in the informal sector allows employers to offer lower returns, and puts a downward pressure on the wages at the bottom end of the distribution.

JEL Classification: J31, C31, O17, J46

Key Words: Wage Gap, Quantile Regression, Informal Sector, Compensation

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Informal Employment in the Kabylia Region (Algeria): Labour Force Segmentation, Mobility and Earnings

Youghurta Bellache [1], Omar Babou [2], Oksana Nezhyvenko [3], Philippe Adair [4]

Abstract

Objectives: Our research question is to explain the drivers of the formal-informal segmentation in the region of Kabylia (Algeria).

Data: We use a pooled sample of 3,290 workers from two household surveys conducted at a regional level, which proves quite representative and the only one of its kind in Algeria.

Methodology: First, we apply multinomial logistic regressions to the pooled sample to investigate the individual determinants of access to the formal vs. informal segments of the labour market.
Second, we use two subsamples of mobile vs. non-mobile workers to address labour market segmentation and occupational mobility.
Third, Mincer earnings functions analyse the determinants of wages for the sub-sample of 1,753 formal and informal employees.
Last, Oaxaca-Blinder decomposition model disentangles the explained and unexplained parts of the formal-informal employee segmentation.

Results: First, multinomial logistic regressions capture the individual determinants of access to the formal vs. informal labour market segments. Being a young single female with low educational attainment increases the likelihood of informal employment.
Second, two subsamples show that labour market segmentation does not preclude occupational mobility of three out of five workers, which occurs most often from informal segments towards formal segments, due to age (youth), gender (female) and (low) educational attainment.
Third, earnings functions analyse the determinants of wages for the sub-sample of 1,753 formal and informal employees (twenty per cent, among which three out of five are males).
Last, a decomposition model disentangles the explained and unexplained parts of the formal-informal employees segmentation (over two thirds are explained, rather from the supply-side than from the demand-side), as well as the male/female divide, whereby unexplained variables account for the highest share.

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Conclusions: Gender, age, marital status and educational attainment drive the access to the formal vs. informal labour market segments.
Labour market segmentation does not preclude occupational mobility, which is rather one way than both ways. Formal employees do not usually move, suggesting they are better off, while informal ones move, suggesting they are worse off.
The wage gap between formal and informal employees, over twenty-five per cent, may be due to the difference in human capital and is higher among men than among women. The gender pay gap is higher in formal employment than in informal employment.
Formal-informal employee segmentation is better explained from the supply-side than from the demand-side, whereas the male/female divide remains mostly unexplained.

Outline: Section 1 is devoted to the literature review on informal employment in Algeria according to the definition from the ILO, in particular the main results of the households surveys carried out from 2007 to 2015.
Section 2 presents the sample and descriptive statistics, whereas a multinomial logistic regression investigates the determinants of access to the various formal and informal segments of the labour market.
Section 3 examines occupational mobility towards and from formal employment vs. informal employment.
Section 4 uses earnings functions to analyse the determinants of wages for formal and informal employees, and a decomposition model to identify the explained and unexplained parts of the formal-informal employee segmentation, from supply-side and demand-side factors.

JEL Classification: E26, J46

Key Words: Earning Functions, Informal Employment, Segmentation

Social Transfers and Labor Force Participation of the Roma in Turkey

Sinem Bagce [1], Yasin Enes Aksu [2]

Abstract

This article investigates the association of labour force and social assistance program participation of the Roma in Turkey. In 2018, the research conducted with face-to-face interviews in 12 provinces in Turkey. It uses comprehensive data covering 1568 respondents and representing 6445 Roma households. According to the bivariate probit framework, labour force and social assistance program participation are jointly modelled. Contrary to popular beliefs, empirical results indicate that there is no significant correlation between participation in the labor market and getting a social transfer, only income and education have a significant negative association in the correlation of the labour force and social assistance program participation.

Key Words: Bivariate Probit Model, Labor Force Participation, Social Transfers, Roma in Turkey

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International Trade and Economics of Globalization I

The Effect of Regional Trade Agreements on International Tourist Flows in Sub-Saharan Africa and Middle East-North Africa

Luke Emeka Okafor [1], Usman Khalid [2], Ogechi Adeola [3]

Abstract

The SSA and MENA regions have well-documented trade agreements, albeit their effectiveness in promoting economic performance in the member countries has been disappointing. While extant literature is replete with studies suggesting that Regional Trade Agreements (RTAs) help to promote trade volumes and economic growth, little is known about whether RTAs help to enhance international tourist flows in SSA and MENA. Considering the recent growth in international tourist arrivals and tourism receipts in Africa, due to improvements in security conditions in North Africa and regional tourism growth in Africa, it is crucial to understand how the growth in international tourism can be sustained over a longer period of time. This study, therefore, explores the effect of RTAs on international tourist flows in SSA and MENA regions with the use of gravity framework.

The empirical analysis is conducted with the use of a gravity dataset. The dataset consists of an unbalanced panel of 171 origin countries, 55 destination countries, and 4,454 country-pairs spanning the period 1995 to 2015. The data used for the empirical analysis were obtained from World Development Indicators, World Tourism Organisation, and the CEPII gravity database. The datasets were merged to obtain the final dataset for the empirical analysis. A gravity framework is used to investigate the effect of RTAs on international tourist flows in SSA and MENA. Following studies in the extant literature, we use ordinary least squares (FE-OLS), while controlling for country of destination fixed effects and country of origin fixed effects to estimate the gravity model. To check the robustness of the results, we re-estimate our model using Poisson pseudo-maximum likelihood (PPML).

The results show membership in RTAs help to promote the international tourism attractiveness of destination countries in both the SSA and MENA regions. A country-pair that is a member of an RTA attracts a significantly higher number of international tourists in both SSA and MENA regions relative to a country-pair that is not a member in an RTA. The effect of an RTA on tourist flows is larger for countries in MENA compared to countries in SSA. This finding suggests that lower trade barriers resulting from membership in an RTA help to enhance international tourism in both SSA and MENA regions. Membership in an RTA helps a country

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to be more integrated in the world economy, which in turn help to enhance international tourism attractiveness of the destination countries in SSA and MENA regions. The results are robust to two different estimation methods, namely, FE-OLS and PPML.

The findings suggest that the benefits of an RTA membership, such as lower trade barriers and greater integration in the world economy go beyond the increase in the flow of goods and services. This is because an RTA membership also helps to increase the flow of international tourists across borders. The increase in international tourist flows is to some extent driven by an increase in trading activities due to lower trade barriers resulting from an RTA membership. Policies that promote the integration of a country in the world economy and lower trade barriers will help to increase the market size and promote economic growth and development in the host country through greater trade linkages. They will also help the tourism industry to flourish, leading to positive knock-on effects other sectors of the economy. This suggests the need for a greater cooperation and coordination between tourism and trade authorities in destination countries to maximize the benefits accruing from greater trade integration.

Determinants of International Tourism Demand for Istanbul

Deniz Goktas [1]

Abstract

Istanbul is among the ten cities with highest number of tourist arrivals globally. Different from the other domestic popular destinations of sun tourism, Istanbul is mainly attractive in culture, health and shopping facilities. Tourism is a part of urban economics. Therefore, understanding the determinants of tourism demand is important to develop tourism policies. Inbound tourists' arrivals between 2002 and 2018 have increased but there are two breaks. First break is observed in 2010 which may possibly be linked with the lagged effect of 2008 global financial crises or may be the result of substitutes to Turkish destinations. Second break is observed to last two years. Turkey-Russian military crisis in 2015 and 2016 Coup attempt has overlapping effects on tourist arrivals both country-wide and city-wide. In this this period diversity of tourist sending countries increase. China, Russian Federation, Ukraine and neighbouring countries are sending more tourists in each year.

In this study, tourist arrivals in Istanbul is examined by considering of country of origin, with the possible determinants of income level of country of origin, real exchange rate relative to country of origin and real exchange rate relative to substitute destination country for the quarterly dataset between 2002-2018. Moreover, several dummy variables can be employed such as, significant economic events, political events, visa exceptions. As for methodology, panel techniques allowing for cross sectional dependence will be employed as we suspect from cross sectional correlations. Preliminary findings suggest that non-economic factors such as political stability are more effective than price effects.

JEL Classification: Z3, C21, P25

Key Words: Inbound Tourism Demand, Cross Sectional Dependence, Heterogenous Panel Data

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Is Simple Participation Enough or Deeper Participation in GVCs necessary? Evidence from 40 Major Economies

Halit Yanikkaya [1], Abdullah Altun [2], PÄśnar Tat [3]

Abstract

This paper aims to understand how the extent of integration affects sectoral value added growth, productivity growth, and labor productivity for the periods 1996-2009 for 40 developed and developing countries using the 2013 release of WIOD. Our SGMM estimation results imply that while participating in backward simple GVCs enhances value added growth, backward complex GVCs participation stimulates the productivity of manufacturing industries which supports learning by importing hypothesis and emphasizes significance of deeper backward based involvement into GVCs for productivity. Similarly, while value added growth and labor productivity rise thanks to all types of forward GVCs participation, TFP growth is fostered by only forward complex GVCs participation which provides a strong evidence for learning by exporting hypothesis and puts the importance of deeper forward based involvement into GVCs for productivity. Furthermore, substantial positive coefficients of skill variables reveal the importance of absorption capacity of industries for sectoral productivity. Strong evidence for the positive impact of importing and exporting intermediates, participating in GVCs, on sectoral performance indicate that the success of industries is highly depend on their efficient integration in the global production process.

JEL Classification: F14, F43, F68, O24

Key Words: Simple/Complex GVCs Participation, Position Index, Sectoral Value Added Growth, Sectoral TFP Growth, Labor Productivity

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The Rise of Intermediated SME Lending in MENA: Multi Âŋand Bilateral Financial Institutions' Impact on the Region's SME's

Jean Langlois [1], Benedikt Barthelmess [2]

Abstract

Over the last few years, multilateral and bilateral support to small and medium-Âŋsized enterprises (SMEs) in the Middle East and North Africa (MENA) has increased dramatically, mainly in response to the outcomes of civil strife across the region from 2011 onwards. For example, from 2012-Âŋ2015, the European Bank for Reconstruction and Development (EBRD) and International Finance Corporation (IFC) alone allocated between 10 and 16 per cent of their entire MENA loan portfolios, or about USD 1.3 billion, to SME lending via commercial banks.

Although significant amounts have been allocated to SME financing, the extent of these programmes still has not been fully documented. Similarly, our understanding of these programme's effectiveness remains limited. On the basis of these two observations, this paper has two principal objectives: First, it aims to comprehensively document, for the first time, the recent increase of bi- and multilateral financial institutions' support to small and medium-Âŋsized enterprises (SMEs) in the MENA region. To this end, lending information from development banks' project databases will be compiled and examined. This âĂŞ on its own âĂŞ is already of value since it will give us a sense of the extent to which multi- and bilateral lending institutions now rely on various forms of SME financing to promote economic development in the region. Furthermore, this will give us a better understanding of the main financing mechanisms upon which institutions are relying at the moment.

It is already clear that, in terms of volume, the by far most commonly used financing mechanism is wholesale lending to local commercial banks, which, in turn, lend the funds on to SMEs ("intermediated lending"). The paper's second objective is hence to assess the underlying economic logic and implementation of this particular type of SME financing. This analysis draws upon existing academic research, SME and bank survey data, as well as findings from a large body of IFI-commissioned independent evaluations, which have been given little attention up until now.

We expect to find that development banks' current SME financing strategy is based on an inadequate understanding of SMEs' contribution to economic development. Existing research findings have been insufficiently well understood and, to some extent, misinterpreted. As a result, lending operations likely lack appropriate targeting to achieve economic and social lending

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objectives. Further to these findings, this paper will attempt to formulate a number of recommendations to improve development banks' SME lending practices.

JEL Classification: F35, O19, O31

Key Words: Development Bank, Job Creation, Innovation

Regional Economics II

Anatolian Tigers: Now and Then

Alpay Filiztekin [1], Oya Kent [2]

Abstract

As is known, Turkish economy has experienced a policy shift from import-substitution to a widespread outward-oriented policy regime in 1980s. In this transition period, industrial sector has stood out as the leading in export-led growth policy. Trade openness coupled with export promotion strategies has reshaped business environment in Turkey and created new opportunities for local investors as well. Hence, this process had also considerable impacts in spatial distribution of industrial activities across Turkish regions. In this environment, some Turkish provinces have flourished a salient economic performance since 1980s that led them to be called by a colloquial term Anatolian Tigers, by associating their success to the fast growing East Asian Tigers. This study re-evaluates the economic performance of provinces, so called Anatolian Tigers, in the post-2000 era. We consider provinces regarding their performance in manufacturing industry in terms of employment growth, innovation potential, entrepreneurial capacity and export orientation by utilising a rather new database recently made available to researchers and compiled by Turkish Ministry of Industry and Technology, called Entrepreneurship Information System (EIS). In a descriptive setting, we compare the performance of Anatolian Tigers now and then and discuss their future role within regional development context.

JEL Classification: R11, R12, O14

Key Words: Regional Economic Activity, Manufacturing Industry, Turkey

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What do Inequality Decomposition Analysis Signalize in Turkey Regions

Raziye Selim [1], Suat Kucukcifci [2], Gizem Kaya [3]

Abstract

The purpose of this paper is to analyze the sources of inequality at the regional level in Turkey during the period 2005-2017. We develop inequality decomposition analysis for income factors and subgroups. We assess the extent to which functional income groups are the main sources of inequality. We also decompose inequality with respect to population socio-economic subgroups such as gender, education level, region. The data comes from Survey of Income and Living Conditions (SILC) that is conducted by Turkstat from 2006 to 2018. We apply Shorrocks decomposition analysis to the additively decomposible inequality measure namely squared coefficient of variation (SCV). We also apply regression methodology suggestion for reconciliation of classic source-decomposition and subgroup decomposition methods by Cowell and Fiorio (2011). The SCV for total inequality has displayed an downward trend from 2005 to 2014 except 2009 crises year. It has increased after 2014. It can be observed that from 2005 to 2011. The decomposition with respect to region shows that the between group component of inequality for region is relatively low than the within group component of inequality. However this result needs careful normative evaluation according to Kanbur (2006)'s criticism. The decomposition with respect to income sources show that interest, self-employment and real estate incomes are the main sources of inequality. It is observed the differences among the regions in the order of these factors.

JEL Classification: D31, D33, O18

Key Words: Inequality Source Decomposition, Subgroup Decomposition, Region

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An Evaluation of Educational Equality in Turkey from a Regional Perspective

Seda Yildiz [1], Derya Gultekin-Karakas [2], Elif Garagon [3]

Abstract

Improving educational opportunities plays a significant role in economic and human development. In addition to a higher level of educational attainment, for economic and social sustainability, it is also essential to establish equality of opportunity in education. This study examines educational achievements in Turkey in the period of 2008-2018 at a regional level from an equality perspective. The analysis explores to what extent educational attainment diverges according to the regions resided in as well as income levels within each region. In this context, firstly the Education Gini index and Theil index are calculated for the regions at the level of NUTS1. Also, the share of households spending on education in total consumption expenditures is compared on a regional basis. The data is retrieved from the Turkish Statistical Institute and National Education Ministry. The findings indicate that the educational attainment (average years of schooling) in Turkey increased in the period. Besides, educational attainment was improved in each region, indicating a more equal access to education. However; there were huge differences in access to education between the regions. Moreover, when we compare income distribution with distribution of education, it is found out that there was a negative correlation at the national level, but positive correlation at the regional level. Comparing the first four income groups representing 80% of the households and the highest 20% income segment, the gap between the shares in total education expenditures increased over the years in favor of the top income group. When we examine the share of education expenditures in total consumption expenditures within each region, the dominance of the last income percentile is remarkable. As well, it is observed that as the share of education expenditures increases, the duration of education received increases within the regions. In conclusion, when the access to education is analyzed by regions and income groups, it is seen that despite improvements in educational attainment, equality has not been fully achieved in Turkey yet. In spite of the inclusion of wider segments of the society in the education system and the increase in the average years of schooling, their reflection on the regional equality is questionable. In order to achieve a more egalitarian environment in education, there is need for policies that will provide access to education regardless of the region and income level.

JEL Classification: I24, R58, O52

Key Words: Regional Disparities, Education and Inequality, Turkey

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Divorce and Suicide: Evidence from Turkish Provinces

Burak Yerlikaya [1], Tolga Aksoy [2]

Abstract

In his seminal work, published more than a century ago, Durkheim (1897) argued that the suicide rate in a society is determined by social regulation and social integration. Social regulation refers to the level to which an individual's life is governed by traditions and norms. Social integration is expressed as relationships that ensure loyalty and commitment to the moral norms of the society to which the individual feels connected. Thus, as social integration increases among the individuals who make up the society, the sense of commitment increases. Considering the regulatory and integration features of the marriage institution, divorce can be taken as an indicator of social isolation in Durkheim's analysis (Stack 1990). Hamermesh and Soss (1974) develops another theoretical framework for the study of suicide through economic channels. They argue that individual will commit suicide when the total remaining discounted lifetime utility reaches zero or falls under a particular value of death. In this regard, a negative shock, such as divorce, may decrease the expected utility and make committing suicide an optimal decision. In Durkheim's perspective, divorce disintegrates the ties of the individual to the family/society and increases the probability of suicide.

Based on the theory of social integration (Durkheim, 1897) and lifetime utility maximization (Hamermesh and Soss, 1974), a vast body of research has emerged in economics interested in suicide. For instance, Ross et al. (2012) argue that divorce is not significantly related to suicide in the US. In contrast, Minoiu and Andres (2008) find positive association between divorce and suicide across US regions. Moreover, their results indicate that the impact of divorce on suicide is higher for females than males. Considering Japan, Yamamura (2010) shows that divorce is positively related to the suicide rate, with a larger effect on males than females. Two studies, Detotto and Sterzi (2013) and Bussu et al. (2013) argue that divorce has insignificant effect on suicide in Italy. In Canada, Jalles and Andresen (2015) find no evidence of any relationship between divorce and suicide. In a similar vein, Huikari and Korhonen (2016) suggest that divorce is insignificantly related to suicide in Finland during 1991-2011.

The aim of this paper is to empirically examine the relationship between divorce and suicide in Turkey. To that end, we employ regional data at the Nomenclature of Units for Territorial Statistics (NUTS)-3 level for the period 2008-2017. Employing two-way fixed effects panel data analysis, we find that divorce has statistically significant positive effect on suicide. Moreover,

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this effect differs across genders, age groups, and education levels. The effect of divorce on suicide rate is greater for males than females. Further, we find that the coefficient estimate of divorce on suicide is smaller for the prime working age group. Although there seems to be no significant relationship between economic indicators and suicide, we find that divorce is the channel though which income and unemployment affect suicide. Accordingly, the impact of divorce on suicide is disproportionally greater in provinces with lower income per capita and higher unemployment rate. In addition, we argue that divorce increases skilled male suicide rate and unskilled female rate, suggesting the importance of education. Finally, results show that human capital is negatively related to male suicide, whereas there exists a positive relationship between population density and female suicide in Turkey.

Industrial Relations

Managing Reputation in a Principal-Agent Problem

Shahin Baghirov [1], Levent Kockesen [2]

Abstract

We propose an analysis of a repeated interaction between an uninformed principal and an informed and potentially biased agent. The principal is either a one-time employer (short-term principal) or employs for a project that will last for finite number of periods (long-term principal).

In an influential paper, Ely and Valimaki (2003) showed that reputational concerns may sometimes hurt an agent, a situation that they call "bad reputation". They showed that even if the good agent has a short-term incentive to take the correct action, she also has a long-term incentive to increase her reputation. She chooses the action that will increase her reputation rather than the necessary action. The short-term principal knowing the reputation incentive of the agent, does not hire the agent, which leads to the loss of all surplus.

In this paper we analyze a finite period version of Ely and Valimaki (2003). We ask the following questions: Suppose that the principal or the agent has the ability to choose the size of the stakes involved in their relationship in every stage of the game. Would they choose them in a way so as to prevent bad reputation, i.e., let the good and the bad agents separate at the beginning of the game? What is the equilibrium path of the size of the stakes? Does the principal (or the agent) choose to start the relationship large or small?

If each period receives an equal stake, the agent has high reputational concerns in the initial periods. As a result, the short-term principal does not hire the agent in the initial periods. Bad reputation hurts the good agent as well as the principal. If the agent is able to allocate the stakes, she chooses the stakes to eliminate reputational incentives by starting the relationship large and assigning smaller stakes to the future. Hence, the "bad reputation" outcome can be avoided by changing the allocation of the relative stakes.

However, we show that if the principal is allocating the relative stakes, the intuition is reversed. If the agent's initial reputation is bad enough, then a long-term principal chooses to start the relationship small and gradually increases the size of the stakes. The equilibrium behavior induced by this choice of stakes involves bad reputation. The good agent always plays the action that contributes her reputation while the bad agent completely mixes until the last two periods. This is surprising even more because this is also the equilibrium most preferred by the principal,

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i.e., he chooses to use the bad reputation to his advantage if the bad agent is strategic and the initial reputation is bad enough. When the principal is a short term player and a social planner allocates the relative stakes, we show that the social planner also prefers to start the interaction small and gradually increase the stakes.

We show that endogenizing the decision to allocate the relative stakes increases payoffs. If the agent is setting the stakes, she does so by starting large and signalling the principal that she will not have reputational incentives. The agent is hired starting from the first period. On the other hand, if the principal or a social planner is allocating the stakes, they choose to start small so that the agent's reputational incentives in the initial periods does not hurt much.

JEL Classification: C72, D82, D83

Key Words: Reputation, Repeated Games, Gradualism

The Role of ICT in the Retail Sector: A Stochastic Frontier Analysis of Turkish Firms

Feride Gonel [1], Huseyin Tastan [1]

Abstract

In this study we examine the impact of information and communication technologies (ICTs) on the productivity of firms in the Turkish retail trade sector by estimating a technical efficiency model using a firm-level longitudinal data set. The econometric methodology is based on the estimation of a stochastic frontier model extended with ICT usage indicators. We decompose the labor input into two parts, ICT-labor and traditional non-ICT labor, using the information on internet-using employees in a retailer. Results show that the productivity contribution of ICT labor is relatively larger for small firms than medium and large firms. Furthermore, ICT-labor has a positive impact on technical efficiency of retailer firms; the contribution of the ICT-labor and non-ICT labor has been found to be close to each other in the analysis. While the average technical efficiency is similar across firm sizes, small and medium-sized firms are found to be technically more efficient. Our results also indicate that ICT usage improves technical efficiency.

JEL Classification: L81, L86, D22

Key Words: ICT, Productivity, Retail Trade, Wholesale Trade, E-Commerce

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Size, Age and Firm Growth in the Turkish Manufacturing Industry

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Abstract

The relationship of firm growth with its size and age is typically based on the studies in developed economies and finds different conclusions. This study analyses the firm growth patterns for an emerging economy, namely Turkey. It uses a balanced panel of 2228 manufacturing firms over the years 1997-2017 to explore unobserved heterogeneity among firms. Results indicate that age negatively influences growth, which is the same result obtained in previous studies. The current size negatively impacts growth as in earlier studies. Moreover, the paper analyse that the age level of the firms which grow faster than their counterparts. The empirical analysis also focus on size effect for the subsectors in manufacturing industry.

JEL Classification: L21, L25, L26, L60

Key Words: Firm Age, Firm Size, Firm Growth, Turkish Manufacturing Industry

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Relational Governance, Organizational Unlearning and Learning: Evidence from Turkey

Volkan Yeniaras [1], Ilker Kaya [2], Anthony Di Benedetto [3], Mumin Dayan [4]

Abstract

Organizational learning emerged as a research theme in various domains ranging from strategy to entrepreneurship and product innovation. Exploitative and exploratory innovation lie at the very core of commercial processes that ensure a firm's current and future viability and economic growth in general. Drawing on the literature on dynamic skills and utilizing a sample of small and medium size enterprises from Turkey, this study builds upon and empirically tests a conceptual model that connects business and political ties, organizational unlearning, organizational learning, and firm performance. Specifically, we suggest that business ties enable and political ties disable organizational unlearning (i.e. regenerative dynamic capability), which may in turn affect exploratory (i.e. renewing dynamic capability) and exploitative (i.e. incremental dynamic capability) innovation behaviours of the firm. Thus, our purpose is to offer a theoretical framework in which organizational unlearning and learning act as mediating mechanisms between business and political ties and firm performance.

Key Words: Organizational Learning, Unlearning, Emerging Economies, Turkey, Business Ties, Political Ties, Exploratory Innovation, Exploitative Innovation

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Macroeconomic Policies

Asymmetric Analysis of Okun's Law: The Case for Turkey

F. Irem Dogan [1], Pinar Deniz [2]

Abstract

The modern literature considers Okun's law in a nonlinear approach using several methodologies. However, they provide the threshold level exogenously. This paper revisits the negative relationship between output and unemployment under asymmetric approach for Turkey applying structural threshold regression model that allows for endogeneity of the threshold variable and heteroscedasticity as a new methodology. Moreover, the model is controlled for several macroeconomic indicators such as oil price and institutions. Last but not least, the link is investigated for difference sections of unemployment such as age, education, gender. Preliminary results suggests mixed findings for different regimes.

JEL Classification: C22, E24, O47

Key Words: Employment, Growth, Asymmetric Analysis

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Capital Inflows and Growth in Emerging and Developing Economies: Expansionary or Contractionary?

Erdal Ozmen [1], Fatma Tasdemir [2]

Abstract

This study investigates whether the impacts of capital inflows and their main components (portfolio equity, FDI and other investment) are expansionary or contractionary in emerging and developing economies (EMDE). We also estimate the long-run relations, equilibrium correction mechanisms and short-run dynamics between the variables postulated to explain growth. To this end, we consider a conventional endogenous growth model augmented with variables representing de jure financial openness and global financial conditions. Our results indicate that all types of capital inflows are expansionary both in the short and long run, except portfolio equity. Portfolio equity inflows tends to enhance economic growth in the long-run whilst being contractionary in the short-run. Consistent with the endogenous growth literature, better structural domestic conditions (SDC), including governance and institutional quality, trade, de jure financial openness, human capital, financial development and domestic savings, are found to be leading to higher growth both in the long-run and (except human capital) short-run. The positive impacts of domestic and foreign savings (capital inflows) are in line with a view that they are complementary for growth. In accord with the financial cycle postulation, better global financial conditions proxied by VIX enhances growth. Contrary to the conventional Mundell-Fleming trade channel, real exchange rate depreciations are found to be contractionary. This result, however, is consistent with a financial channel which considers the appreciation of exchange rates due to capital inflows. The negative and significant equilibrium correction coefficients suggest that real income per capita adjusts to the deviations from the long-run equilibrium. This result provides an empirical support to the conditional income convergence by indicating that any differences in the long-run equilibrium are transitory.

JEL Classification: F21, F30, F43, G10, O10, C13, C33, F43, F62, G10, O16, O47

Key Words: Capital Inflows, Emerging Market Economies, Developing Economies, Global Financial Conditions, Growth

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How Interest Rates Affect the Banking Sector? A Loan Concentration Perspective

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Abstract

Banking sector is the "lifeblood" of economic and financial activity via collecting deposits and providing loans to governments, households and businesses. Many MENA countries have bank based financial system therefore banks are game changer institutions in economic activities. Bank loans have an important role for economic activities in MENA countries. In most of the countries, bank loans are the main source of financing for households, small and medium-sized enterprises. However, the loan concentration risk arises in the loan portfolio when banks start to lend to only limited sectors. In order to grasp the impact of interest rates on the sectoral loan concentration, this paper tries to quantify the The Herfindahl-Hirschman Index (HHI) from the sectoral loan distribution data in the Banking Regulation and Supervision Agency's data base. This paper suggests that the public bank behaviour and private bank behavior differs depending on the interest rate movements. Thus, three different HHIs are employed to understand the difference in bank behavior, which are sectoral HHI, public banks' HHI and private banks' HHI. Moreover, to show the transmission mechanism, two different interest rates are used which are the Turkish Lira commercial loans rate excluding corporate overdraft account and corporate credit cards and the weighted average cost of the Central Bank funding. Both of the data are gathered from the Central Bank Electronic Data Delivery System (EVDS).

According to the Vector autoregression (VAR) model results, a one-standard deviation shock to commercial loan rate decreases the loan concentration for public banks between the third and the ninth periods. The effect of the shock is statistically significant at 5% significance level. However, for private banks no statistically significant effect of the shock is reported during the period. In addition to these, a one-standard deviation shock to loan concentration decreases the commercial loan rate for private banks between the fourth and the fifteenth periods. The effect of the shock is statistically significant at the 5% significance level. For public banks, no statistically significant effect of the shock is observed. To wrap up, the transmission mechanism of interest rates is different in banks depending on their being either public or private and the reasons of this situation carries importance in understanding the efficiency in the banking sector.

JEL Classification: E58, G32, H81

Key Words: Transmission Mechanism, Banking Sector, Loan Concentration

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Special Session on Migration

Informal sector: Stepping-Stone or Dead End for Immigrants ?

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Abstract

Upon arrival in the host country, immigrants downgrade in the labor market. With years of residence in the host country this downgrading tends to disappear, suggesting then an U-shaped occupational trajectory for immigrants. This article focuses on the role of the informal sector in this professional trajectory. This sector can act both as a stepping stone or as a trap. We propose a novel theoretical mechanism that highlights the allocation decisions of workers between formal and informal sectors taking into account human capital accumulation through informal jobs. Part of immigrant workers falls short of some skills necessary for a successful match in the formal market. Insofar as the informal sector offers the opportunity of skill acquisition and a stepping stone role for formal jobs, immigrant workers more readily take informal jobs. We investigate the role of search frictions, learning speed and skill composition of immigrants on this choice. We also analyze the implications of workers' sectoral allocation on overall job creation and wage distribution. Finally, we discuss implications of our model on alternative immigration policy options and resulting labor market outcomes.

JEL Classification: J15, J46, J61, J64

Key Words: Immigration, Informality, Labor Market Segmentation, Learning

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Links between Background in Syria, Parents Health, Health Service Access, Local Circumstances in Turkey, and the Health Outcomes and Health Service Evaluations of Syrian Refugee Children in Turkey[4]

Mehmet Balcilar [1], Jeffrey B. Nugent [2], Jiahui Xu[3]

Abstract

The purpose of this paper is to examine the extent to which the adverse physical and mental health conditions of Syrian refugee children can be traced back to the conditions of their parents both in Syria and in their current living conditions in the refugee hosting country, including both the access to and quality of health service in their current location. Given that Turkey is host to the largest number of Syrian refugees and yet studies of Syrian refugees in Lebanon, Jordan and elsewhere seem to be more common, the present study focuses on Syrian refugee children in Turkey, taking advantage of the high quality 2018 WHO survey Health Assessment Survey of Syrian Refugees in Turkey which allows all of these relations to be analyzed with relatively large and randomly selected samples of refugees and their children.

Separate analyses are carried out on three sets of relationships (1) the health status, health services to young children (1-36 months) and the parental evaluation of these services, (2) the incidence of diseases, mental problems and the severity of those mental problems among older children (3-13 years), and their relation to individual, household, locational and health service characteristics and (3) the evaluation of the health services provided to these older children by their parents.

The results call attention to the following findings: (1) With respect to the young children, access to health services seems to be strongly positively related to parental income, urban location (except for Istanbul), having electricity in living quarters, whereas actual health outcomes seem better in households with better educated parents and in urban areas but not necessarily among parents with higher incomes. (2) With respect to diseases of the older children, there is considerable difference between chronic and non-chronic diseases. The incidence of chronic ones are strongly related to those of their parents and to a lesser extent to the parents' lack of

[4]The authors express their appreciation to the World Health Organization for use of the data set pertaining to Health Assessment Survey of Syrian Refugees in Turkey and also to Hamzah Ahmed for his much appreciated research assistance.

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health insurance, but negatively related to electricity in living quarters. On the other hand, the incidence of non-chronic disease is positively related to electricity in living quarters, household income in Syria (prior to coming to Turkey), and urban location but negatively related to child age, supply of vitamins early in life, and the household's adherence to a healthy diet. There is also some evidence of significant differences across provinces. (3) With respect to the often quite severe mental problems of the older children, although there are interesting differences across the different types of mental problems, in general, the problems seem to rise with child age, mental problems (and in some cases also diseases) of parents, water dispensers as the source of water in the household, but can be reduced by electricity in the living quarters, urban location, household income, and in some cases by adherence to healthy diet (in the form of fruits).

Overall and in relation to the provision of health services, there is no evidence of discriminatory allocation by gender, or rural vs urban location as one might have thought, and lack of health insurance does not seem to have as deleterious an effect on health outcomes as in other refugee holding countries like Jordan and Lebanon (as shown in other studies). With respect to different provincial locations, although more research would be desirable, there does seem to be evidence that location in border and relatively rural provinces with relatively large numbers of refugees like Hatay and Sanliurfa, where refugees may feel less discriminated against by the Turkish nationals is more favorable than in Turkey's capital city Ankara and other locations where refugees are relatively few in numbers. It is also notable that the province where on average the refugee parents have been located for the longest time, Mardin, is also the province where the medical services to children were rated the highest.

JEL Classification: H10, O15, D74
Key Words: Health Outcomes, Refugees, Conflict in Syria, Effects of Trauma

Child Labor and Education among Refugees: Evidence from a Large Cash Transfer Program

Aysun Aygun[1], Murat G. Kirdar [2], Murat Koyuncu [3], Quentin Stoeffler[4]

Abstract

This research studies whether cash transfers can be an efficient policy instrument for keeping refugee children at school and out of work. We raise this question in the unique context of Turkey, where the largest refugee population is hosted (including 3.6 million Syrians) and is supported by the largest humanitarian cash transfer in the world, the Emergency Social Safety Net (ESSN) program. We analyze the Comprehensive Vulnerability Monitoring Exercise (CVME) data and exploit program eligibility criteria to identify the impacts of the ESSN program through a Regression Discontinuity Design.

Forced displacement constitutes a major disruption for adults and children, which has been well documented for Syrian children and globally (Ibanez & Velez, 2008; Fiala, 2015; Habib et al., 2019). In Turkey in particular, there are about 400,000 refugee children who are out of school based on UNICEF's estimates, often working (or begging) at young age. This situation generates inequality, fuels resentment, and can lead to long-standing social conflicts between "host" population and refugees (Hangartner et al., 2019). While the role of education to address these issues is clear, identifying the best policies to improve education and child labor outcomes in a forced displacement setting is an open area of research. Most of the literature on cash transfers and education / child labor lies outside of forced migration settings, and most of these studies examine conditional cash transfers (CCT) rather than unconditional cash transfers (UCT, see Baird et al., 2014). Our study contributes to this literature by identifying the impact of a UCT program on education and child labor for a refugee population.

We analyze data from the Comprehensive Vulnerability Monitoring Exercise (CVME) conducted by the WFP and the Turkish Red Crescent with the aim of assessing vulnerability of refugees in Turkey. The two waves of the survey that we exploit (CVME3 and CVME4) were collected in 2018 for 2681 households, with information on ESSN benefits. Eligibility to receive ESSN transfers is based on six simple eligibility criteria related to household demographic characteristics for targeting the most vulnerable refugees. We exploit the dependency-ratio as an eligibility criterion (having 1.5 dependent per working-age adult) to identify the causal effect of the trans-

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fers within a regression discontinuity design (RDD). Since in fact, a significant jump in ESSN take-up is observed at the dependency-ratio cutoff, we use both parametric and nonparametric RDD methods, which avoids endogeneity issues related to unobservable characteristics. We conduct various robustness and falsification checks, and present several alternative specifications.

Our results suggest that ESSN transfers are efficient at decreasing child labor and improving schooling. In particular, ESSN transfers decrease the share of children not in school in the household by 0.21 to 0.26, and the share of children working by 0.10 to 0.15. The effect on child labor is concentrated on boys, while schooling improves for both gender, but for younger boys and older girls. In terms of mechanisms, we do find that ESSN beneficiaries become less likely to employ harmful coping strategies, and less likely to state that children need to support their household as a reason for not enrolling in school. However, the effect on household consumption and poverty (after the reduction in child labor) is small, and we do not find any robust, significant impacts on health, housing conditions and assets.

These findings have local and global policy implications. Given that a large share of the Syrian refugees in Turkey are likely to remain in the country, keeping refugee children in school and out of work is critical for providing equal opportunities to these children in the future. Because the short-term support and long-term integration of refugees are critical issues worldwide, our results have global implications for the design of policies that support social cohesion in a forced displacement setting and will contribute to the policy discussion regarding cash-based humanitarian assistance as opposed to other forms of support.

JEL Classification: I24, I38, J15, J22, O15
Key Words: Refugee, Child Labor, Cash Transfers

Inequality, Growth and Development I

Dynamics of Exports, Infrastructure, and Growth in GCC: VARs and Causality Testing

Sufian Eltayeb Mohamed [1]

Abstract

The export sector plays an important role in the economic growth of a country. From the perspective of international trade, exports are generators of foreign exchange, which is necessary for financing imports and other developmental projects. Infrastructure on the other hand, whether soft or hard infrastructure play a fundamental role for accelerating the process of development and growth. Since 1990s, the GCC country invest heavily in the infrastructure sector because they believe that this sector will boost their economic growth and help them to be competitive in the international markets. This believe is supported by many empirical studies that demonstrates the positive impact of infrastructure on economic growth and unveil that transport plays a vital role in economic activity either directly or as a complement to other factors of production.

This paper focuses on the dynamic relationships among infrastructure, exports and economic growth in the GCC over the period, 1990-2018, using modern econometric techniques such as Vector Auto-Regression (VAR), Impulse Response Function (IFR) and the Granger-causality test.

Model Specification and Data:
Following the empirical literature, we construct a model to test the relationship between exports, infrastructure, and economic growth in the GCC over the period, 1990-2018,

$$LnYIt = f(EXPt, , INFt, GFCt, OPPt)$$

Where Y_t is the real GDP per capita (at constant price, 2011= 100 $ US) as a proxy for economic growth. EXP_t, is a measure Real Exports of Goods and Services (BoP, current US $);, INF_t index is a proxy for infrastructure, GFC_t is Gross Fixed Capital Formation (current US $) as a proxy of Capital Stock and OPP_t is a measure of trade integration and openness with the rest of the world. The study used annual data over the period of 1990-2018. The world Development Indicators prepared by World Bank are the source of data to this study. All variables have been transformed into natural logarithms (ln) to help mobilize stationarity.

JEL Classification: C33, O11, F10, O19, O47
Key Words: Exports, Infrastructure, VARs, Causality, Cointegration, GCC

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The Effect of ICT Investment and Usage on Economic Growth in MENA Countries: Does Governance Matter?

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Abstract

Middle East and North Africa (MENA) countries have a good ICT coverage, but at the same time this region is suffering from poor quality of the governance. This study examines the effect of ICT investments and usage on economic growth in the MENA countries. Moreover, the study investigates the moderating role of quality of governance on the relationship between ICT and economic growth. For this purpose, the study applies Panel ARDL methodology, to empirically investigates the effect of ICTs on economic growth âĂŤ using panel data for 16 MENA countries over the period of 2000-2018. The findings show a negative long-run effect of ICT usage on economic growth, but insignificant long-run effect of ICT investments on economic growth. Interestingly, the governance quality plays an important positive role on the relationship between ICT usage and economic growth but has insignificant effect on the relationship between ICT investment and economic growth. The study results can help policy makers to better understand the effect of quality of governance on the relationship between ICT on economic growth. The study results can help policy makers to better understand the effect of quality of governance on the relationship between ICT on economic growth.

JEL Classification: P48, O40, O43, O53, C23

Key Words: ICT Investment, ICT Usage, Quality of Governance, Economic Growth, MENA

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Forecasts of Future Labour Market Requirements for Oman: An Application of the OMAGE model

Philip D. Adams [1], Nhi H. Tran [2], James A. Giesecke [3]

1. Motivation and outline

The Oman economy has been growing steadily at an average 4.8 % since 2000, largely due to the expansion of the oil sectors. To meet the demand for economic expansion, the economy uses a large foreign workforce, which comprises about two third of the total workforce. However, conscious of the volatility in the oil market, the government has always been trying to diversify the economy. It has also been implementing policies to reduce the dependence on foreign labour by encouraging companies to employ locals and by developing a skilled national workforce via education and training. Forecasting labour requirements is an important element in the development of an effective education and training policy.

This paper describes the theory of OMAGE, a dynamic computable general equilibrium model of the Oman economy, with a detailed representation of labour demand and supply. We use OMAGE to forecast labour-market requirements to the year 2030. The paper will have five sections:

1. Introduction, including a discussion of the policy problem;
2. A description of the OMAGE model and its database;
3. Forecasting and key inputs;
4. Results;
5. Conclusion.

2. Methodology and analysis

As Oman uses a large expatriate workforce, we assume that the growth in employment demand for Omanis is tied to growth in labour supply of Omanis, but the supply of Non-Omanis is generally determined by employment demand. To account for these features, OMAGE has two distinct theoretical parts: (i) the modelling of the economy and its demand for labour by occupation, nationality and skill, hereafter called the core CGE model; and (ii) the modelling of supply of labour by skill, occupation and nationality, hereafter called the labour supply module.

On the demand side, the starting point is the projections for macroeconomic variables and industry outputs generated from the core CGE component of the model. These are based on

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available independent information on predicted or planned changes in key macro variables and changes in technology and preferences. Projections for industry outputs are then used as input to compute projections for industry demand for labour by occupation and nationality. For occupations, it is assumed that relative market wage rates are given, and that producers' minimize the overall cost of purchasing occupations to achieve the overall required level of employment. Occupations by nationality are then a cost-minimising combination of different skills. The results are the demand for skills by occupation and nationality.

JEL Classification: C68, D58, J21, J23, O53

Key Words: Computable General Equilibrium (CGE) Models, Oman, Labour Market Forecast

The Economic Convergence in Context of R & D: A Comparison Analysis of Selected OECD and Middle East Countries

Pelin Karatay Gogul [1], Baris Ulker [2]

Abstract

According to the Convergence Hypothesis based on Neoclassic growth model developed by Solow, per capita income differences are going to disappear by the time. Diminishing returns to capital factor, technological expansion and globalization are the main parameters that procure convergence among countries. Due to the slowing growth ratio of the world economies at the present time, rising economies are again grabbing attention to the convergence phenomenon. Convergence hypothesis is being analyzed not only from the aspect of income, it is also being utilized in the manner of human capital dynamics. The positive externality caused by the technological developments and global trade are the two important parameters accelerating this process. Hence, GDP per capita and the ratio of the research and development expenditure to GDP (R & D) variables of 7 Middle Eastern countries and 14 OECD countries are used to test the Convergence Hypothesis via panel data analysis method. In the study, cross sectional dependency is tested with Peserans's CD test and it is found that cross sectional dependency exists so second generation unit root tests applied. CADF unit root test that developed by Peseran (2007) is used to test variables empirically. Variables of the OECD countries are found stationary and it is concluded that these countries converge from the aspect of GDP per capita and R & D expenditures while GDP per capita and R & D expenditures do not converge for Middle Eastern countries.

JEL Classification: O32

Key Words: Convergence Hypothesis, Middle East, OECD, Panel Unit Root Test

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Multilevel Analysis of The Role of Institutions on Investment Climate in MENA Countries

Yesim Ucdogruk Gurel [1]

1. Motivation and Outline

Institutional determinants, including the social, political, and cultural framework of a society, shape peoples' perceptions of the desirability and feasibility to engage in creating new business ventures and investment. As investment decision is essential for the continuing dynamism of the private sector, many countries have focused on intensifying regulatory, political and macroeconomic institutional changes in order to improve the ease of doing business. The quality of the business environment, as measured by the World Bank's annual Doing Business report, is collectively accepted as a critical determinant of multinational investment activity. Earlier research on understanding business and regulatory environment showed that an uninviting business climate is a challenge for stimulating decision to invest abroad.

In the last 25 years, there is an immense literature trying to shed a light on the determinants of investment activity and its impact on economic growth (Dunning and Lundan, 2008). This paper will contribute to the existing literature on twofold. First, we will use both inflow and outflow of FDI across different economies. Second, our study will incorporate both formal institutions such as regulations, contracts, procedures, political structure, and property rights that are associated with ease of doing business and institutions of governance such as voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption to study how the ease of doing business and institutions affect the investment decision of multinational corporations.

2. Data, Methodology and Empirical Analysis:

This paper uses panel data on FDI activity across economies to study how the ease of doing business and institutions affect the investment decisions of multinational corporations. The sample for the analysis is a pooled, cross sectional, longitudinal unbalanced panel of observations across countries with non-missing explanatory variables in World Bank Group Doing Business databases over the eleven-year period 2006 to 2019.

We consider a variety of formal institutions that controls for regulatory climate (Ease of Doing Business index that is made up of 11 areas of business regulation), institutions of governance

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that controls for political risk (Worldwide Governance Indicators that is made up of six aggregate indicators) and economic risk that controls for country's current economic strengths and weaknesses (log GDP per capita, domestic credit to the private sector as a percentage of GDP) as predictors of multinational investment activity (FDI as a percentage of GDP).

Our empirical strategy aims at estimating the effect of institutions on investment decision conditional on the quality of governance and economic structure of the country. In order to deal with unobserved heterogeneity associated with panel data, System GMM estimator proposed by Blundell and Bond (1998) that uses lagged values of the first difference of the endogenous variables as instruments, will be utilized.
The representation of our estimation model is,

$$FDI_{it} = \beta_0 + \beta_1 FDI_{it-1} + \beta_2 FormalInstitutions_{it} + \beta_3 InstitutionsofGovarnance_{it} + \beta_4 EconomicRisk_{it} + \beta_5 \gamma_i + \beta_6 \theta_t + \epsilon_{it}$$

where FDI_{it} is the measure of investment decision (FDI inflows/outflows) for country i in time t. FDI_{it-1} represents investment activity in period t-1. Formal institutions, institutions of governance and economic risk are the measure of control variables for country i in time t. γ_i is the country fixed effect, θ_t is the time-specific effect and ϵ_{it} is the random error term.

3. Conclusions and Policy Implications:

Our findings suggest that overall ease of doing business has a positive effect on decision to invest abroad. This relationship is most strongly driven by the Starting a Business component, but Getting Credit is also important. FDI inflows flourish after certain levels of economic and institutional progress. Finally, results change when the analysis is applied to FDI outflows suggesting that the reforms may create a more inclusive environment for aspiring multinational corporations.

JEL Classification: F21, G18, G38, L51
Key Words: FDI, Business Environment, Institutions

Financial Markets, Institutions and Integration I

The Impact of Financial Crime Legislation on Cross-Border Trade in the MENA Region

Jean Langlois [1], Benedikt Barthelmess [2]

Abstract

Money laundering, terrorism financing and other types of financial crimes are serious offences with far-reaching consequences that have been given growing attention by authorities across the world. To counter such offenses, governments âĂŞ especially in developed countries âĂŞ significantly tightened their financial crime legislations over the last decade. This, in turn, has forced financial institutions to put in place stricter controls to prevent illicit transactions from being processed. As part of this, banks have undertaken comprehensive reviews of their client portfolios and terminated the provision of services to large numbers of clients on grounds of financial crime risk. Moreover, it has emerged that profitability considerations have led to further terminations of relationships, as heightened compliance standards of caused a steep increase in the cost of certain banking services.

The Middle East and North Africa appear to have been particularly severely impacted by this development. Widespread "de-risking" meant that several international banks, such as HSBC, BNP Paribas and Barclays, have retreated at least from parts of the region. On top of this, foreign banks cut their correspondent banking relationships with local banks in the region, thus reducing their access to the international financial system.

The purpose of this paper hence is to quantify the retrenchment of banks in the corporate banking domain and understand how this may have impacted cross-border trade. A second step would be to determine whether this retrenchment has had any statistically significant impact on the provision of trade finance to small and medium-sized enterprises. Within the current discourse on financial inclusion, this hence raises the question whether financial crime legislation has partly undone previous successes in widening access to finance especially in the region's less developed countries. This is an important and timely question to ask, considering that widening access to finance as a means of reducing economic inequality has become a key development objective in most countries.

To this end we intend to analyse data by the World Bank generated from its de-risking survey of banks, money transfer organisations and governments, as well as its enterprise surveys. The analysis will allow us to cover the last decade and we will focus on Egypt, Lebanon, Jordan,

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Tunisia and Morocco.We expect to find a reduction in the provision of core banking services to certain enterprises and an increase in the cost of such services.

JEL Classification: G21, O16, F19

Key Words: Financial Access, Development, Financial Intermediaries, International Trade

Fiscal Reform - an Aid or Hindrance to Economic Diversification in Saudi Arabia: A Computable General Equilibrium (CGE) analysis

Louise Roos [1], Philip D. Adams [2]

1. Motivation and outline:

Long-term sustainable economic growth is the overriding target of economic policy in Saudi Arabia. Strategies for achieving this target include: (1) Fiscal restructuring; (2) Labour market reform and (3) Economic diversification. While these strategies make good sense in their own right, they do overlap and hence there is a potential for conflict. For example, fiscal reforms (e.g. the introduction of new taxes and domestic price reforms for energy products) may change the structure (and hence diversity) of the economy; diversification of the industrial structure may affect the structure of demand for skills and occupations; and both diversification and labour market reform may have significant fiscal effects. These overlaps may reduce the overall effectiveness of the package of strategies. In this paper, we focus on fiscal restructuring, specifically the introduction of a 5 per cent value added tax (VAT), and its broader impacts including on economic diversification and the labour market.

Our analysis relies on applications of the General Equilibrium Model of Saudi Arabia (GEMSA). GEMSA is a single region, dynamic Computable General Equilibrium (CGE) model, developed by staff from the Centre of Policy Studies (CoPS) at Victoria University, Australia. CoPS is a world leader in the development, application and dissemination of large-scale economic models and has constructed CGE models for several Middle Eastern countries.

The paper will have five sections:

1. Introduction, including a discussion of the policy problem;
2. A description of the CGE model and its database;
3. Simulation design;
4. Results;
5. Conclusion.

2. Methodology and analysis:

GEMSA is well suited to study the economic impact of an increase in VAT on the Saudi economy due to the level of detail included in the model. The GEMSA model equations can be divided into two broad groups. The first describes the CGE core, including:

- industry demands for primary factors and intermediate inputs;
- commodity supplies by individual industries;
- industry-specific demands for inputs to capital formation;

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- household and other final demands for commodities;
- pricing behaviour which sets pure profits from all non-oil activities to zero (pricing of oil products locally and on overseas markets allow for pure profits and losses); and
- market clearing for primary factors and commodities.

The core model includes theories describing government demand and a wide range of tax collections that allow changes in tax rates and tax-revenue collections to be modelled in a detailed way. The government budget balance is modelled as the difference between income and spending.
The second group of equations relate to the dynamic mechanisms and include equations describing:

- stock/flow accounting for the accumulation of capital stocks via investment and depreciation; and
- lagged adjustment mechanisms in the labour market.

These dynamic relationships allow the model to trace explicitly each variable through time at annual intervals.
In its current configuration, GEMSA is calibrated to the 2015 Supply-Use Tables, complemented with data from the government budget and Saudi Arabia's account with the rest of the world.1 The final database includes information on 19 aggregated sectors, sourced either domestically or imported and sold on the local or foreign market. Based on the SUT, the only commodity-specific taxes are import duties. Although the database does not include any other commodity-specific taxes, GEMSA includes various equations, which allows for the introduction of new taxes to be modelled.

3. Policy implications

Policy analysis with GEMSA requires two scenarios. The first is the baseline forecast or business-as-usual simulation. This simulation models the growth of the economy over time in the absence of the policy change(s) under consideration. The second simulation is the policy simulation. This simulation generates a second forecast that incorporates all the exogenous features of the baseline forecast, plus policy-related shocks reflecting the details of the policies. The impacts of a policy are typically reported as deviations (percentage or absolute) away from the baseline forecast. Our policy shock is an increase of 5 per cent in the VAT rates on the use of selected commodities and services. The results are influenced by assumptions related to macroeconomic behaviour. Typical examples are as follows.
1. Private consumption is determined via a consumption function that relates spending to disposable income.
2. Public spending may be held at its baseline level allowing the government budget to move toward surplus or deficit, or alternatively public spending may change to hold the government operating balance at its baseline level.
3. Investment is allowed to deviate from its baseline value in line with deviations in the expected rates of return on the industries' capital stocks.

4. In the policy scenario, short-run divergences in rates of return from their baseline levels can occur. These cause divergences in investment and hence capital stocks that gradually erode the initial divergences in rates of return. Provided there are no further shocks, rates of return revert to their baseline levels in the long-run.

5. The government balance is modelled as the difference between revenue (oil and non-oil revenue) and expenditure. Revenue from taxes may increase in-line with the increase in tax rates.

6. Industry-specific results are influenced by the macro economic outcomes as well as the underlying cost and sales structures of each sector. These linkages are captured in the SUT and drive the deviations in industry output.

The results from this simulation will inform policy makers of the economy-wide and sectoral impact of the introduction of VAT. We would expect that an increase in tax revenue increases total government income. The immediate impact of an increase in tax (ignoring for the moment the impact on government spending) will lead to an additional dead weight loss that will suppress real GDP. With the economy shrinking, income falls which reduces private consumption spending. Investment is likely to fall due to a fall in the rates of return (see point 3 and 4 of the assumptions in section 3) implying a fall in capital stock in subsequent years.

This opens up the debate on how to mitigate the imposed distortion. In our modelling we will consider two alternatives: (1) the government budget balance is held at its baseline level with government consumption allowed to increase, or (2) the additional tax revenue is handed straight back to the household sector.

JEL Classification: C68, D58, E62, O53

Key Words: Computable General Equilibrium (CGE) Models, Saudi Arabia, Fiscal Reform

Performance Analysis of Listed Real Estate Companies: A Practice in Turkey and MENA Region

Metin Vatansever [1], A. Berrak Koten [2], Ali Hepsen [3]

Abstract

The term real estate can be defined from three different perspectives: the physical, the legal and the financial economic view. The physical concept defines real estate as a three dimensional structure of walls, ceilings, and floors. From the legal point of view, real estate can only be regarded as a building, stationary and fixed at a certain location, in combination with a parcel and the assigned rights. From the financial economic view, real estate describes a considerable investment vehicle for private, commercial and institutional investors.

Investments in real estate reveal different features compared to conventional assets like stocks and bonds. In particular, this applies to long term investment horizons and is recognizable by low correlations and a distinctive risk/ return structure, which in turn is accountable for being classified as an alternative asset. With respect to issues of asset allocation, investments in real estate provide remarkable potential for diversifying an investor's portfolio. On the other hand, the objective of investors is to maximize expected returns, although they are subject to constraints, primarily risk. Return is the motivating force in the investment process. It is the reward for undertaking the investment. Capital gains and rental incomes from real estate investing are crucial to investors; they are what the game of investments is all about. The measurement of stock returns is necessary for investors to assess how well they have done or how well investment managers have done on their behalf.

The aim of this paper is to empirically classify the dynamic volatility of real estate companies traded in various markets in Turkey and MENA region by using ARCH and GARCH model-based fuzzy clustering approach and to reduce the overall risk of the real estate portfolios. In particular, the findings from the study give a useful guideline for real estate investors to select appropriate market areas and formulate efficiently diversified investment portfolios in these real estate markets.

The sample for this study is composed of real estate related companies whose stocks were traded on the stock exchanges in Turkey and MENA region for the 10-year period from January 2010 to December 2019.

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There is no any previous study analyzing stock returns in these regions; at this point, our paper is the first academic study to establish a volatility model-based fuzzy clustering approach for Turkey and MENA region real estate related companies.

JEL Classification: G21, O16, F19

Key Words: Financial Access, Development, Financial Intermediaries, International Trade

A Study on the Effects of the Financial Crisis on Poverty in Turkey

Ilhan Eroglu [1], Oznur Ozbek[2], Mahmut Ozbek [3]

Abstract

The rapid and intense developments caused by globalization in communication and information technologies have played a major role in the growth of capital flow to an extraordinary size and uncontrollable speed in the financial dimension, as well as in many areas such as social, economic, technological, political, cultural, etc. These developments can also cause devastating effects on countries and individuals with the same speed and intensity in case of a possible crisis.

Crises that emerge suddenly and unexpectedly and lead to large-scale falls in national product also have negative consequences on poverty.

Crises not only affect the current living standards of poor people, but also negatively affect their belief and ability to escape poverty and cause poverty to become chronic. For this reason, poverty and poverty reduction has become one of the important agenda items of organizations such as the World Bank and the United Nations.

Work in this context is primarily given to the basic concepts of crisis and poverty, poverty nexus with the economic crisis that occurred after 2000 in Turkey concretely by considering the impact on poverty of the crisis occurred was tried to be demonstrated by statistical data.

JEL Classification: G01, I30
Key Words: Economic Crisis, Poverty

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Gender Issues

Gender Wage Differentials in Knowledge Intensive Services

Sinem Sefil-Tansever [1]

Abstract

The growing importance of the knowledge intensive services has been linked to the improvements in the job opportunities of women, thus, decreasing the gender wage gap in our knowledge intensive era. The aim of this study is to reveal the effect of the knowledge intensive services on the gender wage differentials in Turkey. To do this, we employ the OaxacaâĂŞBlinder wage decomposition technique by using micro data from Structure of Earnings Survey of 2014 compiled by TurkStat and undertake a comparative analysis among knowledge intensive services (KIS), less knowledge intensive services (LKIS) and the whole economy to see whether if the KIS result in a progress in the gender wage differentials.

JEL Classification: J16, J31, O33

Key Words: Blinder-Oaxaca, Gender, KIS, Wages Differentials

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Gender Wage Differentials in Knowledge Intensive Services

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Abstract

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JEL Classification: J16, J31, O33

Key Words: Blinder-Oaxaca, Gender, KIS, Wages Differentials

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Association among Health, Disability and Labor Force Status: A Panel Analysis on Turkish Females

Burcu Duzgun Oncel [1]

Abstract

This paper studies the relationship among health, disability status and labor force participation of Turkish females by using Turkish panel of Survey of Income and Living Conditions (SILC) for the years 2012-2015. Although the aggregate behavior of labor force participation of Turkish females has been studied widely, the association between labor force status and health indicators has drew less attention. However, we believe that revealing the connection of health status and labor force behaviors in a country with a low level of female labor force participation is important for policy implications. We use self-reported health and disability status as health indicators and education level as socioeconomic status indicator. Results show that females with worse health and with disabilities with serious limitations have lower labor force participation rates. Additionally, when we control for education the results become even more profound.

JEL Classification: C10, C33, I10, J21

Key Words: Female Labor Force Participation, Health, Disability

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Obstacles to Funding Female Entrepreneurs in North Africa: Self-selection vs. Discrimination?

Imene Berguiga [1], Philippe Adair [2]

Objectives:

According to the ILOSTAT database, the percentage share of women among all managers is highest for Tunisia (14.8 % in 2012), Morocco (12.8 % in 2008) and lowest for Egypt (9.7 % in 2012). In 2017, about two-thirds of the adult population of North Africa remains unbanked and the gender gap for access to finance is 18 per cent, the largest in the world (Demirguc-Kunt et al, 2018). This is a major drawback to growth and inclusiveness.

Our research question is the following: is there a gender gap with respect to the funding of female owned or managed businesses? If any, is such a gap driven from the demand side by higher risk aversion of female entrepreneurs more prone to self-selection than their male counterparts are (Morsy, 2019)? Or is it driven by discrimination from the supply side (Becker, 1957; Phelps, 1972)?

Data:

We address the finance issue for female entrepreneurs in North Africa, focusing upon three countries, namely Egypt, Tunisia and Morocco, which are resource-poor/labour abundant economies (Gatti et al, 2014). We use the World Bank Enterprise Survey (WBES) as a data source, which includes a subsample of 683 female businesses, less than one out of six among an overall sample of 3,896 businesses owned by males and females in 2013. WBES encapsulates severe selection biases (deficient thresholds as for the size of SMEs) and overweighing (manufacturing industry and prominence of Egypt).

Methodology:

We use a pooled sample of 3,896 businesses over the three countries from North Africa. We apply two regression logistic models investigate loan demand and loan granting with respect to self-selection vs. discrimination, comparing female to male entrepreneurs.

Results:

There is neither self-selection nor discrimination for female owners, whereas female managers do self-select themselves. However, the subsample of female owners and managers the WBES is strongly biased. We sketch an overview of the funding provided for working capital only by the microfinance industry to informal microenterprises in the three North African countries. It suggest that female managed small businesses do experience both self-selection and discrimination.

Conclusions:

There is little empirical investigation on the topic of female entrepreneurship in North Africa

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and, to our best knowledge, no paper so far has tackled this funding issue as of the three countries from this WBES data source. Hence, our paper provides some new insights regarding sampling design and biases as well as the funding behaviour of female entrepreneurs from both the supply side and the demand side.

Outline:

Section 1 is devoted to the empirical literature review with respect to self-selection and discrimination; it collects some controversial evidence regarding female entrepreneurs and the loan funding issue in North Africa.

Section 2 documents the advantages and pitfalls of the WBES data source as for the three North African countries, such as selection biases (deficient thresholds) and overweighing (manufacturing industry and prominence of Egypt). It provides descriptive statistics upon gender ownership and gender management, with respect to human capital characteristics and data on the finance issue.

Section 3 presents logistic models and results as regards loan demand and loan granting, according to which there is neither self-selection nor discrimination for female owners, whereas self-selection occurs for female managers.

Section 4 takes advantage of selection biases in the WBES to sketch an overview of the funding provided by the microfinance industry to informal microenterprises in the three North African countries. Microfinance is no panacea; it fills the gap for working capital but not for fixed assets.

JEL Classification: D22, G21, G32

Key Words: Bank Credit, Entrepreneurs, Gender

Gender in Economic Policies and Trade Agreements: evidence from Morocco

Mariem Liouaeddine [1], Fairouz Naji [2]

Abstract

To the extent that Gender Construction influences both the causes and consequences of poverty, the international community has recognized that Gender Equality is essential for sustainable economic growth and for sustained social development (World Bank (2012), OECD (2019)).

However, although Gender Equality is a universal human right, the benefits of development and access to opportunities and decision-making power appear to be more in favor of men than women. This finding is all the more mixed in low and lower middle income countries, where women represent one third or less of human capital (World Bank, 2018).

Thus, this article aims to analyze the situation in the economic and commercial sector from a gender and human rights perspective in Morocco where gender inequalities persist.

The methodology adopted is The "Gender Assessment, Audit and Analysis (GAAA)" combined with a "pilot" survey that made it possible to identify the opinions of several actors having a direct or indirect relationship with these dimensions: gender, human rights, economic development and trade.

The results show firstly, that at the organizational level the main obstacles encountered in terms of integrating gender analysis are essentially: Lack of gender analysis instruments (40 %), Lack of financial resources for gender planning / programming (36 %), Lack of gender training for staff and unit size (20 %).

Secondly, it turns out that at the programmatic level, with the exception of the trade agreement concluded between Morocco and the EU, there is an absence of consideration of a dimension associating both gender and trade in most of trade agreement concluded by the country.

Finally, in terms of fair trade, it is shown that in 6 trade agreements concluded by Morocco do not refer to principle 1 relating to the creation of opportunities for economically disadvantaged producers and to principle 9 relating to the promotion of fair trade.

Furthermore, only the trade agreement between Morocco and the EU implicitly refers to principle 6 concerning the aspect of women's empowerment.

JEL Classification: J16, F13, Q01

Key Words: Gender, Trade, Morocco

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Inequality, Growth and Development II

Structural Transformations in Manufacturing Industry in Turkey in 2000s

Gulsah Ozsahin [1], Zuhal Ozbay Das [2]

Abstract

Since the beginning of 2000s Turkish economy has experienced fundamental political and economic changes. Despite good macroeconomic conditions and consistently high growth rates due to better economic policies and institutional improvements between 2002-2008, Turkish economy was one of the economies most affected by the global financial crisis. Before 2009, growth and investment have taken place with the increasing current account deficits and dynamics of the economy have been increasingly connected to global financial conditions. After 2009 there are low growth rates and high external debt in Turkey. This study investigates manufacturing and service sectors productivity performances of Turkey during 2000s and underlying causes of high current account deficits and derives the implications for contributions to the long-term economic growth of the country.

JEL Classification: O14

Key Words: Manufacturing Sector, Industrialization, Industrial Policy, International Trade

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Crisis of Privatization and Privatization of Crisis: Turkish Privatization Policy, 2002-2020

Sirri Emrah Ucer [1]

Abstract

Academic studies on privatization does not pay sufficient attention to the fact that privatization projects are also financial projects, in the form of gigantic financing agreements between consortiums and banks. A major obstacle against privatization in peripheral economies is lack of funds in domestic capital markets. This forces an international financial arrangement for privatization. The opposite is also true, as the financial actors of core economies seek and motivate privatization projects as these projects fuel demand for credit in peripheral economies. On the one hand these financial/privatization projects promise increased investment in periphery. On the other hand, such financial arrangements contribute to accumulation of foreign private debt in periphery as a crucial crisis dynamic. The transfer of capital to infrastructure networks is crisis prone and foreign private debt is crisis prone, a double process of crises that trigger each other, crisis of privatization and privatization of crisis. I provide a political economy analysis of crisis of Turkish privatization policy in the context of Turkish economic downturn after 2013, a downturn triggered by over-accumulation of private foreign debt. This analysis has three significant premises âĂŞ adopting of a broader definition for privatization, handling of privatization policy as a continuum of network policy, and positing privatization in the contexts of peripheral capital dependence and peripheral economic growth and crisis cycles. I adopt a broader definition of privatization that includes Public-Private Partnerships (PPPs) in addition to projects officially labeled as privatization. Because the official records do not represent the whole picture of arrangements between government, banks, and consortiums that facilitate withdrawal of state and penetration of private investment. The greatest portion of private acquisitions and investments in the last forty years targeted infrastructure networks of telecommunications, energy, transport, and water in peripheral economies. Therefore, analysis of privatization policy is a part of analysis of peripheral network policies. From this perspective, the privatization policy is a phase of network policies in the finance dominated era after 1970s. Shift to a finance dominated global accumulation regime in the 1970s reshaped economic development course of peripheral countries like Turkey. Capital dependence of peripheral economies on core economies through privatization of public debt was the first step. This triggered Debt Crisis of peripheral governments in the early 1980s, a debt crisis that prepared the conditions of withdrawal of state from infrastructure networks. The capital dependence of peripheral economies was fortified after privatization era, as the proportion of private debt in total foreign debt of peripheral economies

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in the 1980s and 1990s. Asian-Russian-Latin American Crisis of 1997-2001 was a crisis triggered by the dynamic of private foreign debt. A significant proportion of this foreign debt was accumulated through credits issued for network privatizations and following private investments in network. Turkish skepticism towards privatization in specific and foreign investment in general prevented emergence of a similar private debt crisis dynamic. Turkish financial crises like 1994 and 2001 was triggered by public debt instead. However, following the elimination of political and legal obstacles against foreign investment and ownership in the aftermath of 2001 Crisis, there was a boom of Turkish privatization between 2002 and 2013. This boom went hand in hand with the growth of Turkish foreign private debt stock. Following 2013, the economic downturn and crisis was also hand in hand with the Turkish privatization policy's financing crisis.

JEL Classification: P16
Key Words: Privatization, Crisis, Turkey

A Pseudo Analysis of the Returns to Field of Study

Bilge Eris Dereli [1]

Abstract

Returns to formal education has been a classic topic in the labour economics literature. Related with this topic, earnings differences across fields of study has been given increasing attention with data availability. Most of the empirical studies indicate field of study as an important determinant of earning levels. This study employs pseudo-panel fixed-effects approach to estimate the returns to field of study in Turkey. Repeated cross sections of Turkish Labor Force Surveys between 2016-2018 are used to construct the pseudo-panel data. NUTS1 regions and cohorts of 5-year interval are used as grouping variables. The pseudo-panel approach eliminates the bias caused by unobserved heterogeneity across individuals. Preliminary results indicate significant substantial heterogeneity in returns across different fields and also by gender. Mathematics and Statistics, Information and Communication Technologies and Health are the fields with higher return, whereas Education Sciences and Languages yield the lowest return compared with the field of Art.

JEL Classification: C23, I26, O53

Key Words: Returns to Education, Field of Study, Pseudo-Panel, Turkey

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Effects of Fed Monetary Policy on Manufacturing Investment: Evidence from Turkey

Nurullah Gur [1], Mesut Karakas [2], Mehmet Babacan [3]

Abstract

In a similar position with other emerging market economies (EMs), Turkey's credit and lending conditions witnessed a mounting pressure due to the FedâĂŹs tapering announcement since May 2013. Even though the literature provides significant evidence on the financial spillover effects and the Fed policies' impact on banking industries across the EMs as well as central banks' monetary transmission mechanism, there are however little attempt and thus evidence on the direct impact on real sector activity. In search of such effects, we utilize the sectoral data over the course of last two decades from Turkey. Identifying the effects on Turkish real sector, this paper reveals that those which are more prone to external finance have become more vulnerable with regards to worsening credit conditions and hence their investment positions.

JEL Classification: E44, E58, E22

Key Words: FED Policy, Investment, Financial Spillover

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Financial Markets, Institutions and Integration II

Causal Relations among Financial Development, Economic Growth, Poverty, Inequality, and Inflation

Gulsum Akarsu [1], Nebile Korucu Gumusoglu[2]

Abstract

By the financial liberalization and development in the countries, the debates have gained a momentum for the relations between financial development, growth, inequality, and poverty. This study aims to test the causal relations between financial development, growth, inequality, inflation, and poverty for the selected 32 countries based on availability of data over the period from 2004 to 2017 using panel Granger causality test. Results show the evidence of feedback relation between inequality and financial development and unidirectional bivariate causalities running from financial development, growth, inequality, and poverty to inflation, from economic growth and poverty to inequality, from economic growth to poverty, and from economic growth to financial development. The findings does not show the causal effect of financial development on economic growth and poverty. Therefore, for countries to reduce poverty and increase their economic growth, one recommendation can be to rely on real sector of economy and thus, focus on technological development, production, investment, foreign trade, and consumption.

JEL Classification: G00, E44, I32

Key Words: Financial Development, Macroeconomics, Economic Development, Panel Granger Causality

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Financial Inclusion and Banking Sector Efficiency in Sub-Saharan Africa

Ibrahim Nandom Yakubu [1], Ayhan Kapusuzoglu [2], Nildag Basak Ceylan [3]

Abstract

Given the bank-based system of Sub-Saharan African countries, the role banks play in the region cannot be overemphasized. Through innovative services, banks contribute immensely in enhancing the living standards of individuals and the growth of businesses, thus boosting overall economic growth. The concept of financial inclusion is based on these core developments. As a policy priority for most countries, research on financial inclusion has gained momentum in recent years. While the empirical literature has highlighted the effect of financial inclusion on economic growth, and the factors driving it, the literature is silent on how it influences the performance and efficiency of banks being the key financial services providers. In this study, we seek to fill this lacuna in the literature by examining whether financial inclusion matters for the efficiency of the banking sector in Sub-Saharan Africa.

The study uses country-level data of 30 Sub-Saharan African countries over the period 2000-2017. Data are gleaned from the Financial Access Survey of the International Monetary Fund and the Global Financial Development Database of the World Bank. To achieve robust results, the study employs three efficiency measures (return on assets, return on equity, and net interest margin). We also create an index of financial inclusion that captures the availability, accessibility, and usage dimensions of financial inclusion. Controlling for the effect of bank stability, economic growth, and inflation, we apply the system generalized method of moments (GMM) technique by Arellano and Bond (1991). The results show that financial inclusion significantly drives banking sectorâĂŹs efficiency albeit negatively, and this is robust to our measure of bank efficiency.

A plausible implication of the finding is that while efforts are being made to improve financial inclusion, the inimical impact on banking efficiency needs to be given adequate attention. Hence, in the quest to achieve a financially inclusive economy, policies in improving banking sectorâĂŹs efficiency should not be deserted.

JEL Classification: C13, G20, G21

Key Words: Financial Inclusion, Bank Efficiency, System GMM, Sub-Saharan Africa

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Favoring the small and the plenty: Islamic banking for MSMEs in an Emerging Market

Ahmet F. Aysan [1], Mustafa Disli [2]

Abstract

While MSMEs form the backbone of many countries, most of them suffer from limited access to finance. We introduce an additional dimension to the literature by examining whether Islamic banks, compared to their conventional peers, favor more the Turkish MSME segment of the credit market. We do this by considering various aspects of the lending behavior towards MSMEs (total lending, foreign currency lending, loan commitments, loan quality, revenues, and cyclicality) across different MSME size categories (micro, small and medium-sized firms). Our findings, in general and throughout different size categories, confirm that Islamic banks are more engaged with total lending, foreign currency lending, and letters of credit issuances. We also find that Islamic banks generate more revenues from MSME lending. The quality of their MSME loan portfolio is, however, not unequivocally different. Our findings further show that MSME lending by Islamic banks tends to be on average less cyclical.

JEL Classification: G21, G28, G3

Key Words: Small Business Lending, Islamic Banking, Lending Behavior

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International Trade and Economics of Globalization II

Endogenous Thresholds for the Determinants of FDI Inflows: Evidence from the MENA Countries

Fatma Tasdemir [1]

Abstract

This study investigates the main determinants of FDI inflows for a balanced panel of 11 Middle East and North Africa (MENA) economies over the 1995-2017 annual period. We postulate that the impacts of main pull (growth) and push (global financial conditions, GFC) factors may not be invariant to endogenously estimated thresholds for structural domestic conditions (SDC) including trade and capital account openness, financial development, human capital and natural resource endowments. Based on the panel fixed effects threshold procedure of Hansen (1999), our empirical results suggest that SDC, indeed, provide endogenous (data-driven) thresholds for the impacts of main drivers of FDI inflows. We find that growth (pull factor), GFC (push factor) and SDC are important drivers of FDI inflows in MENA. Our results suggest that the impacts of SDC tend to be higher in countries with higher financial depth, openness to international trade and finance, lower natural resource and human capital endowments. The sensitivities of FDI inflows to GFC are substantially higher in more open and financially developed economies. We also find that FDI inflows are pro-cyclical and this pro-cyclicality often tends to be much higher for the episodes exceeding the SDC thresholds. The empirical findings in this study strongly suggest that MENA countries should consider financial development, openness to international trade and finance which are important structural domestic conditions to attract higher FDI inflows both by pulling the impact of growth and boosting the effect of better global financial conditions.

JEL Classification: F21, F30, F32, F41

Key Words: FDI Inflows, Panel Threshold Model, Structural Domestic Conditions

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Shooting Down Trade: The Impact of Russian Sanctions on Turkish Exports and Exporters

Ugur Aytun [1], Cem Ozguzel [2]

Abstract

On 24 November 2015, Turkish military shot down a Russian fighter jet near the Syrian-Turkey border after it violated Turkish airspace for about 17 seconds. Russia retaliated by imposing an embargo on 17 agricultural HS-6 level products from Turkey that would be effective for 22 months. We exploit this natural experiment to evaluate the impact of sanctions on Turkish exports and firms. Using restrictive customs and firm-level data in a triple difference framework, we estimate the effect of these sanctions on the exports towards Russia, for embargoed and non-embargoed products. We estimate a total trade loss of $ 3.25bn for Turkish exports, 65 % of which stemming from non-embargoed products. We investigate the underlying mechanism through firm-level analysis. First, we find that number of firms that trade with Russia and trade values decreased dramatically. Second, while firms did not exit the product market of embargoed products, they diverted their exports from Russia to other countries. Finally, we find that medium and large firms managed to adjust to the crisis while small firms suffered the main effects of the embargo.

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Are Non-Primary Exports the Source for Economic Growth in the UAE? [5]

A. S. Kalaitzi [1], S. Kherfi [2], S. Al-Rousan [3], M. Katsaiti [4]

Abstract

The Export-Led Growth (ELG) is a strategy widely explored by governments to accelerate growth, and, in some cases, with great success. However, not all export categories contribute equally to economic growth and, for some countries, export expansion does not offer the desired positive outcomes. Specifically, resource-based exports have been identified to be harmful to growth, with resource-abundant countries more often than not exhibiting lower levels of economic growth compared to their counterpart non-resource abundant states. A bright example, contradicting the trend shaping most resource abundant countries described above, UAE, rich in resources, has achieved and sustained high levels of growth over the last three decades.

This study examines the validity of the export-led growth (ELG) hypothesis in the UAE over the period 1981-2017, by shedding further light on the causal effects of non-primary exports on economic growth. The study uses an augmented neoclassical production function and annual time series obtained from the World Bank, the International Monetary Fund and the World Trade Organization. To establish the existence of a long-run relationship between nonprimary exports and economic growth in the UAE, we apply the Johansen cointegration test, while the direction of the short-run causality is examined through the Granger causality test in a Vector Error Correction Model framework. In addition, the long-run causality between the variables is assessed using the modified Wald test in an augmented Vector Autoregressive Model, developed by Toda and Yamamoto (1995).

The cointegration results confirm the existence of long-run relationships between the variables included in the model. The short-run Granger causality results show that the causality runs from non-primary exports to economic growth, indicating that the ELG hypothesis is valid in the short-run. With regard to long-run causality, the results do not provide evidence in support of ELG in the UAE. A detailed examination of the country's export profile would service in designing relevant policies, maintaining more diversified export bases, and decreasing the country's vulnerability to changes in global demand.

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JEL Classification: O47, F43, C32

Key Words: Non-Primary Exports, Economic Growth, UAE, Granger Causality

Export Premium and Corporate Leverage: A Dynamic Treatment Model

Omer Tugsal Doruk [1], Serhat Konuk [2]

Abstract

In the present study, the effect of export premium on corporate leverage is examined for the Turkish manufacturing sector. By doing so, the panel fixed effects dynamic difference-in-difference model is used for the period of 2005-2017. The ex-ante and ex-post export status of firms is a subject to corporate firm-level financial status. In the current study, thanks to the panel fixed effects dynamic difference-in-difference model, the status of a firm at time t varies to the firmâĂŹs decision. However; at time t+1, all the firms are not exporter firms, and therefore the ex-post export premium for each firm is treated dynamically. In other words, the variable which consists of each firm who was not an exporter firm in t-i period, and exporter at t. This is a unique and novel feature of the present study. Then, the main model can be defined as follows:

$$Lev_{i,t} = \beta_0 + \beta_1 X_{i,t} + \beta_j Xf * post - exporter_{i,t} + \epsilon_{i,t}$$

where X denotes the control variables that are firm size, cash flow to capital ratio, GDP, and inflation, and X_f denotes the exporter firm at ex-post period, and ex-post time that passed after the firm becomes an exporter. In the present study, the econometric model takes into account that each firm becomes exporter at a different time, and then, the dynamic Difference-in-Difference panel model is very suitable for the modelling dynamic exporter premium across the firms. The obtained findings show that there is an inverse U-shaped effect of export premium on the financial leverage. The findings shed some lights on the leverage-export premium nexus in the MENA Region.

JEL Classification: G31, G32, F14

Key Words: Export Premium, Leverage, Turkey

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Selected Topics III

The Effects of Military Spending on Growth: The Case of Turkey

SanlÄś Ates[1], Ali Samet Karatas [2], Kenan Lopcu[3], Harun Arikan [4]

Abstract

The effects of military expenditures on economic development can be investigated in several and often conflicting perspectives. Some of these perspectives claim that military expenditures undermine economic growth while others argue that military expenditures enhance growth. Empirical studies on the issue have also produced ambiguous results. While some studies indicate that defense spending has a negative and significant effect or no effect at all on growth, others report that military expenditures affect economic growth positively.

The topic is related to the optimal usage of scarce economic resources on the one hand, and the international real politics on the other. A higher portion of military expenditures in GDP, reducing the physical and human capital investments, may poorly reflect on the development process, especially in developing economies with scarce resources. In this scenario, increases in military expenditures may deeply hurt economic growth. However, it is known that some developed economies with powerful defense industries linkages with backward and forward industries are also strong. Besides, the US military industry for example is known to be a strong supporter of the R & D processes for important tools such as machines, electrical and electronic devices. The production process of such tools generates externalities through a spill-over effect that spread across the economy within the context of endogenous growth models. Hence, it is interesting to consider a strong and large-scale military industry with strong backward and forward linkages within the context of endogenous growth models. Further, some Marxist approaches highlight that imperialist economies need military spending in order to maintain the international order of exploitation and prevent the decline in their profit rates.

Although the share of military spending in GDP has decreased globally in recent decades compared to the cold war period (from 6.1 % in 1960 to 2.1 % in 2018), spending has increased in absolute terms due to regional tensions that raised the security concerns of countries. Interestingly, the GDP share of military expenditures in developed economies (2.3 %) is higher than the developing ones (1.9 %) in nowadays. Noting this, the military spending can be considered as a secondary input of production function within the security services framework. However, since the productivity effect of such a capital expenditure would stay behind the physical and

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human capital, its effect on growth would be expected to be weak. Since the opportunity cost of military expenditure increases in countries with scarce resources, usually developing ones, it can be argued that military spending adversely affects economic growth. This result may also apply to some small developed economies.

For the Turkish case, the country is in a position of developing its own military industry in recent years. Yet Turkey is still behind some countries that have advanced military industry among NATO members, and the share of military expenditures in GDP is still relatively small. In this regard, it's difficult to claim that increased military expenditures would generate sectoral positive externalities and enhance growth as indicated in endogenous growth models. Turkey is still dependent on imported military equipment to a large extent and common defense services under NATO. On the other hand, the real international politics may necessitate a strong military structure in the face of increased security threats to maintain internal and regional stability, as well as to maintain strong participation in the usage of regional resources and international trade despite the international treaties and organizations such as UN, WTO, etc., hence contribute to economic growth. USA, France, England, Russia and China are good representatives of this case.

The purpose of this study is to examine the effects of military spending on growth in Turkey within the framework of endogenous growth models. Using yearly data covering the 1960 âĂŞ 2018 period from the Stockholm International Peace Research Institute (SIPRI), World Bank and Penn World Table, the study investigates the long-run, short-run as well as the asymmetric dynamics of military spending on growth in Turkey.

JEL Classification: O33, O47, C22
Key Words: Military Expenditures, Economic Growth, Turkey

Does the Legal Form Matter for Firm Performance in the MENA Region?

Issam Abdo Ahmad [1], Ali Fakih[2]

Abstract

This paper examines the relationship between firm legal form and firm performance in the Middle East and North Africa Region (MENA) using the World Bank Enterprise Survey (WBES) database. By running an OLS estimation, our analysis shows that open shareholding, closed shareholding, partnership, and limited partnership companies demonstrate an advantage in terms of annual sales and annual productivity growth rates over sole proprietorship firms, and that medium-sized and large-sized firms also demonstrate an advantage over small ones. Our analysis also shows that foreign ownership, exporting activities, the usage of the web in communication with clients and suppliers, and the presence of full-time workers positively affect firm performance. These findings are robust when running the analysis for firms with female participation in ownership. This paper provides directions for strategists targeting at improving the performance of firms.

JEL Classification: C10, G30, L25

Key Words: Legal Form, Firm Performance, MENA Region

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The Impact of COVID-19 Pandemic on the Selected Turkish Financial Indicators: Empirical Evidence from Toda Yamamoto Causality Test

Sabri Burak Arzova[1], Bertac Sakir Sahin[2]

Abstract

This paper examines the impact of COVID-19 cases and deaths on the selected financial indicators in Turkey throughout March 2020-July 2020. In the literature, the effect of COVID-19 on the stock market value and commodity prices of countries has been examined. In this study, a causal relationship between COVID-19 and liquidity and risk perception in Turkey were analyzed. Pandemics affect the liquidity and risk perception of countries with the panic atmosphere and economic effects. Besides, pandemic periods also affect investor decisions. credit default swap and bond rates of the countries reflect the liquidity and risk perception. Stock markets are one of the areas that reveal the risk perception of investors. Therefore, to measure the impact of the COVID-19 on liquidity and risk perception in Turkey, Financial indicators, such as BIST100, credit default swap, 2 years Turkish bond yield, and 10 years Turkish bond yield were examined. Augmented Dickey-Fuller unit root test, Philips Perron unit root test, Johansen cointegration test, and Toda Yamamoto causality test was employed for the analysis. The stationarity of variables was analyzed with unit root tests. Since all variables are stationary at the first difference, the Toda Yamamoto causality test was chosen to examine the causality relationship between variables. According to the Johansen cointegration test, there is a cointegration relationship between variables. The empirical results of the Toda Yamamoto causality test show that there is a unidirectional Granger causality between COVID-19 number of deaths and credit default swap. Besides, there is a unidirectional Granger causality from Turkish bond yields (2- 10 years) to BIST 100. However, the contagion level of COVID 19 doesn't affect the selected financial indicators. Between March 2020- July 2020 in Turkey, there is no granger relationship between COVID-19 number of deaths and BIST 100, Turkish bond yields. The severity of the pandemic and the number of deaths affect Turkey's credit default swap.

Key Words: COVID-19, Financial Indicators, Turkey

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Economic Causes and Consequences of the UAE-Israel Agreement

Baris Esen[1]

Abstract

The agreement between Israel and the United Arab Emirates (UAE) promises to establish normal relations between the two countries. These include business relations, tourism, direct flights, scientific cooperation, and, in time, full diplomatic ties at the ambassadorial level. The aim of this study is to investigate the economic causes and consequences of the agreement between Israel and the UAE. During the study, the economic data of the two countries were used. The study focused on economic reasons rather than political reasons for agreement. Normalization now opens up many more opportunities at a time when the UAE and the other Gulf Arab countries are contending with the challenges of the coronavirus and low oil prices. After years of growth, the Israeli economy is facing a "severe recession" with GDP set to fall by 6.2 percent this year, according to official projections. The ruler of the UAE has scrapped an economic boycott against Israel, allowing trade and financial agreements between the countries in another key step towards normal ties. UAE also allows for the purchase and trade of Israeli goods. Israel Economy Ministry has estimated that the normalization of ties between Israel and the United Arab Emirates could be worth hundreds of millions of dollars a year to Israel in trade and investments. UAE investments in Israel were predicted to amount to up to $ 350 million a year. While Israel's focus will mainly be on the Gulf state's oil wealth, the UAE is set to invest heavily in Israel's tourism and high-tech sectors. The areas of industry expected to gain the most were cyber industries, medical equipment, financial technology and communications. Israel's normalization agreement with the UAE will give Israeli business an official, stable bridge to the entire Arab world, particularly the other Gulf states. The opportunities that have been opened up in the Arab markets for Israeli firms are huge, and could dramatically boost Israel's exports, to the UAE, and via them to other Arab countries. The UAE's economy is very open to international trade, and is mainly based on exports, which account for almost half of GDP. The UAE is the second-biggest economy in the Arab world. Abu Dhabi holds 6 % of the worldâĂŹs oil reserves. The lessons of previous crises led the UAE to invest considerable efforts in diversifying its exports beyond oil. These efforts succeeded, and the proportion of GDP accounted for by oil has fallen to about one third. UAE has also face an economic threat with the decline in the price of oil. The UAE is a federation of seven desert oil kingdoms where almost ninety per cent of the population lives. There are around a million citizens, pampered by reserves of petrodollars. Normalization could also give a boost to the UAE's key aviation sector, which has been brought low by the coronavirus, with the confederation serving as both a transit point to India and East Asia, and as a destination in its own right. The UAE's biggest carriers Emirates

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and Etihad could feed Israeli passengers through their giant airport hubs in Dubai and Abu Dhabi.

JEL Classification: F50, F51, F53

Special Session on Political Economy

The Political Background of Economic Crises - The Turkish Case Revisited, 1950-2019

Hursit Gunes [1]

Abstract

The economic background of political crisis is a widely explored issue in the literature of political economy. Similarly, economic and financial crises have generally been examined vis-Ãă-vis populist macroeconomic policies. Yet the political background and/or the political consequences of such economic crises have seldom been held in the literature. Since the introduction of the multi-party system in modern Turkey there had been 18 notable instability cases where 4 major economic crises were involved. All genuine political crises in Turkey involved a priori economic slowdown. Some of them even followed economic crises, especially sharp devaluations. Secondly, all political crises had social implications as they all occurred as a result of severe welfare losses of the civilian and military bureaucracy -due to inflation. Thirdly, recently the nature of political crises has been subject to a transformation as they no more involve overt military interventions. Several coups have enhanced the enhancement strengthening of democracy, as there is a stronger embrace of civil democracy and hostility against the military intentions by the society. Our research demonstrates that all economic crises have occurred during populist right-wing governments, involved budget deficit problems, whilst some of them also involved foreign debt crises. Naturally all economic crises had political consequences.

JEL Classification: E66, G01, H12, H69

Key Words: Political Crises, Economic Crises, Emerging Market, Democracy

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'Inclusive' Distribution as Electoral Strategy: The Politics of Turkish Central Government Spending under AK Party Rule

Melani Cammett [1], Davide Luca [2], Ernest Sargenti [3]

Abstract

A significant body of research has explored how developmental goods and services are allocated following strategic political reasons, beyond normative considerations of efficiency and equity. Most studies of distributive politics assume that politicians always attempt to win support by strategic spending. Even if this is the central tendency, are some expenditure lines disbursed with less apparent favouritism towards particular regions? And, if so, why? We suggest that governments intentionally spare some sectors from selective geographical targeting to convey the appearance of programmatic spending, while safeguarding others to reward supporters or punish opponents. Parties may find it politically advantageous to reserve some sectors for more 'inclusive' spending to showcase their governance credentials, especially in policy areas that have garnered high public dissatisfaction and where voters can directly verify if promises have been kept. We analyse central government spending on all budget categories in Turkey's 81 provinces for 2003-2015, a period when the ruling AK Party gained and consolidated power. Using fixed-effects and instrumental-variable Tobit estimators, we demonstrate that health spending has apparently become more inclusive, while other expenditures reward core strongholds.

Key Words: Distributive Politics, Strategic Targeting, Inclusive Distribution, Government Expenditure, Middle East, Turkey

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Electoral Outcomes, Power Outages and Firm Performance

Mehmet Pinar [1], Pinar Deniz [2], Burhan Can Karahasan[3]

Abstract

Distributive politics are playing a key role in the allocation of public investment and the provision of public services. Yet the effects of distributive politics could be beyond the distribution and provision of public investment. Other mediating channels are essential to understand how distributive politics influence the local economic environment. Using the Turkish electoral and firm-level data, this paper demonstrates that the frequency and duration of power outages that firms experienced were relatively higher in provinces in which the incumbent party received fewer votes. The findings suggest that the electoral factors affect firm sales through their effect on power outages.

JEL Classification: D72, L25, R11, R58

Key Words: Distributive Politics, Power Outages, Firm Performance, Regional Inequality

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Special Session on Macroeconomic Policies

The Impact of Political Stability to Portfolio Investments: Case of Turkey (2007-2020)

Caner Ozdurak [1], Sadi Uzunoglu [2], Nil Sirel Ozturk [3]

Abstract

The relationship between political stability and economic development as well as economic stability is still a hot topic and continuously being discussed by institutional economics schools. On the other hand, the relationship between political stability and capital movements is another hot discussion point. In this study rather than considering whole capital movements, we will limit our coverage with portfolio investments. We will test the short- and long-term relationship between Political Stability Index and portfolio investments by utilizing econometric models. The study covers the period between 2007 and 2020 March. Political Stability Index is based on the data provided by S. Bilisim while short term investment data is provided by Verimetrik. The main goal our study is to understand the short- and long-term relationship between Political Stability Index and portfolio investments. In this context daily adjusted data for 1 January 2007 and 30 March 2020 applied to the models. Eventually the relationship between variables is tested via Granger Causality, VAR models and Impulse-Response analysis.

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Relation with Institutions; The Relationship Between CDS, FX and BIST: Case of Turkey (2007-2020)

Sadi Uzunoglu [2], Caner Ozdurak [1], Serap Dursun [3]

Abstract

One of the important components of political stability is the relationship with institutions. The institutional relationship title includes the relationships between the government in power-higher judicial, government-president, government-military bureaucracy, government-civil bureaucracy, independent economical institutions-international institutions. In order to achieve a developed and sustainable economy, the importance of institutions is discussed through both old and contemporary institutional economics schools who develops antithesis against Classical and Neo-Classical paradigms. Our study focuses on three major interactions, the relationships between institutions and CDS, FX and BIST will be tested via econometrical models. The analysis covers the period between 2007 and 2020. Institutional Interaction Index is based on the data provided by S. Bilisim while short term investment data is provided by Verimetrik. The main goal our study is to understand the short- and long-term relationship between Institutional Interaction Index and CDS, FX and BIST. In this context daily adjusted data for 1 January 2007 and 30 March 2020 applied to the models. The relationship between variables will be tested via Granger Causality Test, Impact-Response Analysis and according to these results we will construct GARCH models. In GARCH models, which were developed by Bollerslev, standard variance equation form GARCH (1,1) will be used by enriching with various exogenous variables

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The Relationship between Interaction with Foreign Policy Actors and Economic Stability: Case of Turkey (2007-2020)

Caner Ozdurak [1], Sadi Uzunoglu [2], Serap Dursun [3]

Abstract

It is crucial not only for Turkey but also for almost any country to measure the impact of their relationships with USA, EU, NATO, United Nations, World Bank, IMF, and such international institutions to the economic stability. In order to measure political stability understanding the relationship between Foreign Policy Actors and Economic Stability enables us to analyze political stability, economic performance and economic stability. Although there are many literature studies on the impact of political stability index on economy and factors of economy, there are limited papers written about the impact of relationship with Foreign Political Actors on economy and factors of economy, which is the novelty of this article. In the study, The Relationship with Foreign Political Actors Index and Economic Stability Index daily data is provided by S. Bilisim. The main goal our study is to understand the short- and long-term relationship between The Relationship with Foreign Political Actors Index and Economic Stability Index. In this context daily adjusted data for 1 January 2007 and 30 March 2020 applied to the models. The relationship between variables will be tested via Granger Causality, VAR models and Impulse-Response analysis and OLS models (Ordinary Least Square).

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The Impact of Institutional Interaction on Political Application Efficiency and Governance: Case of Turkey (2007-2020)

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Abstract

Political stability is mainly composed of two items such as Institutional Interaction and Political Application Efficiency and Governance. The institutional relationship title includes the relationships between the government in power-higher judicial, government-president, government-military bureaucracy, government-civil bureaucracy, independent economical institutions-international institutions. Highly layered issues such as governance (accountability-transparency-consistency) and impact analysis (the concept of political issues-designing-clarifying the context, identifying, and including the counterparts, clarifying the cause and effect relationship, aligning with the targets, providing measurable process and precautions, assessing the impact of solution process etc.) will be filtered and analyzed through Political Application Efficiency and Governance title. The relationship between two important subtitles of political stability is discussed by institutional economists who connects them with economic development and economic stability. Our main goal is to analyze the relationship between these two subtitles. In the study, The Institutional Interaction Index, Political Application Efficiency and Governance Index daily data is provided by S. Bilisim. The main goal our study is to understand the short- and long-term relationship between Institutional Interaction Index and Political Application Efficiency and Governance Index. In this context daily adjusted data for 1 January 2007 and 30 March 2020 applied to the models. The relationship between variables will be tested via Granger Causality, VAR models and Impulse-Response analysis and OLS models (Ordinary Least Square).

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