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CONVERGENCE ANALYSIS : EUROPEAN UNITY VERSUS TURKEY

MASTER THESIS

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ADANA - 1996

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PREFACE

The evolution of the European Community is the best example of the concept of economic integration in the world. The experiments and problems of the EC give us chance to observe theoretical and real world issues in both developed and developing countries. Thus, in this study, I intend to focus on the principle of convergence of the European economies which is the key question in the 1990s.

To recognize this, in spite of problems in obtaining full statistical data for the EC and Turkey, I compare the various indicators of nominal convergence. In terms of economic welfare, however, I use real variables such as income per head or a tolerable level of unemployment.

Finally, Turkey's situation is also mentioned with respect to these requirements. I believe that the study would give us some powerful observations in understanding the problems of economic integration especially in accordance with the less favoured countries.

I particularly want to thank to Prof.Dr. **Nejat Erk** who encouraged me to focus on this subject and provided critiques of the study and suggested new readings. Once again, my thanks to Prof.Dr. **Mahir Fisunoglu** who has examined the study and given me the great benefit of his comment, and to my friends for their love and encouragement.

Hüseyin Mualla Yüceol

SUMMARY OF THE STUDY

This study aims at examining the theory of economic integration and its problems by taking into the consideration the experiences of the European Community. For this purpose, the study firstly concentrates on the theoretical concepts under the framework of the neoclassical trade theory and then on the practical concepts under the principle of convergence criteria. The principle of convergence is based on the comparision of nominal and real indicators among the member countries.

In the study, main nominal indicators of convergence are inflation rates, long term interest rates, exchange rates and public deficits. Main real indicators of convergence are GNP per capita, real GDP per capita and unemployment level.

In the final analysis, the study evaluates the problems of convergence criteria in the EC in accordance with Turkey which is now at the stage of customs union. Then, same method, that is comparision of nominal and real measures, is also applied to Turkey in order to understand better the present situation.

ÇALIŞMANIN ÖZETI

Bu çalışma Avrupa Topluluğu'nun deneyimlerini dikkate alarak ekonomik birleşme teorisini ve onun sorunlarını incelemeyi amaçlamaktadır. Bu amaçla, çalışma öncelikle neo klasik ticaret teorisi çerçevesi içindeki teorik düşünceler ve sonrada yakınlaşma prensibi altındaki pratik düşünceler üzerinde yoğunlaşmaktadır. Yakınlaşma prensibi üye ülkeler arasındaki bazı nominal ve reel göstergelerin karşılaştırılmasına dayanır.

Çalışmada, başlıca nominal yakınlaşma göstergeleri enflasyon oranları, uzun dönem faiz oranları, döviz kurları ve kamu açıklarıdır. Başlıca reel göstergeler ise kişi başına Gayri Safi Milli Hasıla, kişi başına Gayri Safi Yurt İçi Hasıla ve işsizlik düzeyidir.

Son inceleme kısmında, çalışma Avrupa Topluluğu'ndaki yakınlaşma kriteri sorunlarını, şu anda gümrük birliği aşamasında olan Türkiye için değerlendirmektedir. Sonrada, aynı metod yanı reel ve nominal göstergelerin karşılaştırması, bugünkü durumu daha iyi anlamak için Türkiye'ye uygulanmıştır.

INTRODUCTION

Although, the evolution of the European Community covers almost four decades which is a very short time in the history of nations, it allows a prospective view. It means that the European Community is a continuos creation. There need be no resting-place for the European idea.

Therefore, I think the European Community is accepted as one of the best example of economic integration in the world. This is true because of two important facts. **First**, the European Community has affected the economic, political and military policies of all countries and especially developing countries. Thus, it has induced other countries to try to become part of it as either full or associate members. **Second**, the experiences of the European Community offer us some sobering lessons about the difficulties of economic integration. These experiences also show us that full harmonization among countries may be unattainable, and perhaps even undesirable.

If we look at the years following the World Wars we see as Western Europe recognized that its economic, political and military position in the world had been greatly weakened, the need for preventing this decline has increased. Then, in order to do this they wanted to improve relations among nations of the Continent. So, it was thought that an improvement of these relations could be effected by minimizing economic rivalries and tensions that this could be attained if Europe operated as an economic unit rather than as a number of independent pieces. Furthermore, there was general aggreement that Western Europe should strengthen itself economically and that this was feasible given the area's resources, manpower, capital, savings and techniques.

Then, it was necessary to increase production per capita. One important way of doing this is to create a larger market for European goods - a market that would allow producers to reduce the unit cost of their product by allowing them to increase volume.

Thus, the creation of the European Community has imparted a liberalizing trend on the trade policies of most of its members by lowering tariffs and reducing the nontariff barriers. Under these critical points, the European Community had two dimensions in the early 1960s and since 1990. The deepening of economic and political integration among the members of the European Community, soon to became the European Union, and the enlargement of the community to include new members, first in Western Europe and later in central and Eastern Europe. This was suddenly gathered pace with the collapse of the Communist regimes in Eastern Europe.

Thus, this study examines the European Economic Integration by taking into the consideration both theoretical concepts under the neo-classical trade theory and practical concepts under the principle of the convergence criteria. The study focuses on the fact that the theory of economic integration promises that the economies of member countries will be close to each other and thus, some economic indicators converge among them. Then, the study concerns the comparative analysis for nominal indicators of convergence such as inflation rates, long term interest rates and public deficit, and real indicators of convergence such as income per head and tolerable level of unemployment, in order to see how much the European Community realizes these ideas since 1960.

I believe that, the study would give us some considerable observations for **Turkey** which has been always considered as a potential member of the European Community and which is now at the stage of Customs Union.

PART ONE : GENERAL PERSPECTIVES ON THE EC

1.1 : Historical Background Of The EC

We could say that the history of the European Community was not started only with the years following the world wars. Actually, the concept of European Union goes beyond the eightheenth and nineteenth centuries. The economical, political, social and also technological changes and developments in those periods were important factors in the process of the evolution of the European Community.

However, there was a general agreement that the history of the EC, formally started with the attempts which were made in the early postwar years. When the " **Marshall Plan** " became a reality on September 22, 1947 we see these efforts were accelerated. The plan provided for the creation of " **Organization of European Economic Cooperation** " (OEEC) with headquertes in Paris. It had the duty of estimating requirements, of serving as a clearing house for national economic plans so that member nations would not work at cross-purposes. Thus, the OEEC practically forced its members to engage in some degree of economic planning and to integrate their plans (**Clough, S.B.**, 1968, p.534).

The other important achievement of the early post-war days was the " **European Payments Union** " (EPU). From its inception the OEEC attempted to facilitate the multilateral settling of intra-European commercial accounts and after some unsuccessful starts (1948) established the EPU in 1950. The union provided for the fixing of "quotas" between each country and the union. Up to the limit of its quota a country could pay its debits to the union in its own currency, but beyond that amount it had to pay in gold and dollars. Again beyond certain limits, a country had to receive payments for its credits in currencies of member states.

Thus, there were incentives for debtor countries to increase their exports or to decrease their imports and for creditor countries not to exceed given amounts (**Clough, S.B.**, 1968, p.547).

But, because of the limited task of settling of the EPU it was thought that the most realistic approach to economic integration was to achieve it on a commodity basis. Thus, there was created in 1951 the " **European Coal and Steel Community** " (ECSC) an outgrowth of a plan proposed by Robert **Schuman.** This institution was to exercise sovereignty over the coal and steel industries of Belgium, France, West Germany, Italy and Luxemburg.

After the failure of the proposed " **European Defense Community** " in 1954, efforts were again directed toward more limited economic integration, by adding to the Coal and Steel Community a common market for all other goods, the European Economic Community (EEC), and a seperate set of institutions to develop civil uses of nuclear energy (The European Atomic Energy Community, or **Euratom**). The two treaties of Rome adopted the same institutioanal structure as the ECSC, with an assembly, now called the European Parliement, and a court of justice. The assemblies and courts of the ECSC, EEC, and Euratom were mergered in 1958, as were the three commissions and councils of ministers in 1967. The three treaties plus later amendments including the " Single European Act " (1987), from the conditions of what is now called the European Community and will be further amended by the " **Maastricht Treaty** " in 1992 (**Pohl, G.** and **Sorsa, P.**, 1992, p.5). We see on january 1, 1993 there was an introduction of the single market and the European Economic Area.

1.2 : Enlargement of The European Community

We see that between the post-war period and the late 1960s,

the EC was performed a successful period in terms of both economical and institutional developments. Thus, this success caused to force the other European countries to join into the EC.

The admission of the UK was the most important step in this enlargement process. Because before the treaties had come into force the UK government provoked within Europe over the best approach to European Economic Integration. The idea of the UK government was to set up a " European Free Trade Area " which involve no sacrifice of national sovereignty. Tariffs between the member countries would be eliminated, but they would retain their freedom of action in respect of trade with nonmembers. Then, these efforts which was made by UK concluded with the creation of " European Free Trade Area " **(EFTA)** in 1959, comprising the United Kingdom, Norway, Sweden, Denmark, Austria, Portugal, Ireland and Switzerland, and Finland as an associate members **(Borchardt, K.D., 1995, p.14).**

However, when the initial successes of the EEC impressed the UK government and also others, they reconsider their refusal to play an active role in the process of European Integration. Because they realized that ramaining outside the community would result with political isolution.

Firstly, when the bargaining became severe accession of the UK was blocked by **De Gaulle** in 1963. Then, the UK's second application for membership in 1967 - with Ireland, Denmark and Norway - also failed. At the end of these negotiations the accession treaties were signed on 22 January 1972. And on 1 January 1973 the UK, Ireland and Denmark joined the Community. Norway, however, ended up staying outside after 53.49 % of the voters in its referendum, rejected membership in 1972.

Greece applied for membership of the Community in 1975,

followed by Portugal and Spain in 1977. For Greece this was very important because they saw this as a way of stabilizing its newly restored democracy and influence on the international stage. In economic terms it was also important for to be able to modernize agriculture and industry and so put the economy back on its feet. Under these conditions on January 1981 Greece became the 10th member of the Community.

The accession of Spain and Portugal also raised many difficulties, but after negotiations and after the signing of the accession treaties in June 1985, they have joined and became 11th and 12th member states of the EC on January 1986.

Nowadays, while the attempts towards political union are gathering pace with the **European Union Treaty**, other European countries came to feel that it would be better to play an active part in the process of integration. After the entry into force of the Maastricht Treaty new members would have to join the **European Union** rather than the EC. Thus, after accession negotiations which were successfuly concluded in 1994, Austria, Finland and Sweden have joined the community ,and brought the member states to 15 while Norway again voted against membership as in 1972.

1.3 : The Objectives and Motives Of The European Community

It is believed that one of the major developments of the years following the end of World War II was the construction of the European Community. In order to understand how the idea of economic integration finally became a reality we should look at the orign of the Common Market. In the 1960s we see there were four major motives that can be identified as being of major importance in the formation of the Common Market (**Krause, L.** 1964, p.3-5).

First, it is well known that the six original member countries of Continental Europe had all been defeated in World War II. In order to prevent a reoccurence of this situation, the statesman of Europe wanted to find a way to remove Germany as a political and military threat to her neighbors. So, they believed that this would have been achieved by forming a new institution which would cement the economies of the member countries into an interdependent framework.

Second motive related to the division of postwar Germany into an Eastern and a Western sector which means that this east-west tensions probably will always lead to war. Therefore, it was desirable to find a chanel for German nationalism that did not increase the war danger. This is provided by European Integration. It substitutes European nationalism for German nationalism.

Third motive, which was also political, depended on the necessity to realize the fact that the individual nations would nave to combine their power and speak with a unified voice in a world of two giant, the United States and the Soviet Union.

The fourth and last one was economic one which gave promise of an enhanced standard of living for the member countries. The idea of integration mainly depends on the expectation of a higher rate of economic growth .

Under these motives, We see there is a fact that in order to understand the economic and social objectives in the evolution of the EC we should be aware of these political realities. Because economics and politics are the seamy sides of one another, if only in the sense that any distinction between them is a matter of convenience rather than conviction (**Mayne, R.**, 1962, p.53). Moreover, it will be illusory for obtaining powerful

observations. If we look at the economic and social objectives we see the following important points ;

Economic Objectives

The basic economic objectives of the EC which have always been tne driving force behind the movement towards European Unity were as follows (**Ingram, J.C.**, 1978, p.145) :

- To remove tariffs, quotas, and other economic borders which divide Europe into the small markets and to verify the economic integration on the basis of customs unions.
- To establish a common agricultural policy, a common transport policy, and a common policy toward competition and business practices, and to ensure the most efficient use of capacities and resources in the fields of economy and technology.
- To harmonize and coordinate monetary and fiscal policies, social policies, and even to equalize wages for men and women.
- To allow free movement of labor, capital and enterprise within the community.
- To apply policies which increase the level of income, thus raising the living standards.
- To have steady and balanced economic expansion.
- To have a high level of employment

Social Objectives

European integration also includes a social component. Here, the objectives were related to use constructive powers of European people for increasing their living standards and to improve working conditions. Therefore, the basic aim is to achieve social cohesion.

The most important step towards cementing the social dimension came with the Single European Act, which not only give the Community wider powers in the field of social policy but also placed it in the context of the project to complete the single market by the end of 1992. Indeed, the social dimension became a vital part of the overall scheme, for it was not enough simply to boost growth and make European firms more competitive (**Borchardt, K.D.**, 1995, p.26).

PART TWO : THEORETICAL FRAMEWORK UNDER THE NEO-CLASSICAL TRADE THEORY

Before introducing the Heckscher-Ohlin theorem and other versions of the neo-classical concepts it should be noted that the demonstration of the welfare proposition that trade is benefical starts with classical economists, especially with **Ricardo** who has consructed his model on the theory of comparative advantage.

Ricardo claimed that removing protection would increase wealth, with the model which exists in historical time and in terms of timeless equilibrium. According to him, a country exports the commodity which possesses higher comparative productivity of both factors (capital and labor) and imports the commodity where the comparative productivity of both factors is lower than that in the other country (**Batra, R.**, 1973, p.57).

The Ricardian model furnished an explanation for differences in supply and demand conditions in determining trade patterns and distributing the gains from trade and directed our attention to the wage-price adjustments needed to achieve equilibrium in international markets (**Kenen, P.**, 1989, p.51).

2.1. The Heckscher-Ohlin and Factor Price Equalization Theorems

After Ricardo the most important theory which explains the basis of international trade is known as the Heckscher-Ohlin (H-O) theorem. The theorem was developed by Eli **Heckscher** and **Bertil** Ohlin in the 1920s. It depends on the differences between countries' labor requirements which is the main cause of trade as in the Ricardian model.

The H-O approach to trade theory, also known as the factor-endowments approach, is based on number of simplifiying assumptions (**Salvatore, D.**, 1990, p.104). These are :

- There are two nations, two commodities and two factors (labor and capital).
- Both nations use the same technology in production.
- Constant returns to scale (production functions are homogenous to the first degree) in the production of both commodities in both nations.
- Incomplete specialization in production in both nations.
- Equal tastes in both nations.
- Perfect factor mobility within each nation, but no international factor mobility.
- Perfect competition in both commodities and factor markets in both nations.
- There are no impediments to trade which implies that there are no tariffs or quotas or other obstructions to the free flow of international trade, and finally no transportation costs.

With these assumptions we can state that the theory asserts that a country exports the commodity which uses intensively its relatively abundant factor and imports the commodity which is intensive in the use of its relatively scarce factor (**Batra, R.**, 1973, p.58).

2.1.1. The Factor-Price Equalization Theorem

We can also state the H-O theorem by taking into the consideration the effects of international trade on factor prices. This means that the factor-price equalization theorem comes directly from the H-O theorem and holds if the H-O theorem holds. In other words, in a two country, two commodity, two

factor model commodity-price equalization is sufficient to ensure factor-price equalization and factor-price equalization is sufficient to ensure commodity-price equalization (**Mundell, R.** 1957, p.321).

What this means is that international trade will cause both the wages of homogeneous labor (i.e. labor with the same level of trading, skills and productivity) and the return to homogenous capital (i.e capital of the same productivity and risks) to be same in all trading nations.

Thus, the theorem states that, given set of assumptions the equalization of commodity prices through trade will result in the equalization of relative factor returns.

2.1.2. Some Other Contributions

The general equilibrium nature of the H-O theory proved and redefined by many economists. The most famous study is made by **Paul Samuelson.** For this reason it is sometimes referred to as the Heckscher-Ohlin-Samuelson theorem (**Salvatore, D.,** 1990, p.118).

Samuelson published a geometrical (1948) and a mathematical proof (1949) to show that on the assumptions of no transportation costs, identical, constant returns to scale production functions and no factor intensity reversals, free trade would equalize not only product prices, but factor prices as well. This is true in all cases except the limiting case of complete specialization between the trading partners.

Same study is made by **Lerner**, and because of this it is sometimes accepted as Lerner was the first who prove the complete equalization of factor prices by free trade in products

(**Scitovsky, T.**, 1984, p.1547). Then, this assumption extended by Tinbergen, Meade and Laursen.

However, these results gave rise some arguments especially about the existing differences with Ricardo. It is believed that in Ricardo and in his comparative theory of costs, the equalization of factor prices by free movement of commodities couldn't achieved except special cases (**Haberler, G.**, 1970, p.43). Thus, it is widely accepted that the Ricardian theory relies on international differences in production functions in order to explain the causality of international trade whereas the H-O theorem explicitly assumes the international similarity of production.

In Addition, while Ricardian formulation assumed the existence of a single factor of production, by contrast the H-O theorem postulates two productive factors, and this along with the inter-commodity dissimilarity of production functions.

2.2. Tests Of The Heckscher-Ohlin Theorem And International Factor-Price Differences

Following emprical studies show us that international trade has not equalized the returns to homogenous factors in different nations. These studies also showed us that the H-O theorem is valid only in the highly abstract environment of the two factor, two country model that has been the mainstay of trade theory for half a century (**Deardorff, A.**, 1982, p.683).

The reason for this is that many of the simplifying assumptions of the H-O theory do not hold in the real world. Rather, we see in the real world, for example, nations do not use exactly the same technology, or there exists transportation costs and other trade barriers which prevent the equalization of

relative commodity prices in different nations. It can also be noted that other determinants of trade might generate exactly the same observations. If we take into the consideration the model with increasing returns to scale where countries now trade to take the advantage of the increasing returns to scale, the equalization of commodity prices will not result in the equalization of relative factor rewards. Thus, even when an equilibrium trading situation is achieved, factor prices will differ, and this could well result in international factor flows (**Markusen, J.** and **Melvin, J.**, 1988, p.206).

The first and most important study on the H-O model is made by Wassily **Leontief** who used trade and factor requirements for the United States and maintained that the United States is labor abundant when labor is measured in productivity-equivalent workers. This means that one person year of U.S. labor with the accompanying technology is equivalent to several person years of foreign labor with inferior technology (**Trefler, D.**, 1993, p.962). Thus, while the United States seemed to export labor intensive commodities and import capital intensive commodities, this was the opposite of what the H-O model predicted.

After these results it is believed that factor-price differentials and international trade that is based on international differences in productivity would became important. It would became important because they are critical to explanations of differing equilibrium growth paths across nations, and most important they are also critical to show the failure of factor-price equalization which is driven solely by international productivity differences (**Trefler, D.**,1993, p.961).

After Leontief, the new models constructed in the field of human capital. Because they believed that Leontief included in his measure of capital only physical capital (such as machinery,

other equipment, buildings, and so on) and completely ignored human capital which refers to education in workers which increase their productivity. Furthermore, because of a tremendous advance, both in data collection and in computing power, these emprical studies facilitated and sophisticated in recent years.

A pioneering study was made by **Baldwin** (1971) who used more sophisticated techniques and found some evidence that skill levels, or human capital were positively related to exports which means human capital may be an important determinant of trade volume. Thus, numerous emprical studies concerning the human capital were undertaken by Kravis, Kreesing, Kenen and others. Another important study was made by **Harkness** (1978). He used regression analysis and factor share variables as a measure of factor intensities. In his model he developes the factor proportions model for a many goods, many factors world in which factor prices are not necessarily equalized (**Harkness, J.**, 1978, p.784). His results showed that for the United States, physical capital was an important and significant determinant of exports.

However after Harkness, J.Anderson (1981) and E.Leamer and H.Bowen (L-B) attempted to demonstrate that Harkness failed in his search because of the missing link in his model.

Especially, Bowen and Leamer used more complete cross-section datas on trade, factor input requirements, and factor endowments in order to examine the relationship between productivity and departures from the H-O theorem.

2.3. Non-Traded Goods And The Concept Of Equalization

We know that in the real world every country produces goods which can not be traded at all because of their nature of the

goods like houses, services, etc. or because of political barriers preventing, for example, the export of certain strategic military equipment, or because of artificial trade barriers like prohibitive tariffs or transportation costs (**Batra, R.**,1973, p.305). It is also true that although there is no simple relationship between the prices of these non-traded goods in the various countries, the existing of non-traded goods effect the flow of released resources in these countries.

Thus, under these facts, it could be argued that the concept of equalization by taking into the consideration the existing of non-traded goods. If we look at the studies concerning the equalization of the interest rate with non-traded goods through trade on the basis of Samuelson's papers, we see various results. (**Burmeister, E.**, 1978, p.1).

In these studies main argument depends on the fact that when trade in all commodities occurs then the common-price vector in the trading equilibrium must be associated with a unique rate of interest. Thus, the assumptions of incomplete specialization and a common technique of production imply that interest rate must be equalized through trade.

However, it has been shown that it is possible to construct a technique in which a part of the price-vector exists at distinct rates of interest. This implies that if some commodities do not enter into trade, the common vector of prices of traded goods may be associated with more than one interest rate (**Mainwairing, L.**, 1977, p.18).

Another paper which is introduced by R. Batra and F. Casas (B-C) also demonstrates a nontraded intermediate product into the basic H-O trade model where traditionally, intermediate products have for a long time been ignored in trade theory (**Schweinberger, A.**, 1975, p.634).

2.4. The Concept Of Economic Integration

We know that international relations is a subject by itself because of the fact that the world economy is not homogenous. There are lots of national economies which show wide differences in the world. But the interesting point is that, we see these economies are connected to each other and thus there is always a tendency to get close.

Therefore, the idea of economic integration becomes very important in the international relations. Actually it refers to various types of economic integration. Because of this, many economists define this term in a different manners. Jan **Tinbergen** emphasizes that it is the creation of the most desirable structure of the international economy, removing artificial hindrances to its optimum operation and delibaretely introducing all the desirable elements of coordination or unification (**Tinbergen, J.**, 1965, p.57).

Kindleberger defines the economic integration as the equalization of the prices of factors of production (**Karluk, R.**, 1976, p.1). Gunner **Myrdal** believe that the economy is not integrated unless all avenues are open to everybody and the remunerations paid for productive services are equal, regardless of social, cultural and racial differences (**Myrdal, G.**, 1956, p.11). According to Fritz **Machlup** every serious discussion of economic integration national, multinational or worldwide, is based on concepts and issues of international trade theory. Trade is usually regarded as the quintessence of economic integration and division of labor in several of its aspects as its underlying principle. This holds for intranational as well as international trade (**Machlup, F.**, 1976, p.70).

As we see there are many definitions of economic integration

according to different economists. But the economic integration whether occurs in the shape of trade integration or factor integration or complete general economic integration, it might be said that economies of countries should get close each other as the theory predicts.

Another critical point is that although the theory of comparative advantages states that the trade of goods and services mostly depends on price differentials, however in the economic integration the main concept depends on specialization. Therefore, even though the prices of factors do not converge or equalize, becuse of specialization the member countries still continue to trade and to be profitable (**Kumbaracıbaşı, O.**, 1973, p.146).

Under these circumstances we should emphasize that free trade alone can not succeed in having equal factors, receive equal prices in all activities in all trading countries. Free trade of products combined with free international movement of factors might be expected to reduce and eventually remove international differences in factor prices. But, for example, as we will see in the European experience mobility of factors can not be counted upon to eliminate all wage differentials even for equal labor because of high costs of migration, or of backwash effect[1] and etc. Furthermore, persons are not globaly mobile between the member states because of the considerations of economics, geography, language and culture.

It is also true for the international capital movements. Some problems arise such as capital controls, or problems of balance of payments, or different levels of economic development in different countries. The widespread use of capital controls

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[1]. Backwash effect is a situation which would drain cheap labour countries of their best workers (**Machlup, F.**, 1976, p.73)

and expectations of changes in exchange rates are more important reasons for the continuing segregation of capital markets. If all controls were dismantled, however, and exchange rates were thouht to be fixed, differences in interest rates would not disappear (**Kenen, P.**, 1976, p.187).

Another consideration for the optimal size of an integrated region concerns the objective of economic stabilization. For a given region, macro-economic disturbances can arise either within the region or from outside it. Hence, it can take steps to compensate for the disturbance with various regional instruments of policy which depends also on the structure of the regional economy (**Cooper, R.**, 1976, p.41).

Thus, these problems may tell us why the EC do not have a full integration in both labor and capital markets.

2.4.1. Stages Of Economic Integration

It is believed that economic integration will supposedly have some immediate (static) effects upon the member countries and will also cause some changes over a longer period of time (dynamic effects). From this point of view we can range the degree of economic integration from preferential trade arrangements to free trade areas, customs unions, common markets and economic union (**Salvatore, D.**, 1990, p.287).

A.Preferential Trade Arrangements

It provide lower barriers on trade among participating nations than on trade with nonmember nations. This is the loosest form of economic integration. In this stage, the basic aim is to strengthen trade relations between the member states and to increase trade volume by using the advantages of specialization

and division of labor (**Kumbaracibaşı, O.**, 1973, p.133).

B. Free Trade

In an area of free trade, member countries abolish import duties and other customs barriers to the free movement of products manufactured in the territory of their partners. However each country retains its own external tariffs and its custom policy. Today it is possible to show **EFTA** (European Free Trade Area) and **LAFTA** (Latin American Free Trade Area) as an example of free trade areas.

C. Customs Unions

It is the one of the most important stage in an economic integration process both in practice and in theory. However, it is a strange phenomenon which units free-traders and protectionists in the field of commercial policy, and its strangeness suggests that there is something peculiar in the apparent economics of customs unions. The customs union problem is entangled in the whole free-trade protection issue, and it has never yet been properly disentangled (**Viner, J.**, 1972, p.31). The custom unions model first constructed by **Jacob Viner** and then extended by the contributions of J.E. Meade, Marcus Fleming, H.G. Jhonson, Lipsey and others.

In a custom unions free movement concerns not only products manufactured in the territory of their partners, but all products, situated in the territory of member countries. Furthermore, the latter lose their customs autonomy and apply a common external customs tariff to third countries (**Moussis, N.**, 1993, p.23).

Customs unions have both static and dynamic effects. We

analyze and measure **static effects** of customs unions in terms of trade creation and trade diversion. Trade creation occurs when some domestic production in a nation that is a member of the customs unions is replaced by lower-cost imports from another member nation. A trade creating custom unions also increases the welfare of nonmembers because some of the increase in its real income spillover into increased imports from the rest of the world.

Trade diversion occurs when lower cost imports from outside the customs union are replaced by higher cost imports from a union member. This results because of preferential trade treatment given to member nations. Trade diversion reduces the welfare because it shifts production from more efficient producers outside the customs union to less efficient producers inside the union, thus, it worsens the international allocation of resources.

The **dynamic effects** of a large expansion of the market area can be far more important than the static effects. The basis for dynamic effects is to be found in the increased competition generated by the opening up of new market opportunities (**Ellsworth, P.T.**, 1964, p. 533). In addition, these dynamic benefits are also related to economies of scale, stimulus to investment and better utilitization of economic resources, and more rapid technological advance.

D. Common Market

Establishments of the common market comes true with the elimination of all import and export duties in force between member countries. Here, all goods and services can be offered on the same conditions as an internal market. Moreover, in order to achieve this, the large internal market may function efficiently

and then it may be necessary to have common or community support policies. Thus, a common market goes beyond a customs unions by also allowing the free movements of labor and capital among member countries (**Moussis, N.**, 1993, p.23).

E. Economic Union

It is the last stage of economic integration. In an economic union economies of member states combine each other by harmonizing or even unifying the monetary and fiscal policies. In addition, in this stage it is necessary to harmonize the tax system and to allow free movement of labor and capital in union (**Seyidoglu, H.**, 1993, p.423). Although in a free trade area, customs unions and common market the basic aim is to remove trade barriers, in an economic union the aim is to be able to adjust economic policies in an international level.

The issue of national sovereignty is put in an even sharper focus in the case of an economic union that involves, in addition to trade integration, the co-ordination of economic policy making. The co-ordination of economic policies in turn requires political decisions that would necessitate establishing a common decision making apparatus. The experience of the European Economic Community confirms this conclusion. Recent efforts to achieve monetary integration without the co-ordination of economic policies have proved to be a failure (**Balassa, B.**, 1976, p.29).

Thus, Nowadays, the construction of such an advanced stage is so hard, because of currency fluctuations, the varios rates of taxation and etc.. However, it is sometimes advocated that after these stages and also after economic union there can be the stage of **political integration.** Here, there would be further trends to have closer cultural, social and political integration of the

member countries.

After these theoretical explanations if we look at the position of the EC we can first say that the most important achivement of the EC has been its creation of a customs unions. But, today it is very hard to say that the EC has been achieved the principles of economic integrations among member countries, especially for less developed countries. Rather, the experiment of the EC shows that, today the EC is positioned in something between the stages of Common Market and Economic Union (**Flam, H.**, 1992, p.10).

PART THREE : CONVERGENCE AND COMPARATIVE ANALYSIS ON THE COMMUNITY MEMBERS

3.1 : The Concept Of Convergence

It is obvious that the principle of convergence is very important criteria in understanding or testing the comparative behaviour of member countries which come together in the name of a customs union or an economic union. But the concept of convergence has no simple definition. It means more than the better coordination of economic policies (**Mawson, J.**, 1986, p.372).

It may refer to reducing the differences between the regions and the backwardness of less favoured regions. Then, it may also be accepted as a key word for dealing with the problems of the budget or with the problems of the transfer of resources to produce more consistent standards of living within the Community.

However, whether it depends on social or economic criterias the process of convergence should be promoted in an economic union as the traditional neo-classical trade theory and the Heckscher-Ohlin theory predict. Actually, in practice and thus in the EC this concept is also became a vital part of achieving an Eonomic Union idea.

Because the EC also believes that in order to reach to the Economic and Monetary Union which plays an important role in achieving the idea of Economic Union, it is necessary to promote convergence among the member states. Therefore, the Single European Act in 1987 aims at allowing free movement of labor, capital and goods and services in the Community till 1992. Thus, this idea necessitate the harmonization of economic policies and strengthening the solidarity between the member countries (**Kepenek, Y.**, 1993, p.117).

In the second phase of Economic and Monetary Union, economic policies of the member states shall be coordinated at Community level. To this effect the Council shall formulate a draft for the broad guidelines of the economic policies of the member states and of the Community, and shall report its findings to the European Council. Furthermore, the Council shall monitor economic developments in each of the member states and in the Community as well as the consistency of economic policies with the broad guidelines (**Moussis, N.**, 1993, p.138).

Thus, the concept of convergence which became main agenda in the EC, especially after the accession of new partners in the 1980s, enable us to see the problems of integration idea. However before introducing the concept of convergence it should be noted that there is a link between convergence and cohesion. Cohesion which is defined in terms of economic welfare only make sense if it refers to convergence in real measures.

The commitment to cohesion is complicated by the lack of precision about what it is required to achieve it. Article 130a of the Maastricht Treaty, echoing the corresponding article in the Single European Act, relates cohesion to the reduction of regional disparities: " In particular, the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least-favoured regions, including rural areas ".

This emphasizes the gap between the regions which lag behind (known in European Commission jargon as Objective 1) and those in the more favoured parts of the Community. It does not, however, make it easy to determine when sufficient cohesion is achieved. For practical purposes, a simple definition is that cohesion is the degree of disparity between different regions or groups within the European Community which is politically and socially

tolerable. If these limits are not respected, the less-favoured will be inclined to opt out (**Mawson, J.**, 1993, p.150).

Therefore, when we examine the European Community we should take into the consideration the concepts of convergence and cohesion.

Under this debate, in the study I intend to analyze the EC with respect to convergence and cohesion aims. Here, the main focus will be on the fact that unless the various indicators of nominal convergence such as inflation rates, interest rates, public deficit and the stability of exchange rates are broadly harmonized within the EC, monetary union would not be sustainable. On the other side, in terms of economic welfare unless real variables such as income per head or tolerable level of unemployment harmonized we can not speak of cohesion.

Various economic tests can be applied to see how much the convergence and cohesion are being realized. Here, in spite of the problems in obtaining full statistical data for Turkey and for the EC Countries, the central focus will be on the comparision of the average of more advanced countries such as Germany, France, Denmark and United Kingdom, with the average of least-favoured countries such as Greece, Spain, Portugal and Ireland.

3.2 : Nominal Indicators Of Convergence

3.2.1 : Inflation Rates

In view of the achievement of the convergence aim one strategic economic variable is the inflation rate. The inflation rate which is defined here as the changes in consumer prices, has a tendency to increase for both country groups in the 1970s. Graph 1 shows us that in this periods of economic crisis and petroluem shocks there is a widening gap between advanced and poorer countries.

Furthermore, after the 1980s although the rates are decreasing, the realized gap has not closed by the least-favoured countries, even after the accession of Greece, Spain and Portugal to the EC. Because their structure of economies and also the policies which are introduced to overcome the world economic instability and depression are not sufficient as the advanced countries.

3.2.2 : Long Term Interest Rates

We know that especially during the 1980s, international movements of capital increased at a faster rate than international trade. This growth was fostered by important changes in the structure of financial markets such as increasing liberalization and internationalization owing to the abolition of exchange controls, creation of new financial instruments, new markets and etc.

Under these developments, we can state that long term interest rates which is defined as government bond yield (for Greece it is defined as treasury bill rates) in Graph 2 remained relatively high in the period of 1970-80 for both advanced and poorer countries, then declined after the 1980s. But the member

countries such as Portugal, Greece and Spain are far from achieving the convergence aim. Thus, the gap between advanced and poorer countries is still high in recent years.

3.2.3 : Exchange Rates

As in the Maastricht Treaty one of the important objective for the EC is to have stable exchange rates. The removal of exchange controls between the Community currencies, and the further integration of money and capital markets, are major steps towards monetary union. Therefore, Europe have been strongly influenced by events on the foreign exchange markets.

In the graphical analysis we see there are three main topics with recpect to exchange rates. As a whole, exchange rates are very stable in the 1960s for all of the European countries. But, starting from 1970 the structure and thus stability of exchange rates are distorting. Graph 3 shows that exchange rates in terms of national currency units per SDR (Special Drawing Rights), is fluctuating especially in the period of oil shocks among the member states. Thus there is also distortion after integration for Spain, Portugal and Greece. In Graph 4 we see exchange rates in terms of national currency units per US dollars. The percentage changes tell us that exchange rates are more stable in the 1960s. Then, more importantly since 1970 less favoured countries are loosing ground.

For the least favoured countries it is also true that exchange rates in terms of per ECU are not stable as in advanced countries. This can be shown in Graph 5. Thus, exchange rate variations between member states' currencies hinder the interpenetration of capital markets.

3.2.4 : Public Finance

From the point of view of public deficits each country is subject to severe constraints. Public deficit problem became important because there is an increasing levels of public debt. As we see in Graph 6 public sector deficits are steadily increasing since 1970. Then, although in several countries the amount of deficit have clearly been restrained, in a number of other countries, mainly in poorer countries, it is still excessive. The rates as percent of GNP range from -5 to -12 in the 1980s for these countries, and then range from -4 to -7 in the 1990s.

We can also see the widening gap in terms of central government deficit (or surplus) which is defined as percent of GDP in Graph 7. It means that the gap between advanced and poorer countries seems to be stay as an important constraint in achieving the convergence criteria.

3.3 : Real Indicators Of Convergence

3.3.1 : Current GNP Per Capita and Real GDP Per Capita

Since 1966 per capita income is steadily increasing for the European Community as a whole. But Graph 8 shows us that the amount of increase in current GNP per capita is much bigger in advanced countries than in poorer countries. In the 1990s, while it reachs as an average to $ 20000 in more advanced countries, the average rate for less-favoured countries is around $ 9000.

Real GDP per capita as well as GNP per capita increased in the member states. For both country groups until about the middle of the 1970s, there is a simultaneous increase. Thus, in this period we see there is a process of convergence as a whole for the Community. However, as we see in Graph 9 after the oil shock

the degree of convergence starts to decline, even reversed for the relatively poorest countries.

From different perspective, in Graph 10 we see real GDP per capita as compared to Turkey in order to see when Turkey is 1 how much the European Community achieve per capita increase. Graph 10 shows that advanced countries' real GDP per capita is about 3.5 times as bigger as Turkey. On the other poorer countries are closer to Turkey.

3.3.2 : Unemployment Rates

One of the real indicators of convergence for the EC is to have tolerable levels of unemployment levels. In Graph 11 it is obvious that the gap between two country groups is increasing in the historical perspective. The widening gap is resulted mainly because of two countries. Recently, both in Spain and in Ireland unemployment rates are about 20 %.

PART FOUR : TURKEY AND THE EUROPEAN COMMUNITY

It is widely accepted that in recent years there is a general consensus in Turkey for joining the EC. In order to understand better the present situation and long-term problems of Turkey-EC relations I think it will be useful to look at the economic and political developments in the history. Because the reason for the general belief that Turkey has been always considered as a potential member of the EC, is not due only to the geographic proximity but more importantly due to the historical and political realities (**Cankorel, B.**, 1988, p.6).

4.1 : A Historical Outlook

In the history of Europe we know that Turkey always had played important roles and coexist within the continent of Europe. But more important steps toward Europe started after the establishment of the modern Republic of Turkey. We see in the aftermath of the Second World War Turkey was included in all the political, military, cultural and economical organizations set up by the West (**Manisalı, E.**, 1986, p.141).

In 1948 Turkey became a member of the Organization for Economic Cooperation and development (**OECD**), and in 1949 joined the Council of Europe, then in 1952 joined North Atlantic Treaty Organization (**NATO**).

After these institutional developments it was believed that Turkey which sees herself as a part of the Western World, can not remain outside the EEC. Therefore, Turkey applied to the EC to conclude an agreement of association, on **31 July 1959**. Then, Turkey signed an association agreement in Ankara in 1963 and put into effect on 1st of December, 1964.

The **Ankara Agreement** which based on Article 238 of Treaty of Rome, offered customs union with Turkey and the Community. The purpose of the Ankara Agreement was to provide the accelerated development of Turkish economy and improvements of working and living conditions, thus for achieving this, to induce the strengthening of economic and commercial relations through Turkey and the Community (**Karluk, R.**, 1976, p.117).

Under the first preparotory period the EEC unilaterally undertook to give Turkey certain economic and commercial advantages designed to bring Turkey a higher level of economic development. The next stage planned was the "transitional period" which started with the additional protocol signed in 1970. It was foreseen that this would create a customs union based on mutual obligations.

In the early 1970s because of economic and political factors in the international field and of course in Europe and Turkey mainly as a result of the oil crisis, the relationship lost its momentum. Thus, Turkey had to postpone the fulfillment of its obligations toward the customs union in 1977.

Then, in spite of some improvements in the relationships, after the military intervention of 12 September in 1980, the Community imposed a unilateral freeze on the association partnership.

After 1980, for the aim of re-orientating Turkey's development strategy and improving the general economic situation the policy changes introduced. During this period the most important economic development was the austerity programme introduced on **24 January 1980**, which radically changed the structure and the orientation of the country's economy (**Alpay, A.**, 1986, p.132). It is important that the economic policies

which Turkey introduced after 1980 were exactly in line with the economic principles of the EC. For example Turkey removed nearly all its price controls, flexible and realistic exchance rates were introduced, banks were allowed to fix their interest rates a step toward a positive interest rate policy, import liberalization and privatization of State Economic Enterprises became important and etc.

As a result of these policy changes and developments the relations between Turkey and the EC gathered pace. So, Turkey made its formal application to the EC for full membership on 14 April, 1987. Then, on 27 April, 1987 the EC Council of Ministers referred Turkey's application to the Commision in order to prepare a report on its views of Turkey's situation. The report announced in 1989 by the Council. In the report, it is stated that it is not possible to start the negotiations for full membership up to 1993, because of economic and political problems in Turkey.

4.2 : Customs Union And Its Probable Effects On The Turkish Economy

On 6 March, 1995 Turkey attempted to join in customs union and it is going to be planned that the transition period will start from January 1, 1996. In fact, customs union is a result of Ankara Agreement in 1964 and of the Additional Protocol in 1973. Customs union means that Turkey should reduce its customs duties and taxes on import and export and then impose common customs duty and common trade policies which introduced by the Community to third countries. In addition, it is necessary for Turkey to apply Customs Law of the EC.

Then, up to January 1, 1996 the effective rates for industrial products on the Community members should be reduced to

zero and for third countries to the rate which the Community apply.

In the shape of import regime in Turkey, the arithmetic mean of the effective rates for the EC is % 18.9 and % 23.7 for the third countries in 1995 (**TOBB**, 1995, p.102). Thus, the effective rates for the EC should be reduced to zero while for the third countries to % 6.5 the rate which is the arithmetic mean of common effective rate in Union applied for the third countries. This is true except some exclusions determined in customs union. However, customs union necessitates some structural and legal changes in the economic system.

Under these explanations if we look at the probable effects of customs union on the Turkish economy we see the following effects.

INCOME EFFECTS

Removing customs duties first will minimize the income from customs duties that Turkey impose on the European products. On the contrary it could be said that the facilitation of bureaucratic procedures and of customs law will result by reduction in costs for customs (**Sen, F.**, 1995, p.20).

STRUCTURAL EFFECTS AND INVESTMENT EFFECTS

It is believed that the application of customs union and thus removing protection will bring necessary changes for reorganization in the structure of economy. More importantly in this new structure the competitiveness will increase. If we think that the competition will increase, then the argument will be on whether Turkish firms can compete or not with European firms. At this stage it should be noted that increased competitiveness

force firms to use resources more efficiently which means there will be reduction in costs.

In addition, with the realization of customs union there will be more flow of foreign capital and so Turkish firms will be able to make more investment with European firms. Finally, with these investments firms would have chance to transfer and follow new technologies in different branches of industry.

On the contrary, firms which can not compete with Europeans will be out of market or it will be necessary to improve these firms for adapting to this new environment. Under this fact it is true that social problems will get arise.

TRADE EFFECTS

Customs union will have trade creation and trade diversion effects on Turkish economy. We know that decrease in the effective rates for the EC and third countries will cause to increase " imports " . This means that there will be direct income transfer from Turkey to Europe. But because of some reasons import increase will be limited. On the one side the products imported in the scope of " investment incentive certificate " such as investment goods, intermediate goods and business materials are exempted from custom taxes and collective housing fund. On the other side the raw materials and intermediate goods which are imported for exporting industrial products also exempted from custom taxes and collective housing funds (**TOBB**, 1995, P.103).

Then, if we look at the structure of imports in Turkey the 85 % of imports formed by investment and intermediate products. Thus, there will be **partial trade creation** of customs union from these products. The more important trade creation effect will be

on consumption goods which covers 15 % of imports in Turkey. However, when import demand increases, exchange rates also can increase because of flexible exchange rates, and thus trade creation effect for consumption goods would also be partial.

Trade diversion effects of customs union will arise when Turkish importers start to buy goods from the EC rather than from third countries. But trade diversion can not be occured on the petroluem that Turkey buys from third countries. Trade diversion toward the EC will be also limited on the import of consumption goods. Finally because of the reason that Turkey will follow the preferential trade arrangements which are made between the EC and third countries, from the point of these countries there will be no trade diversion.

Thus, under these headings we can conclude that after customs union while imports increasing if exports do not increase we will face with the problems such as deteriotion on the balance of payments.

4.3 : General Evaluations And Longer-Term Prospects For Turkey

As we see, speaking on the EC and Turkey is not very easy. Turkey's relation with the EC always showed varying dimensions during the last three decades because of economical, political and social issues. It is true that the decision to join Europe is not based only on the economic and political conditions, rather it is also based on long-term considerations taking into account social, historical, geographical and cultural considerations.

During these periods we can note that there are three important and critical points on the process of the membership for Turkey. First the EC in the 1990s is not same as the the

Community which was formed on the initiative of six West European countries in the 1960s. The enlargements of the EC toward both "north" and "south" changed the dimensions of economic and political strategies and objectives for the Community.

Second, there is an argument that the Turkish economy is not ready for integration with the Community. But whether Turkey is ready or not if we look at the long-term strategies and policies of Turkey we see these are exactly oriented toward West. A short description of Turkey's political and economic targets both in domestic and foreign policies is raising the standards of the country. And this will be done on the basis of Western criteria such as a free society, a democratic parlimentary regime, market economy (free Enterprise) etc. , which are naturally accompanied by Western institutions such as NATO, the OECD, the Council Of Europe etc. (**Cankorel, B.**, 1988, p.8).

Third critical point is related to the idea that integration with the Community is not benefical , and therefore we should be aware of alternative solutions. Here, it is advocated that first, the competitiveness is not always play as a stimulator in the market economy. Then, it is very hard to have investment increases from export increase after customs union because of high inflation rates and high nominal-real interest rates, fluctuations and uncertainities in exchange rates, and macro economic unstabilities in Turkey (**Kazgan, G.**, 1994, p.243). Finally, there is a belief that it would be better for Turkey to integrate with countries or regions which we share common culture, religion or language.

Thus, altough there are a number of critical factors, it can be observed that it is not realistic to see Europe which have increasingly influence within the international political system, without Turkey. The economic and political realities tell us that

the policies and strategies which Turkey planned to apply are in line with the Western economy. In addition, there are also long term objectives of Turkey which are based on the integration with the EC, whether on the basis of customs union or full membership. For example a major objective of the Turkish economy is to maintain a stable and sufficiently high growth rates to close the development gap between Turkey and the Community. With the growing economy it is hoped that there will be chance to solve unemployment problem as investment increases.

The interesting point is that Turkey's economic conditions would not much play such a definitive role against Turkey's accession to the Community. Countries such as Portugal, Spain, Greece and Ireland show similarities with Turkey in accordance of economic realities. Then, one of Europe's principle characteristics is that each of its member countries bring their own distinguishing features and discrepancies. This might be allow to preserve own individuality, but by contributing to the creation of a shared civilization and culture (**Akarcalı, B.**, 1986, p.140).

PART FIVE : THE CONVERGENCE CRITERIA IN THE EC AND TURKEY

Under the principle of convergence with respect to nominal and real indicators examining the Community and Turkey together could be seen unnecessary. But we can observe that several facts tell us why it should be taken into account. First, Turkey is now at that stage of Customs Union, second the half of the foreign trade volume is made by the EC, and finally Turkey is expecting to be as a full member of the Community (**Kepenek, Y.**, 1993, p.122).

Thus, it will be reasonable to analyze Turkey with the least-favoured countries and with advanced countries seperately under the principle of convergence measures in order to see what is the position of Turkey.

5.1 : Nominal Indicators

The most dramatic indicator for Turkey against the EC is inflation rate. In Graph 1-1 we see the inflation rate is so high in Turkey with respect to the both average rates of advanced and poorer countries. More importantly, after the sharp decline in 1982-83 the rates have a tendency to increase in a huge amount since 1985. Thus, there is a widening gap against the EC as a whole.

As in inflation rates the increasing trends are also valid for long term interest rates (the rates are starting from 1972 for Turkey) which is shown in Graphs 2-1 and 2-2. One of the important reason for this increasing trend, is related to a corresponding expansion of public debt which has exerted an upward pressure on interest rates in capital markets.

We know that there is a close relationship between rapid

inflation and a large exchange rate devaluation. People are likely to see a faster devaluation as the precursor of faster inflation, even though this need not be true when a major trade liberalization is being implemented. Furthermore, a big devaluation of the nominal exchange rate tends to raise the domestic price of internationally traded goods relative to the general level of domestic prices.

Thus, as a result of high inflation rate it is clear that there is a weak currency in Turkey. Graphs 3-1 and 3-2 which tell exchange rate in terms of per SDR is not stable as compared to both advanced and poorer countries. In Graphs 4-1 and 4-2 we can also observe that national currency units per US $ show that there is a huge amount of dispersion from the Community since 1960. While in the 1960s national currency units per US $ was around 9 TL., in the 1980s it was 70 TL. Then, in the 1990s national currency loose its value more than 70 % as an average which is parallel to the inflation rate.

From the point of public deficit, although against the richest countries there is a wide gap, against the poorer countries this gap is no longer valid. Thus, Turkey and poorer countries have a closer values. Graphs 5-1 and 5-2 show that in recent years the amount of deficit as a percentage of GNP is around -5 %.

Same observation can be seen in Graphs 6-1 and 6-2 which show central government deficit (or surplus) as percent of GDP. It explains that the rates are closer for Turkey to poorer countries than advanced countries.

B.2 Real Indicators

Current GNP per capita which is one of the strategic

indicator of real convergence, is shown in Graphs 7-1 and 7-2. We see GNP per capita is very low for Turkey with recpect to the Community. In a long time period, Turkey could not achieve high per capita income. In the 1990s, it is about 2000 $ which can not make sense comparing with the EC, even with the least favoured countries in Europe.

It is also true in terms of real GDP per capita. As in graphs 8-1 and 8-2 there is a wide gap between Turkey and the European Community as a whole. When we look at the real GDP per capita in the EC as compared to Turkey we see how the gap between Turkey and the EC is widening.

Speaking on the unemployment levels is much more make sense. Because as we see in Graphs 10-1 and 10-2 the Community countries were faced with serious unemployment problems. Although for poorer countries in Europe the problem is gathering pace, as an average for the Community as a whole the rate is around 7 % which is not so far from Turkey. However, in Turkey high level of population increase remains as a fundemental problem.

PART SIX : CONCLUSION

The neoclassical trade theory postulates that economic integration is benefical to the participating countries. It is also true that the European Community is proving to be good for all of its members. When we look at the evolution of European construction since 1960 we see that the Community economies have strengthened. Maintanence of external openness in the European Community, and continued progress on trade liberalization within a multilateral framework, immediate focus on community activities are other essential complements in this respect for the member countries.

However, European experiments show us that the situation is not so simple. We see several of the least-favoured regions and countries failed to keep pace with their respective member states especially during the 1980s. Coming from the 1960s it can be observed that there are two important features of the process of European integration.

1. In the 1960s, there was a process of development of the Common Market, thus the integration promotes convergence among the member states (between original six which are France, Germany, Italy, Belgium, Luxemburg and Netherlands).

2. Throughout the 1970s, overall economic situation is worsening, thus the integration is loosing ground in reducing disparities between the levels of development of the various regions and the backwardness of the least-favoured countries (which are Portugal, Spain, Greece and Ireland).

In the study, graphical analysis also show us that in terms of both nominal and in particular real variables such as per capita income and tolerable levels of unemployment,

the gap and the imbalances between advanced and less developed countries have not been eliminated.

The results state that although there is a moderate improvements in the economies of the members, there is no sustainable processes of convergence especially for the least-favoured countries, even after accession to the EC. While, in the theoretical concepts we see the theory states that there should be convergency among economies and thus among prices of factors of productions, the comparative analysis shows us that there are a number of economic and political factors which graduate or prevent these ideas.

In conclusion, we have seen the achievement of convergence depends on a number of factors such as on achieving stability and co-ordination in overall economic policy, on pursuing a growth policy, and on organizing a system of financial transfers which is both efficient and of an adequate scale.

In the final analysis, the study has concentrated on the experiences and problems of the EC in accordance with Turkey. From the point of view of the principle of convergence criteria, there is a wide gap between Turkey and more advanced countries. Furthermore, although Turkey and the least-favoured countries who have joined the Community recently show similarities, Turkey is in a worse economic condition than that of the countries, especially in terms of high inflation, high interest, weak currency and per capita income.

Thus, Turkey may find herself unable to achieve high performance to close the development gap against the EC. However, I believe that Turkey which has been oriented her economy toward West by taking into the consideration market rules and competitive conditions since 1980, should always be aware of these realities and criterias in a prospective view.

APPENDIX :

GRAPHS AND TABLES

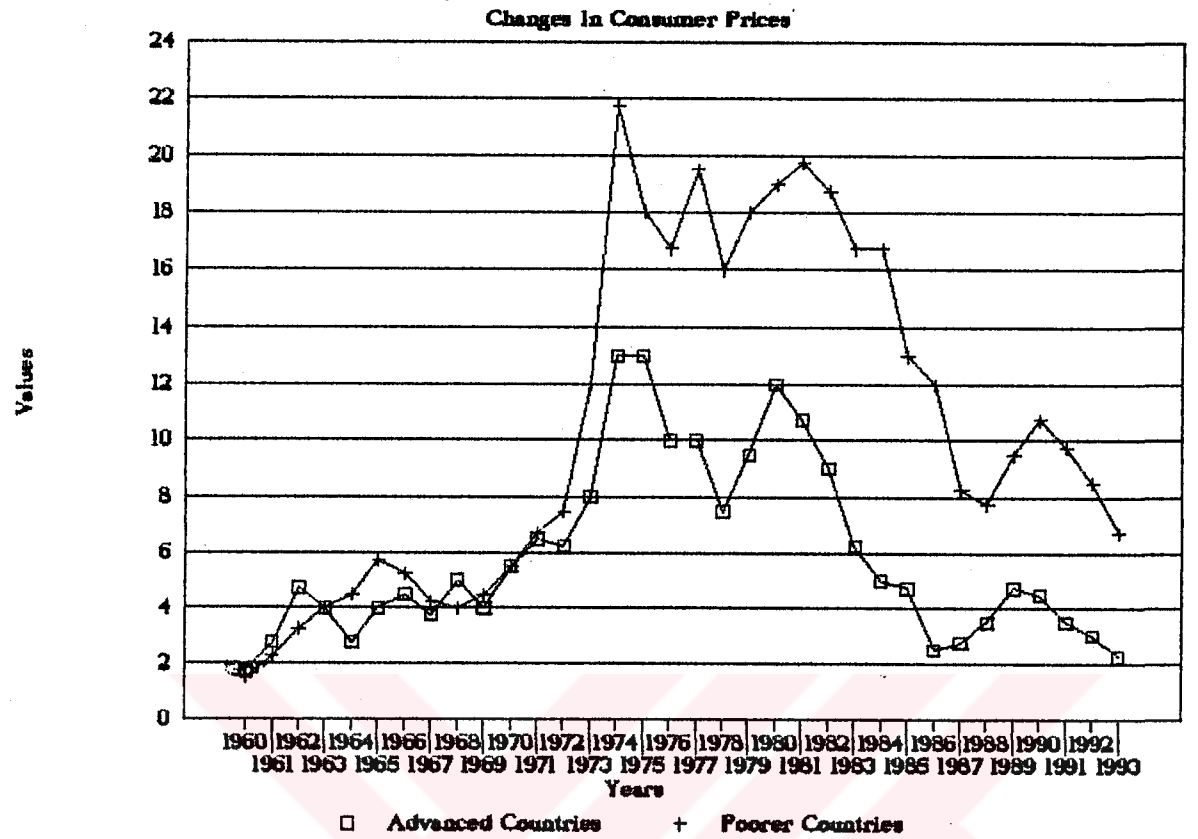
ABBREVATIONS

BEL : Belgium
DEN : Denmark
FRA : France
GER : Germany
GRE : Greece
IRE : Ireland
ITA : Italy
SPA : Spain
NET : Netherland
POR : Portugal
UK : United Kingdom
LUX : Luxemburg
TUR : Turkey

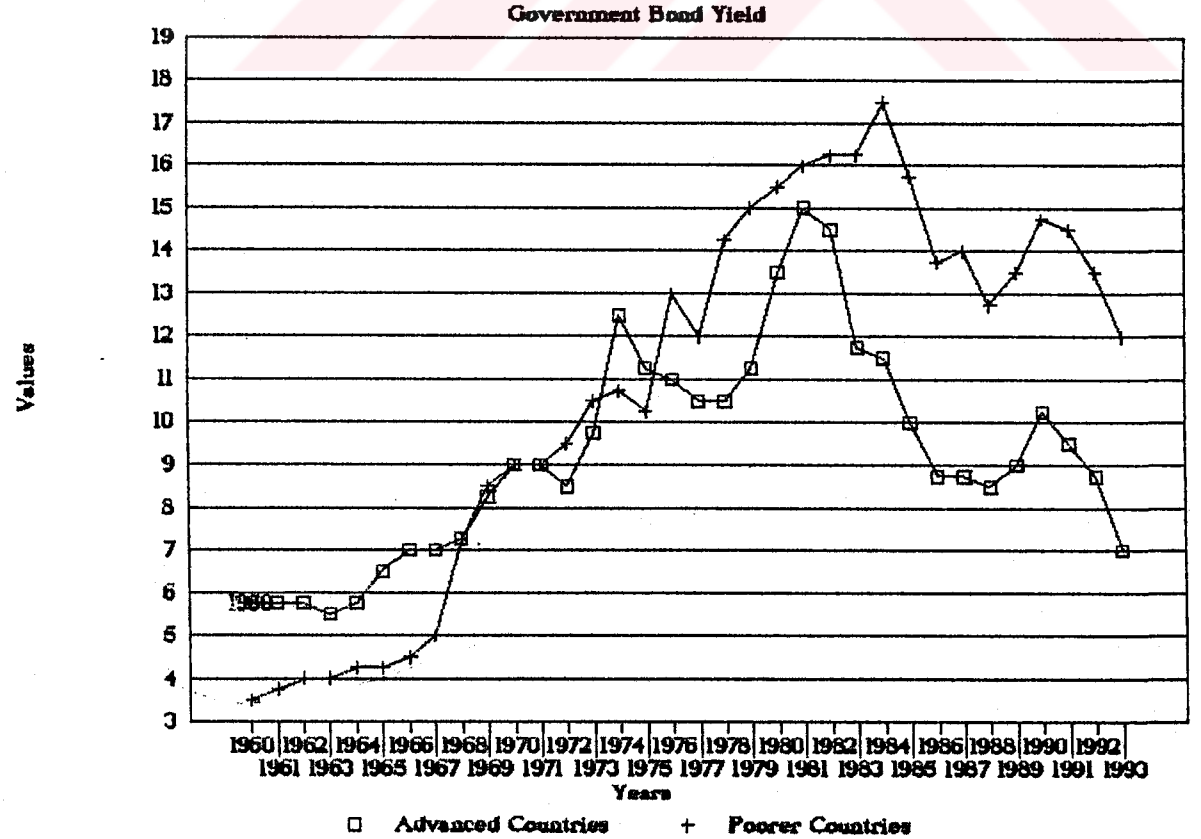
n.c. : National Currency
SDR : Special Drawing Rights
GNP : Gross National Product
GDP : Gross Domestic Product
Gov. : Government

Advanced Countries : The average of four advanced countries in the EC (Germany, France, England and Denmark).
Poorer Countries : The average of four poorer countries in the EC (Greece, Portugal, Spain and Ireland).

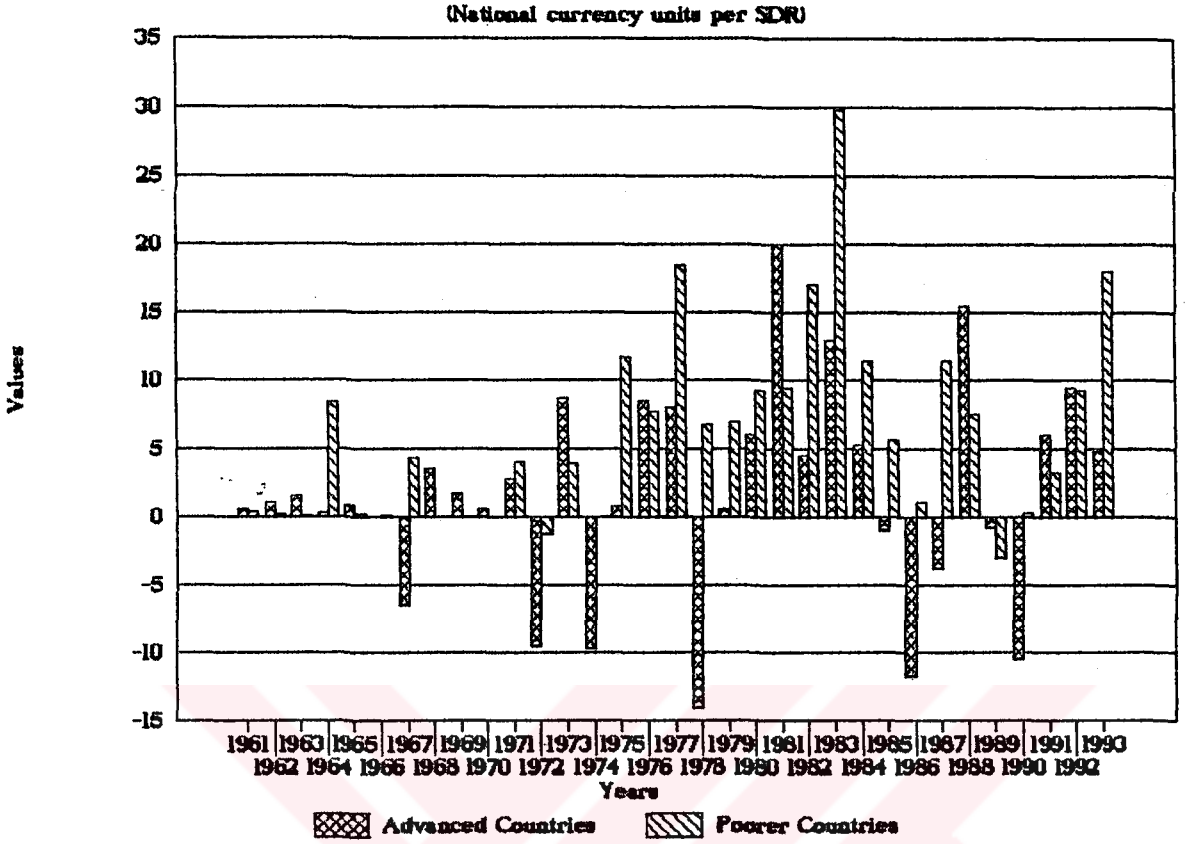
Graph 1 : Inflation Rates



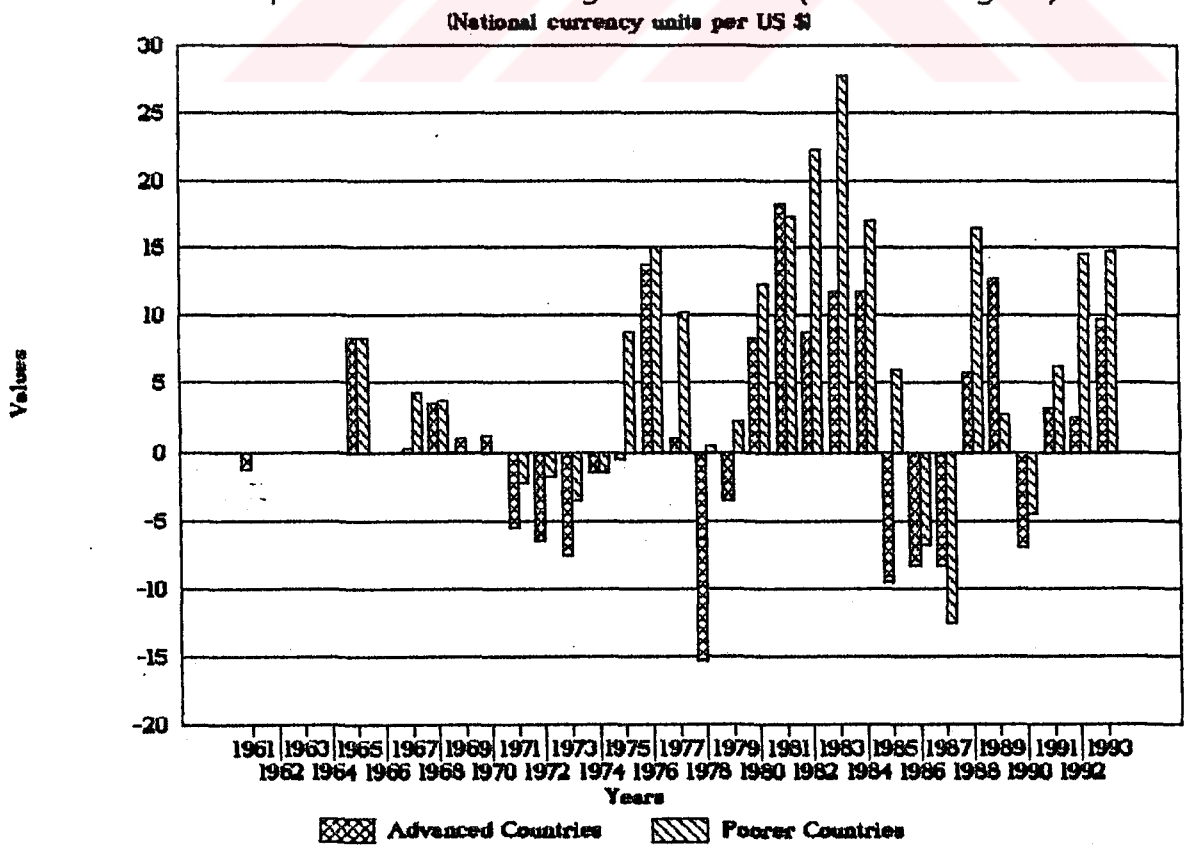
Graph 2 : Long Term Interest Rates



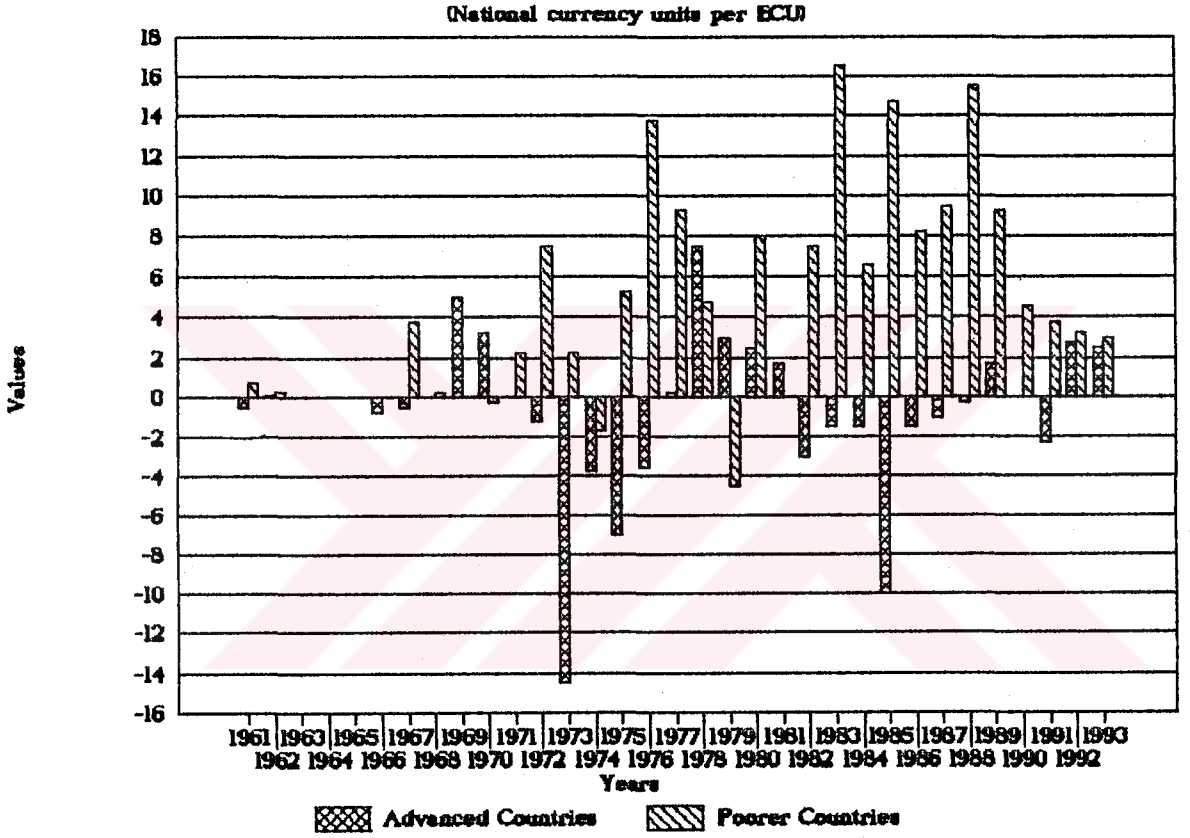
Graph 3 : Exchange Rates (% Changes)



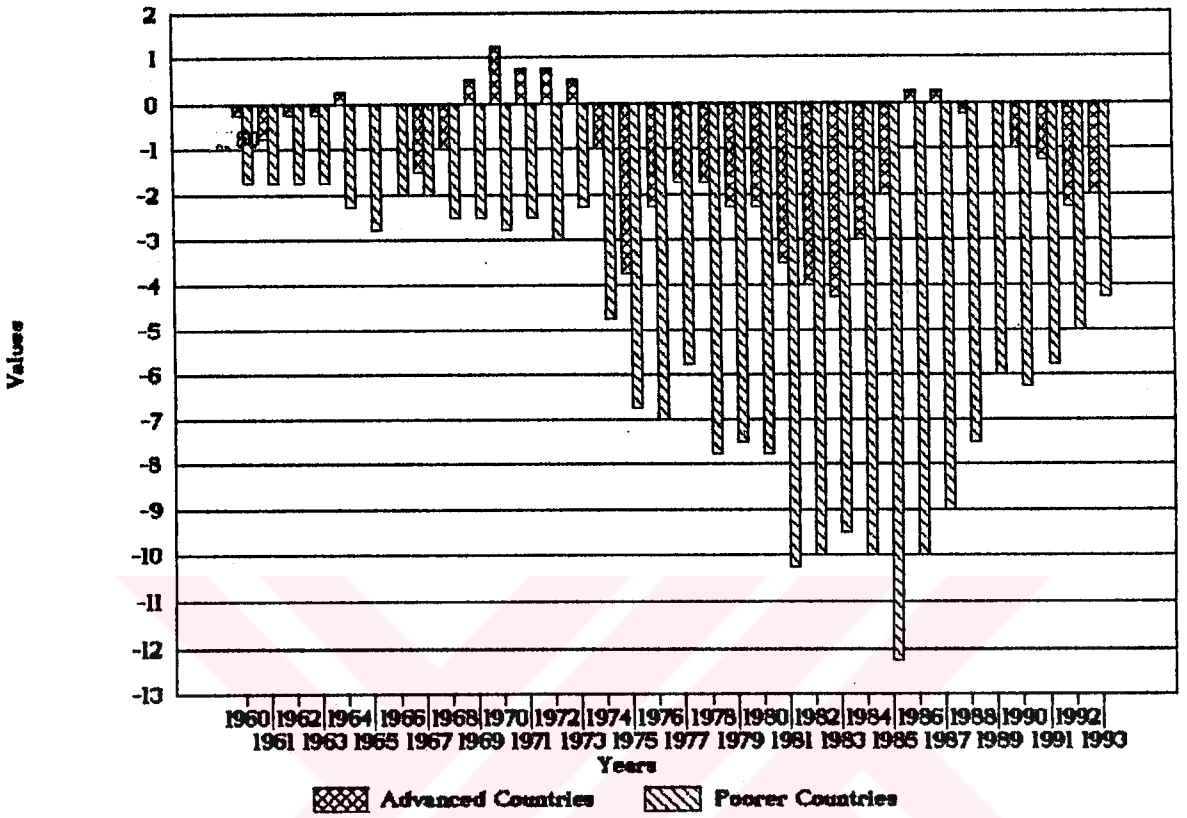
Graph 4 : Exchange Rates (% Changes)



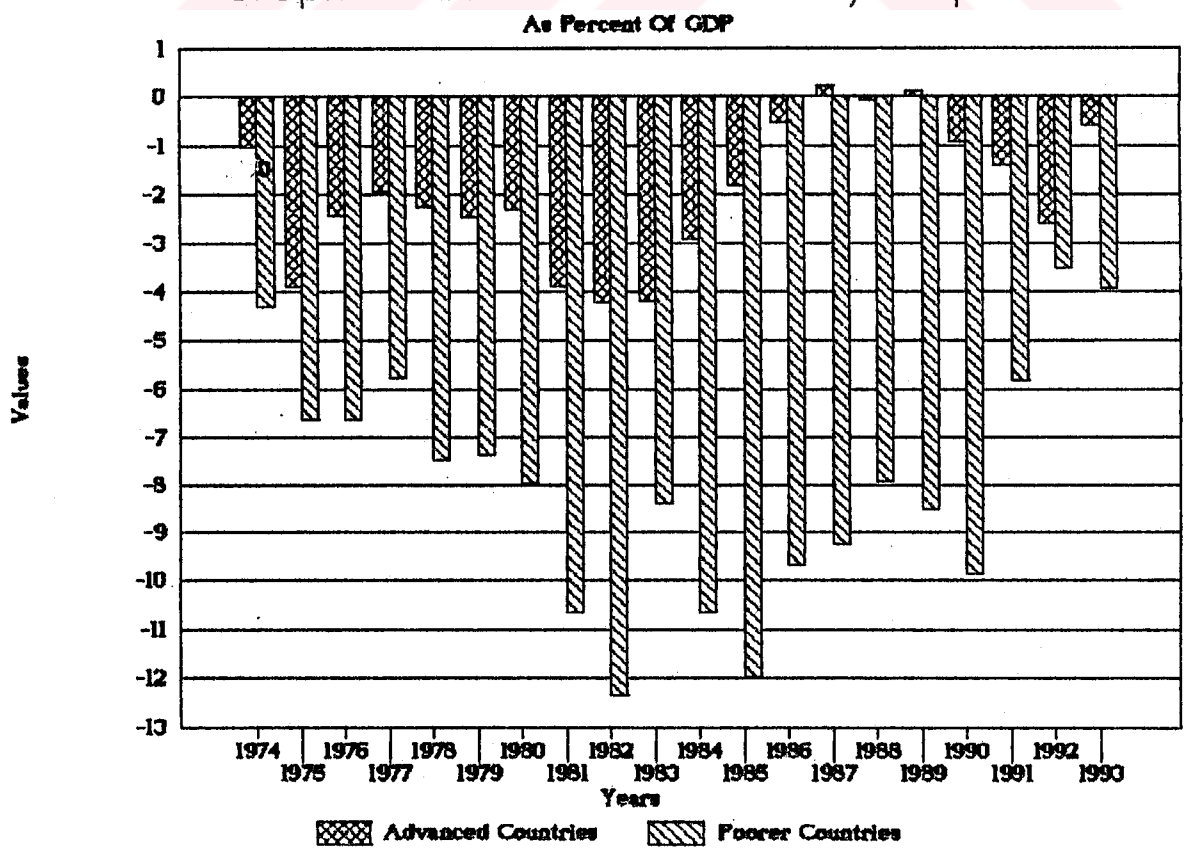
Graph 5 : Exchange Rates (% Changes)



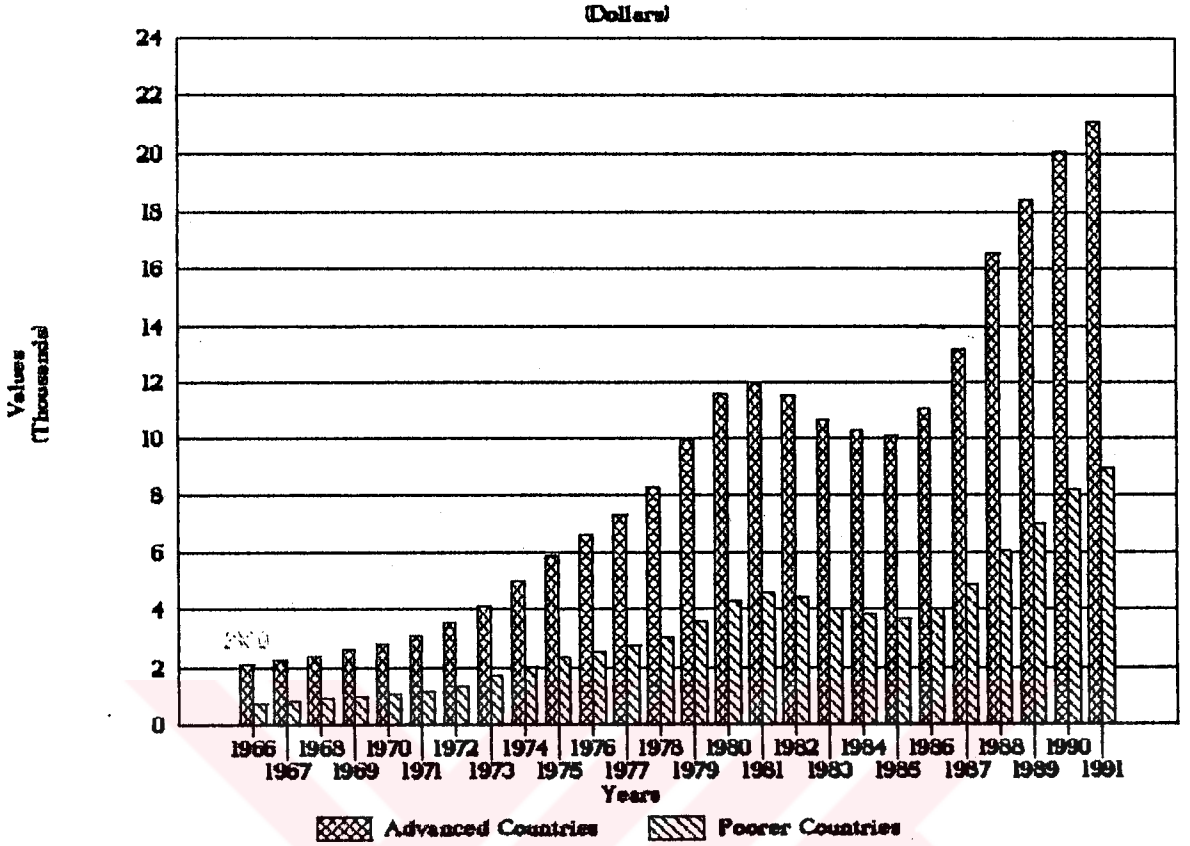
Graph 6 : Public Deficit(Surplus)/GNP



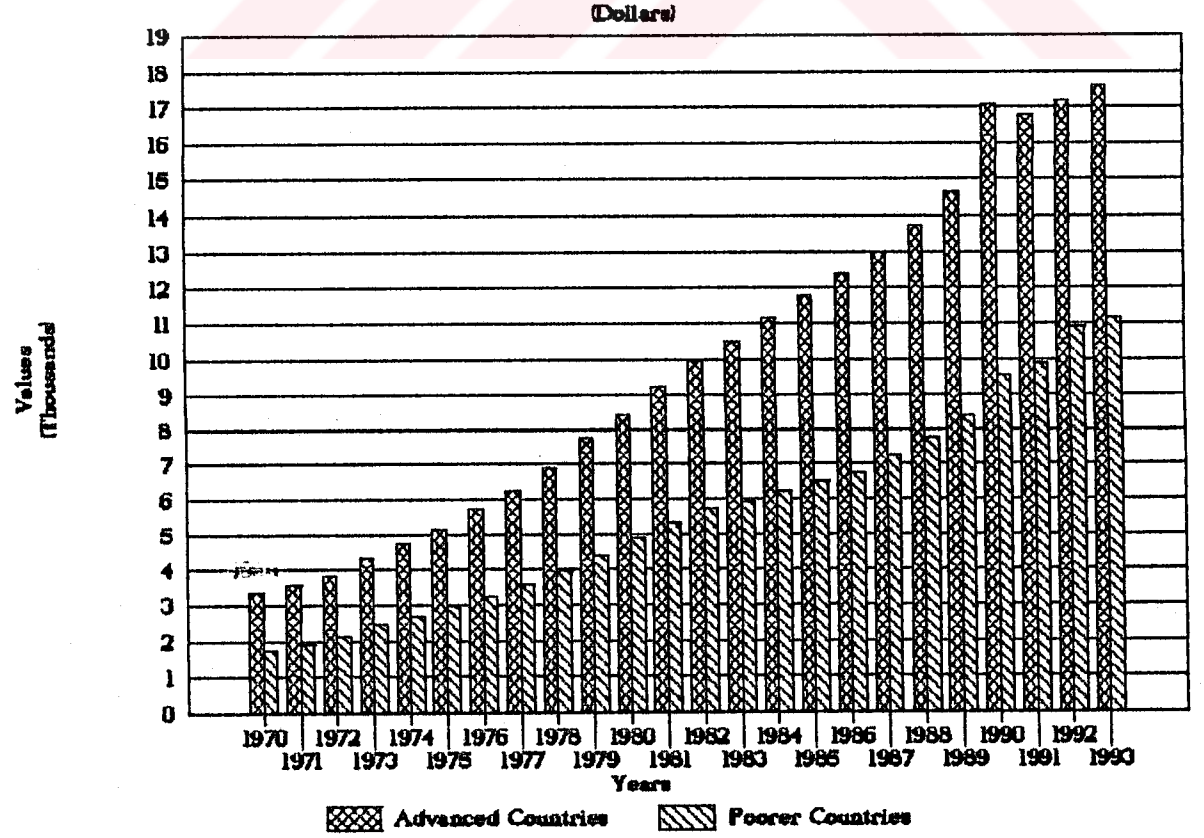
Graph 7 :Central Gov. Deficit/Surplus



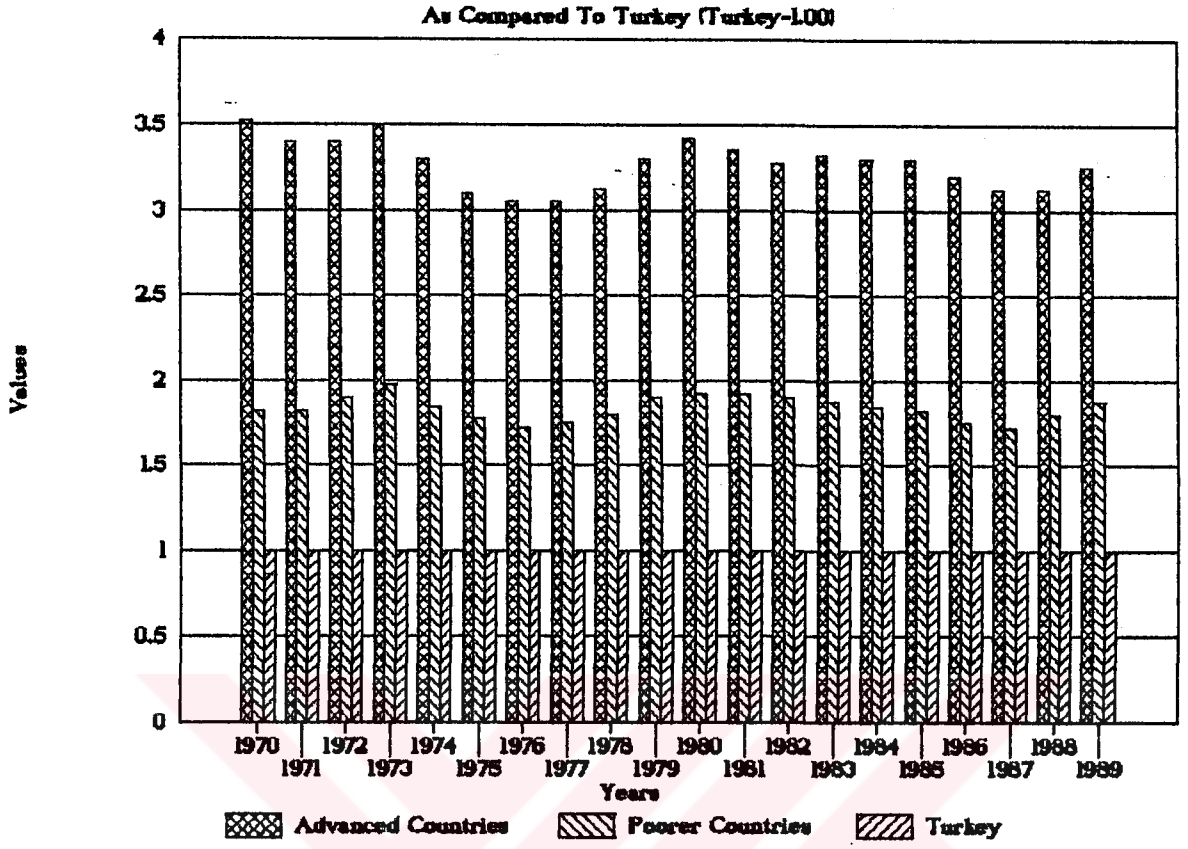
Graph 8 : Current GNP Per Capita



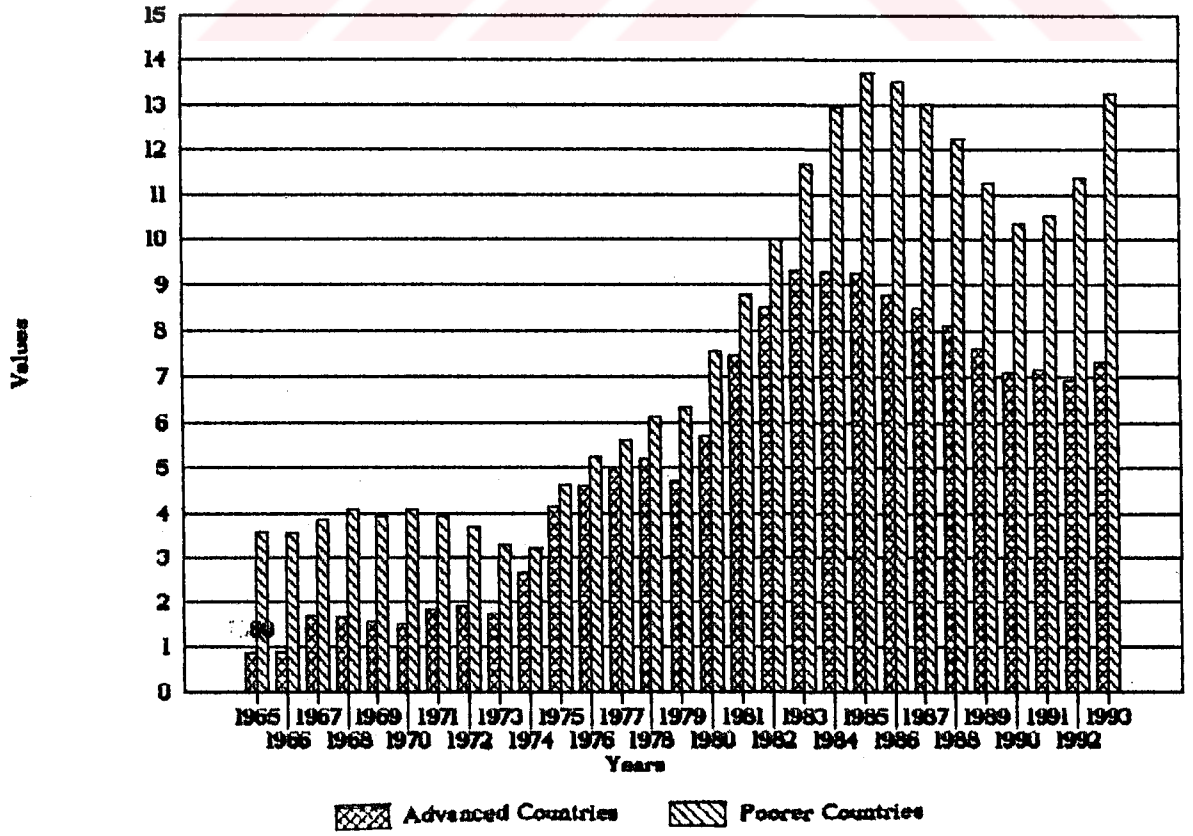
Graph 9 : Real GDP Per Capita



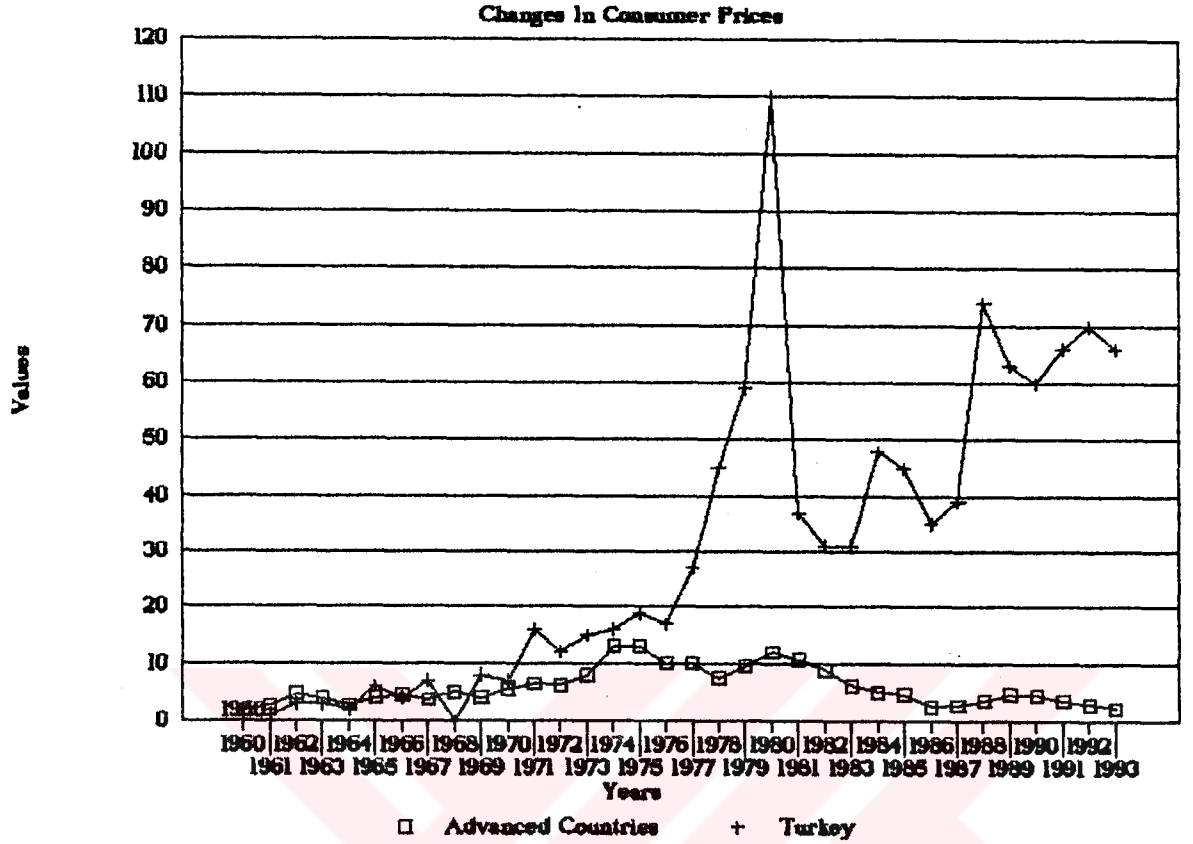
Graph 10 :Real GDP Per Capita In The EC



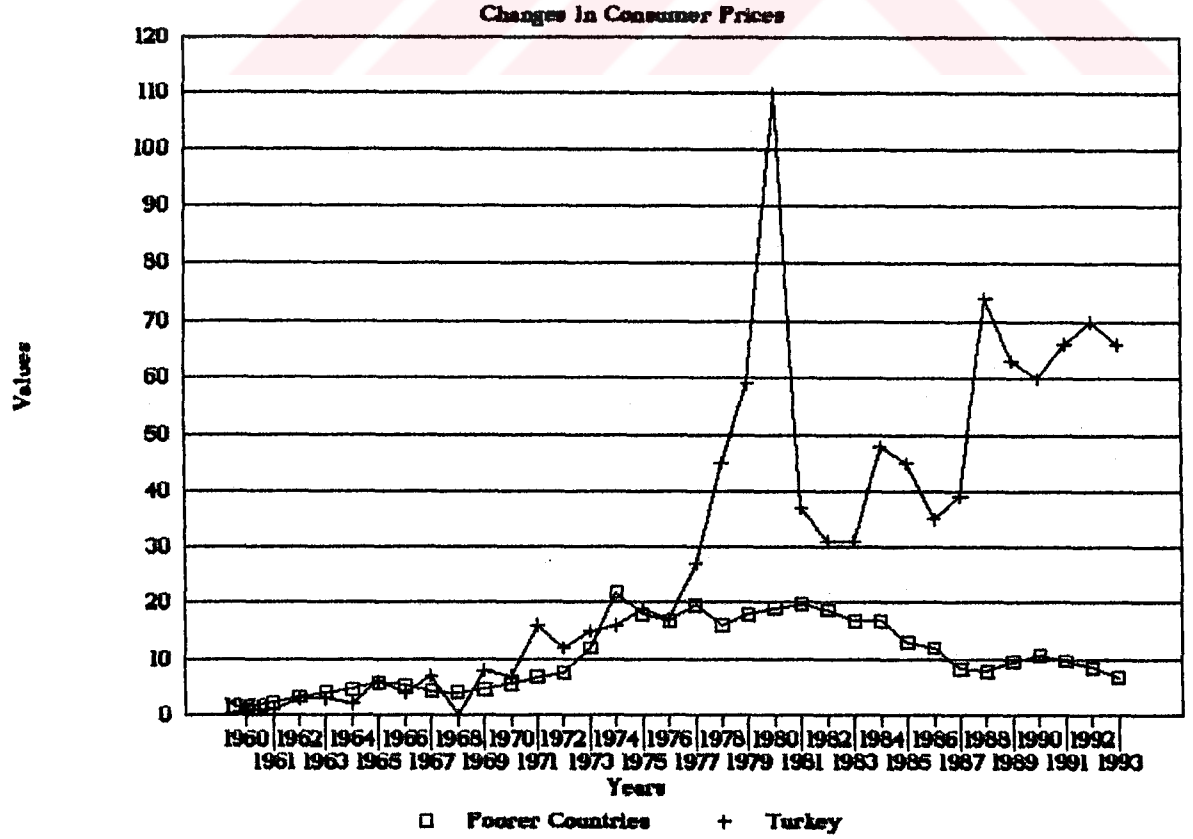
Graph 11 : Unemployment Rates (%)



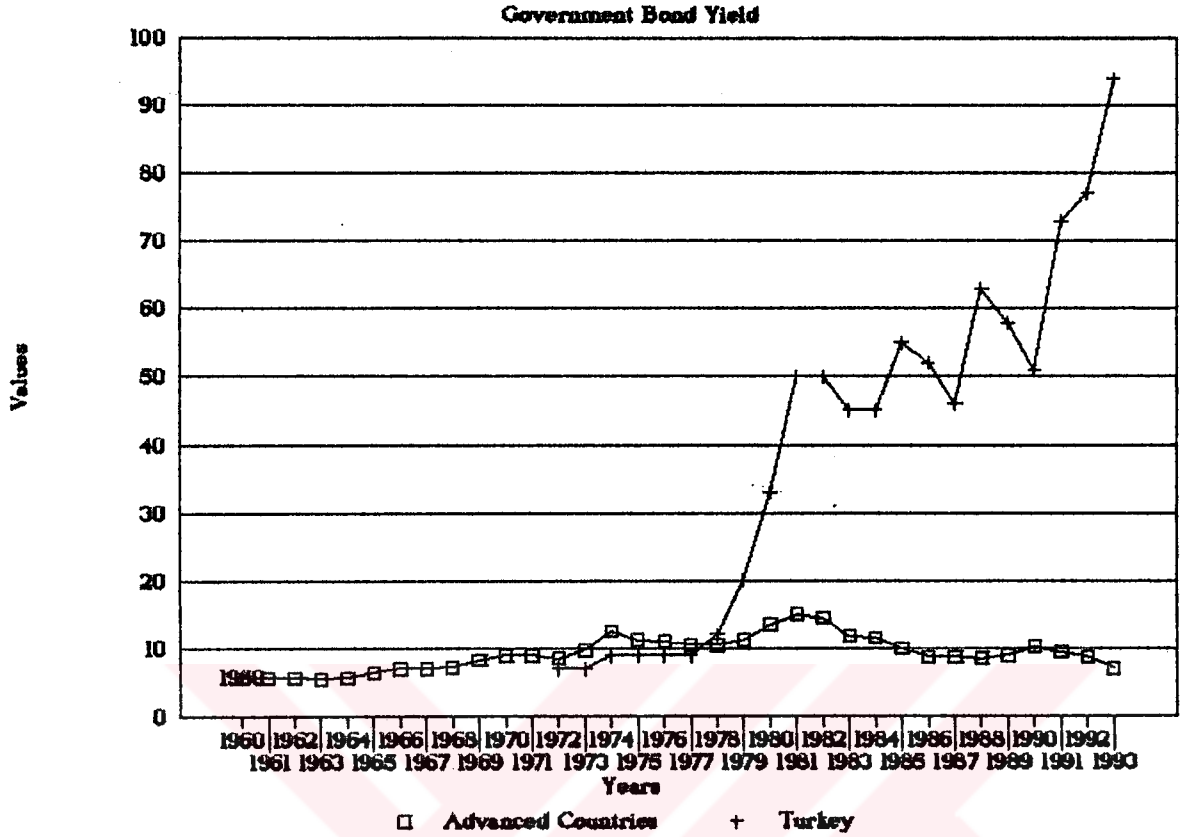
Graph 1—1 : Inflation Rates



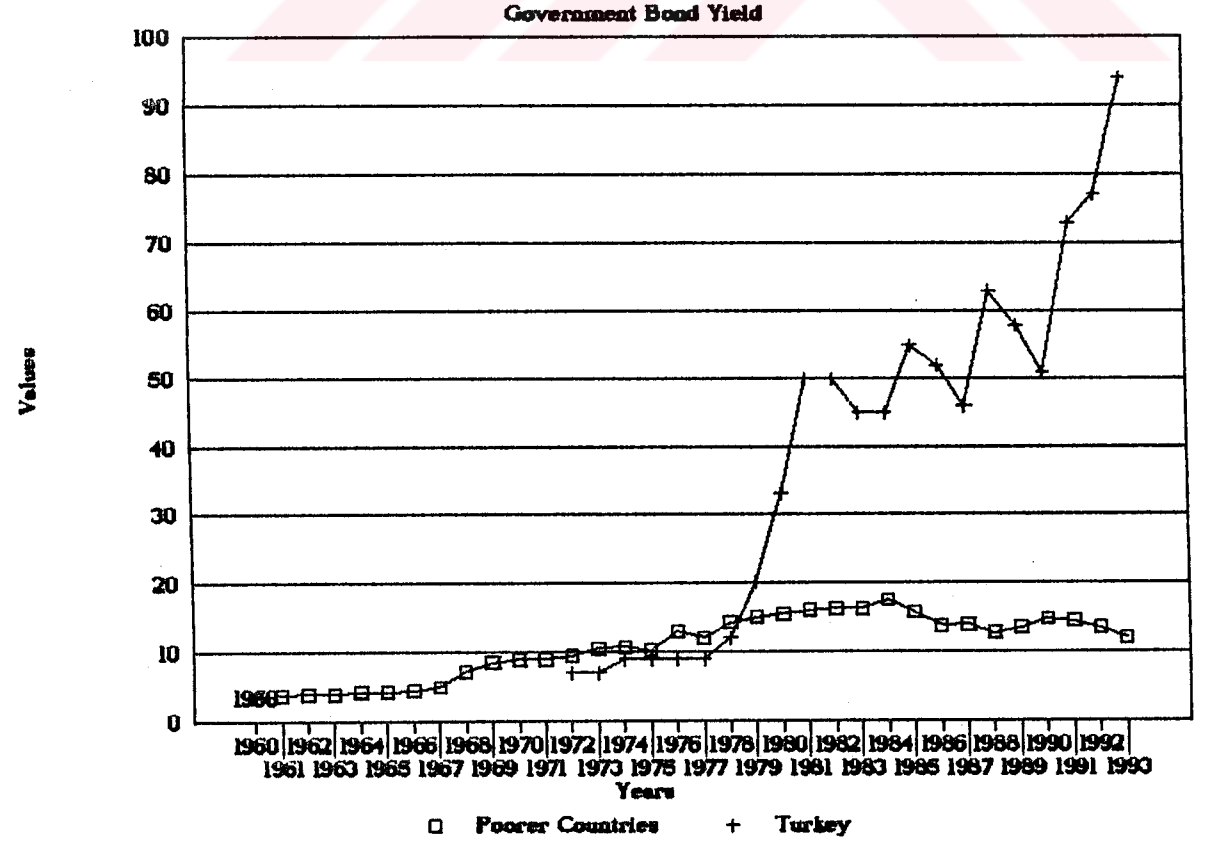
Graph 1—1 : Inflation Rates



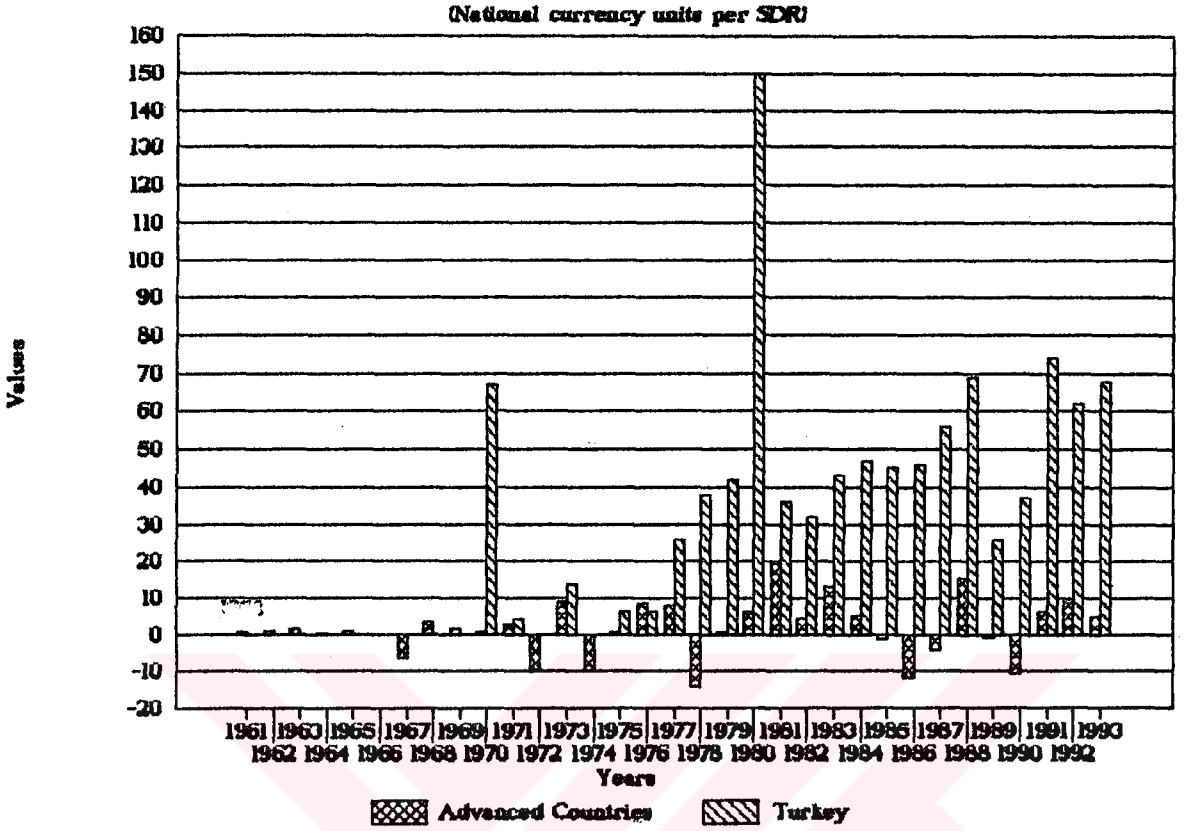
Graph 2–1 : Long Term Interest Rates



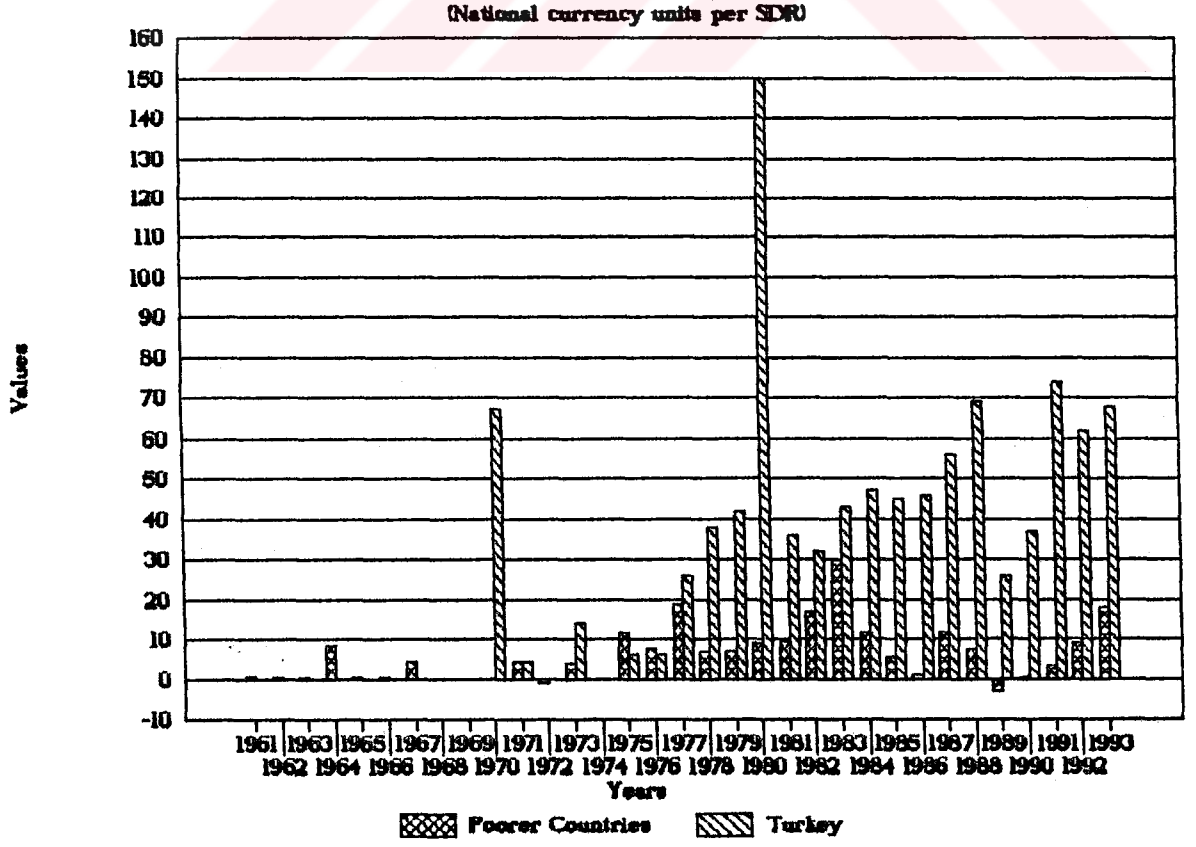
Graph 2–2 : Long Term Interest Rates



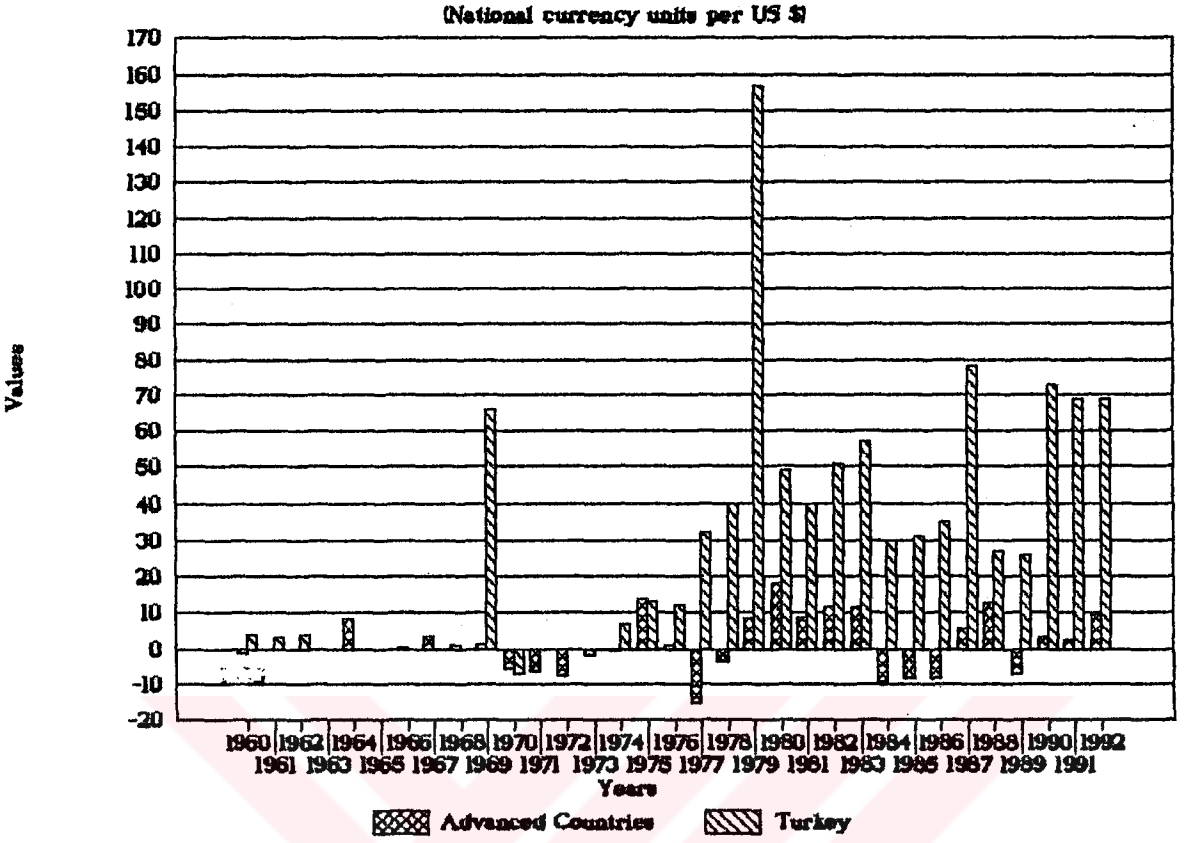
Graph 3–1 : Exchange Rates (% Changes)



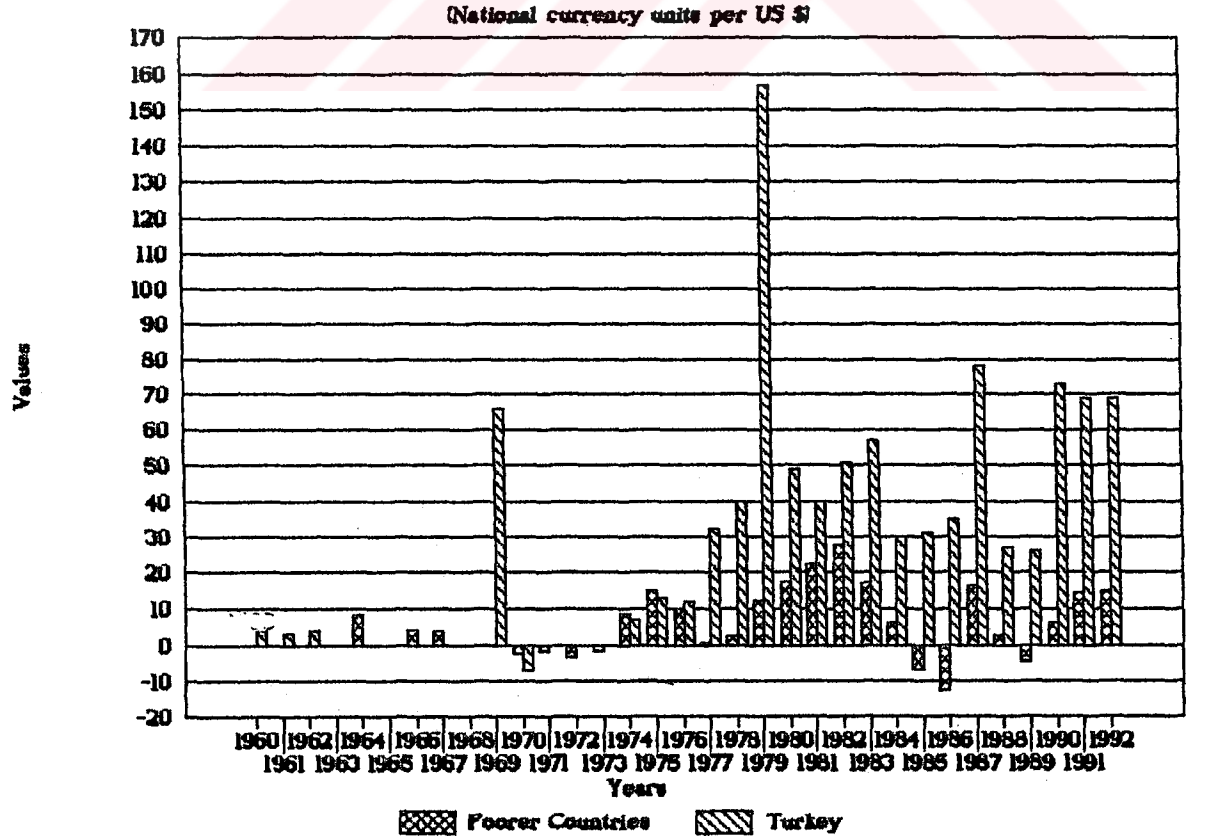
Graph 3–2 : Exchange Rates (% Changes)



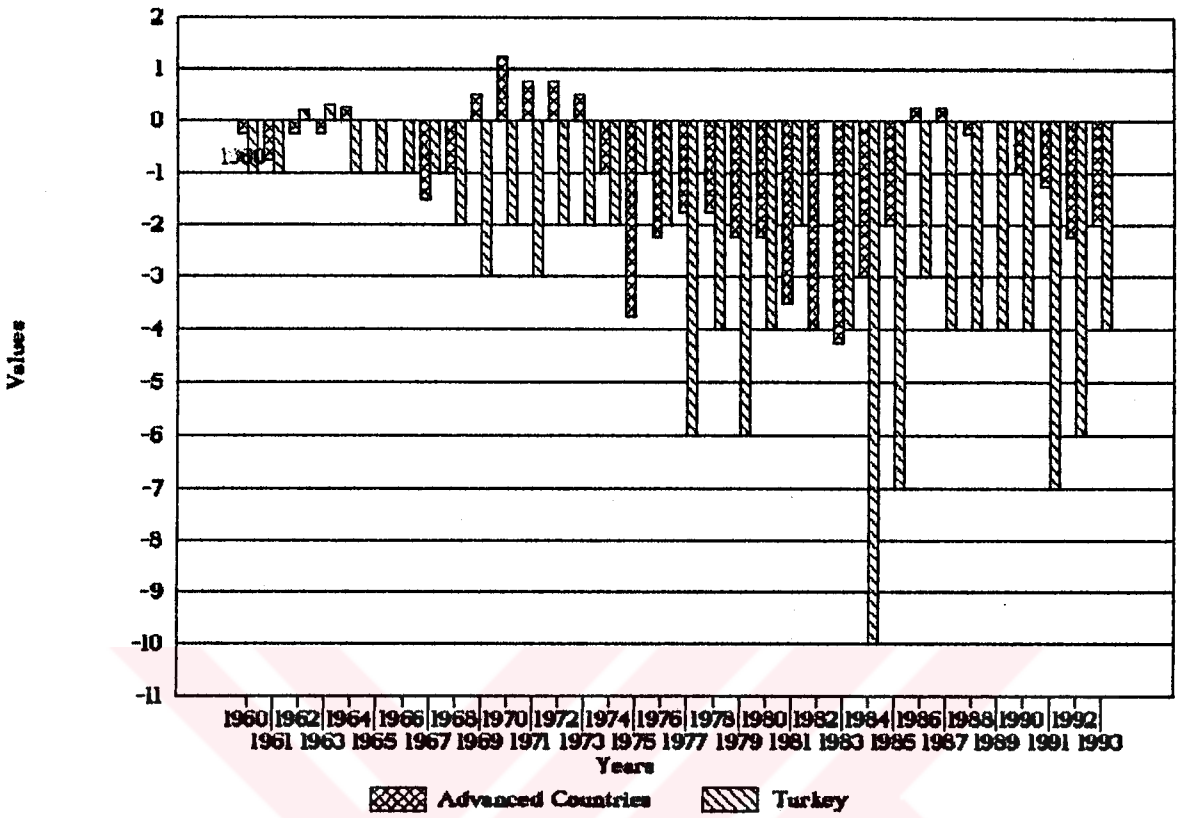
Graph 4–1 : Exchange Rates (% Changes)



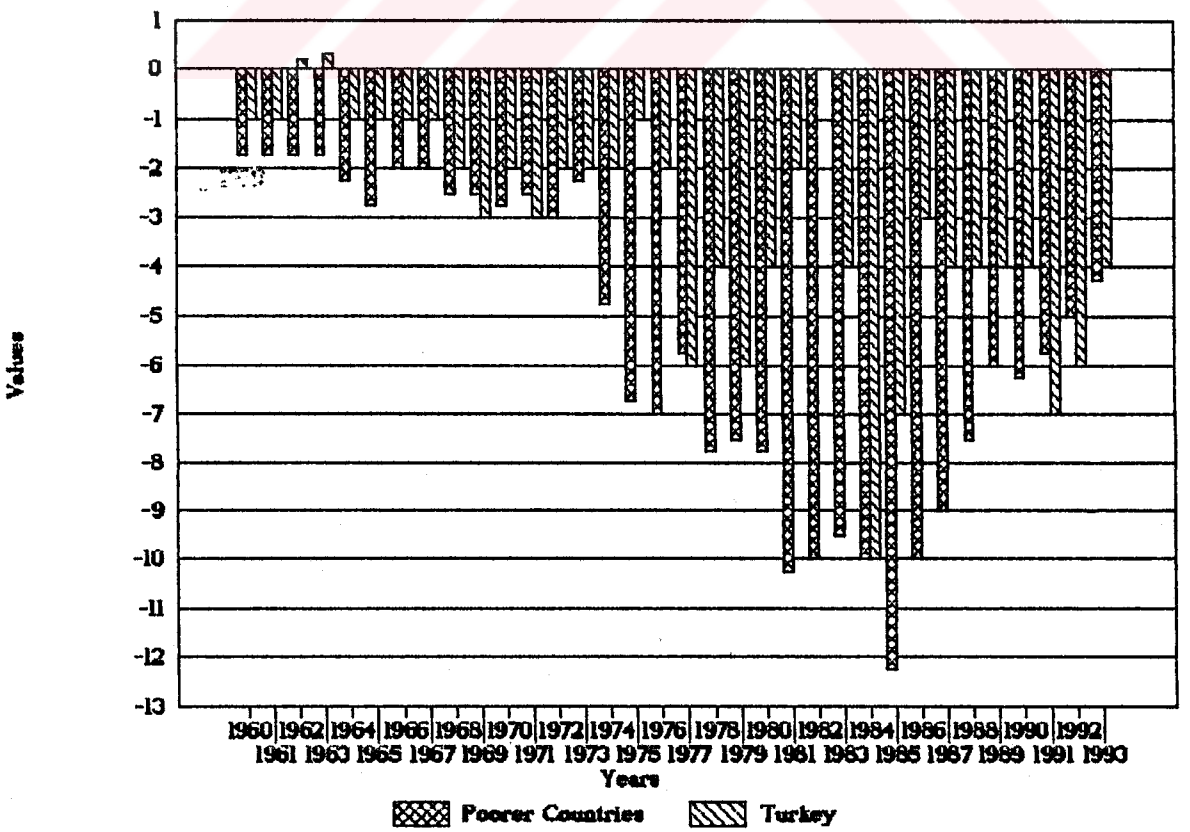
Graph 4–2 : Exchange Rates (% Changes)



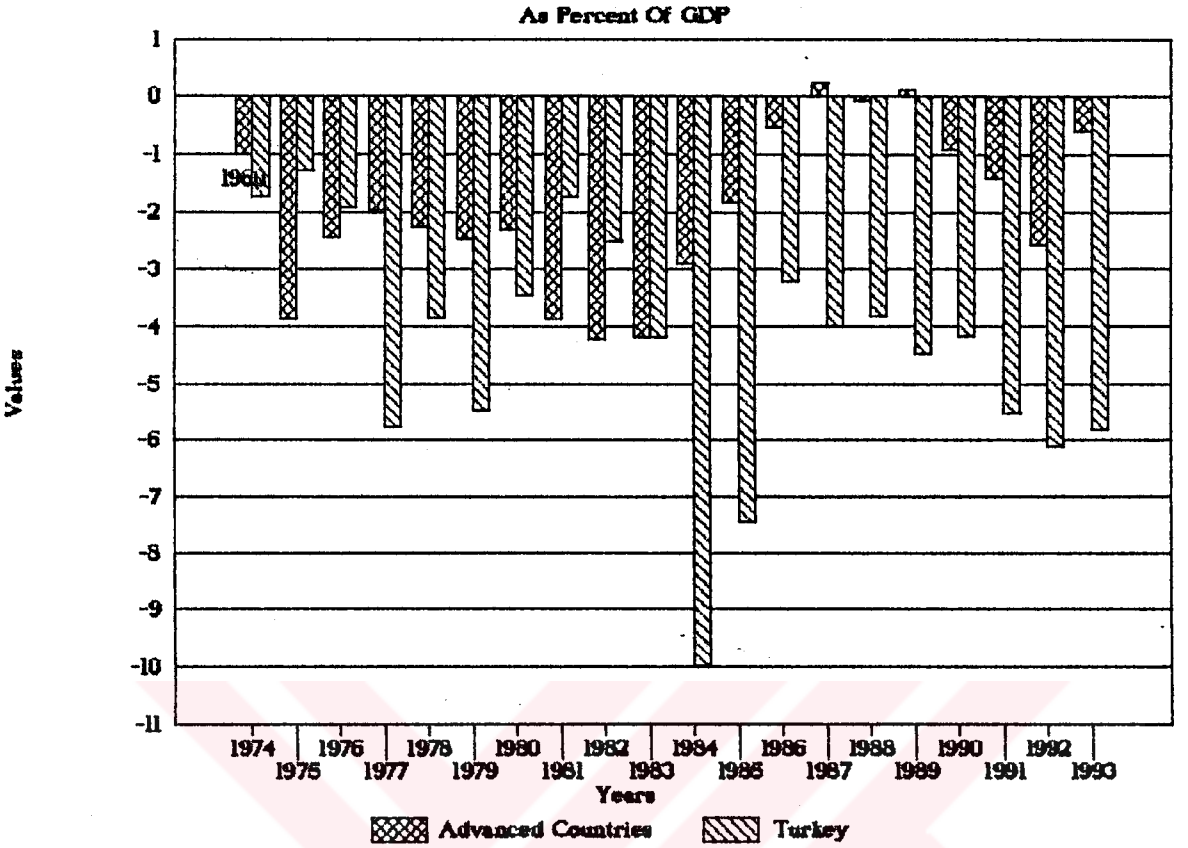
Graph 5–1 : Public Deficit(Surplus)/GNP



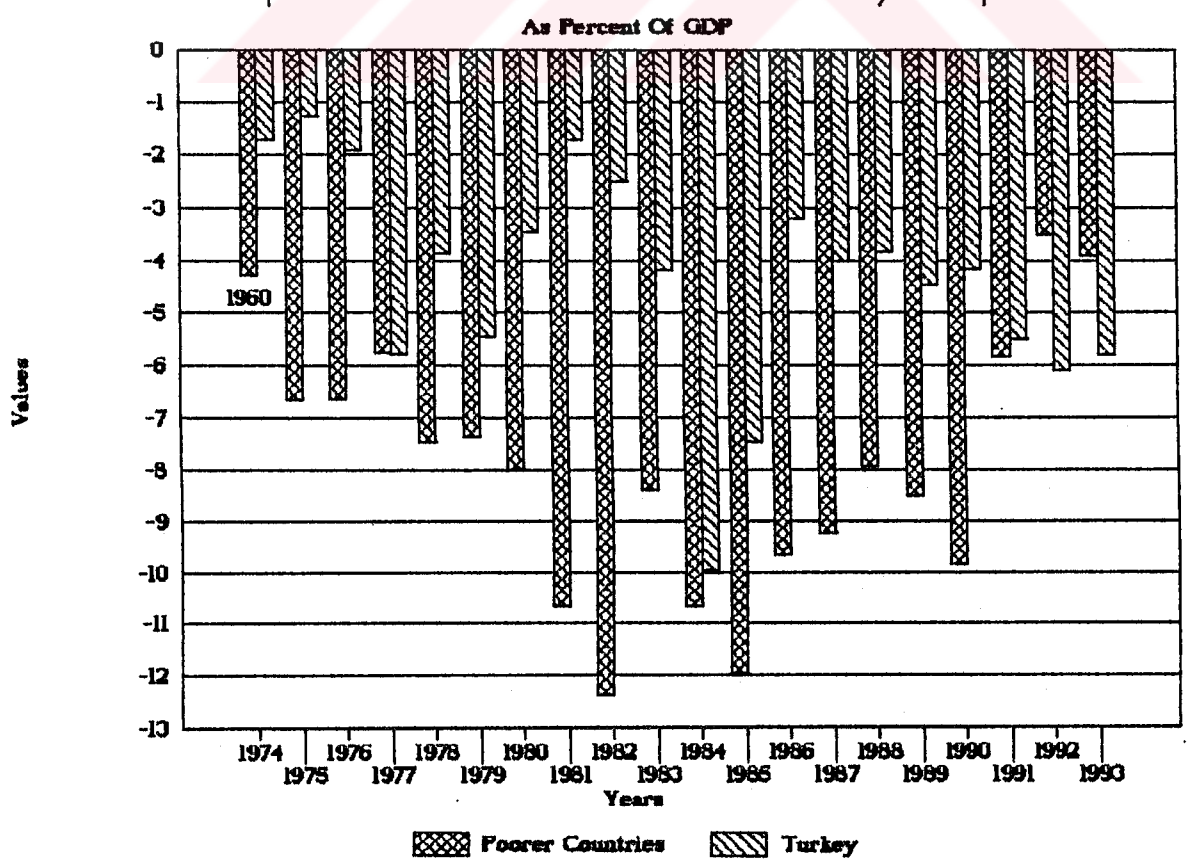
Graph 5–2 : Public Deficit(Surplus)/GNP



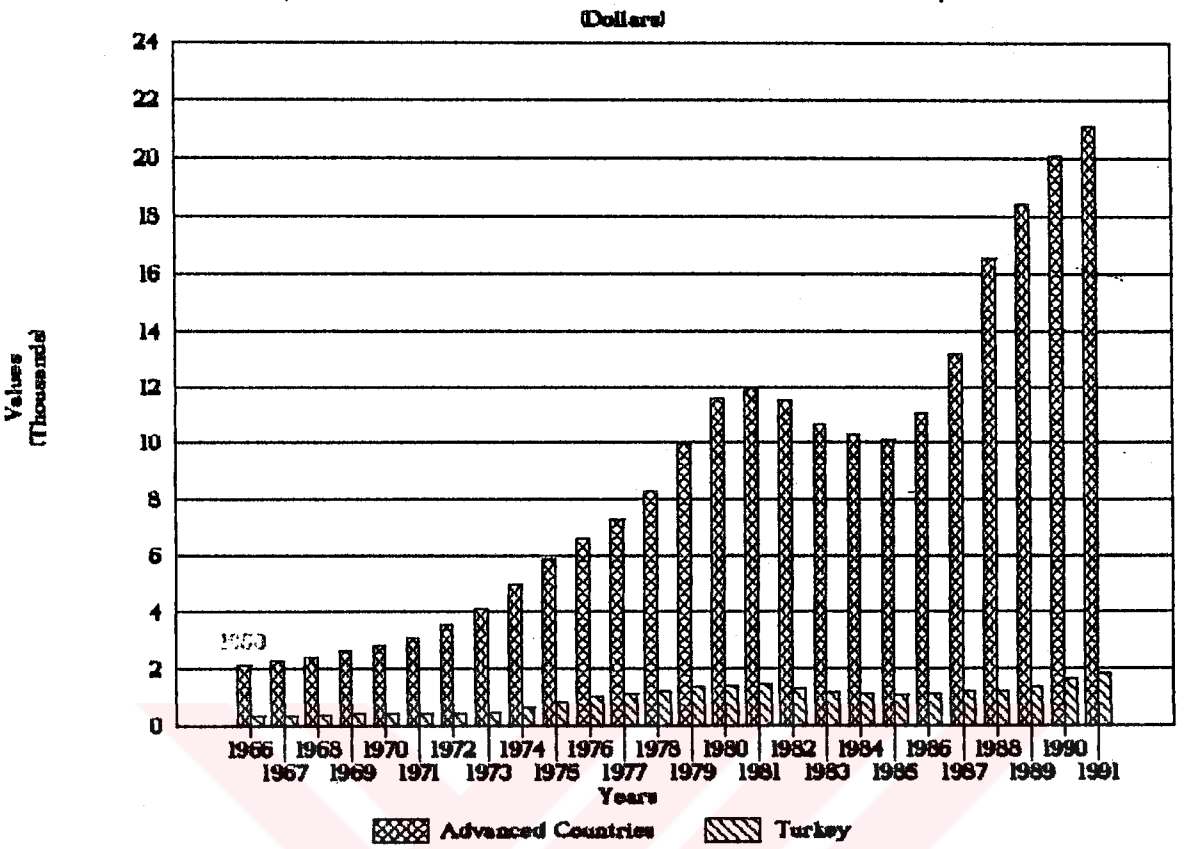
Graph 6–1 : Central Gov.Deficit/Surplus



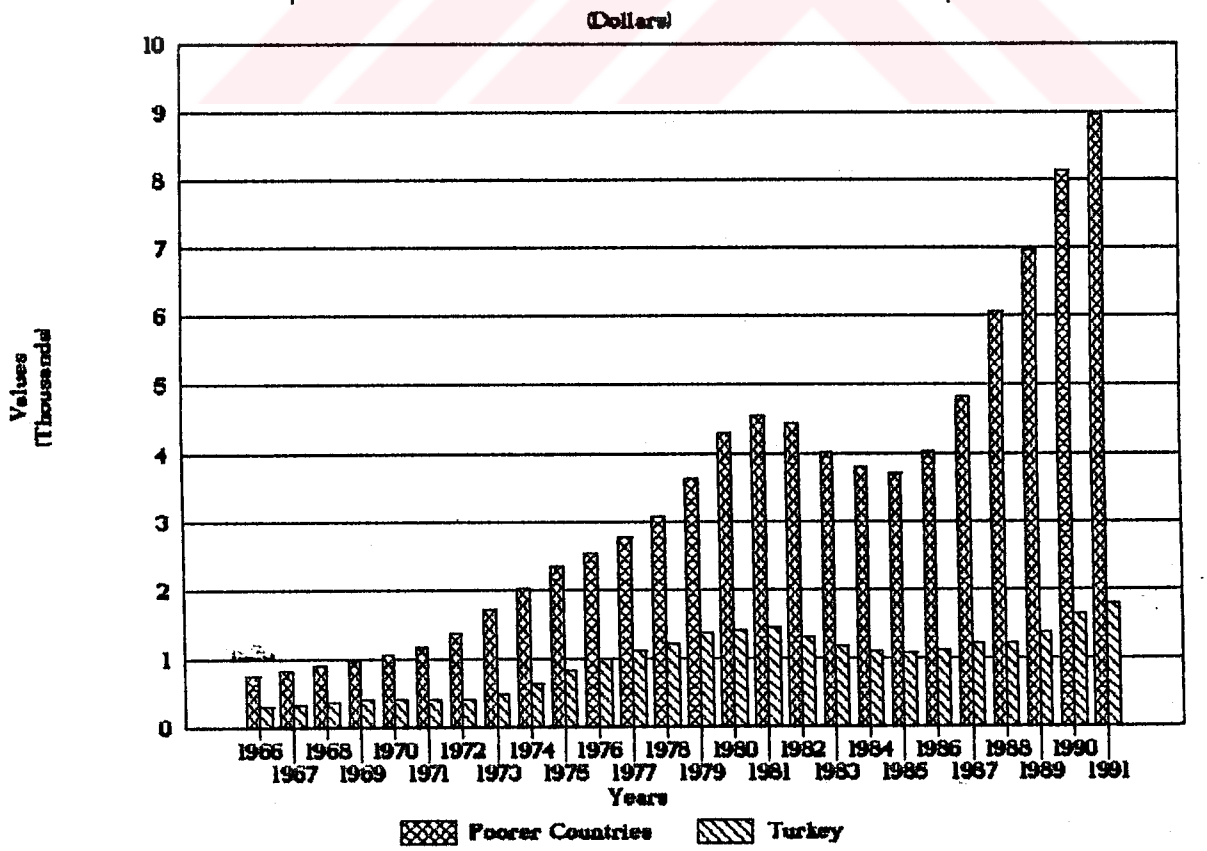
Graph 6–2 : Central Gov.Deficit/Surplus



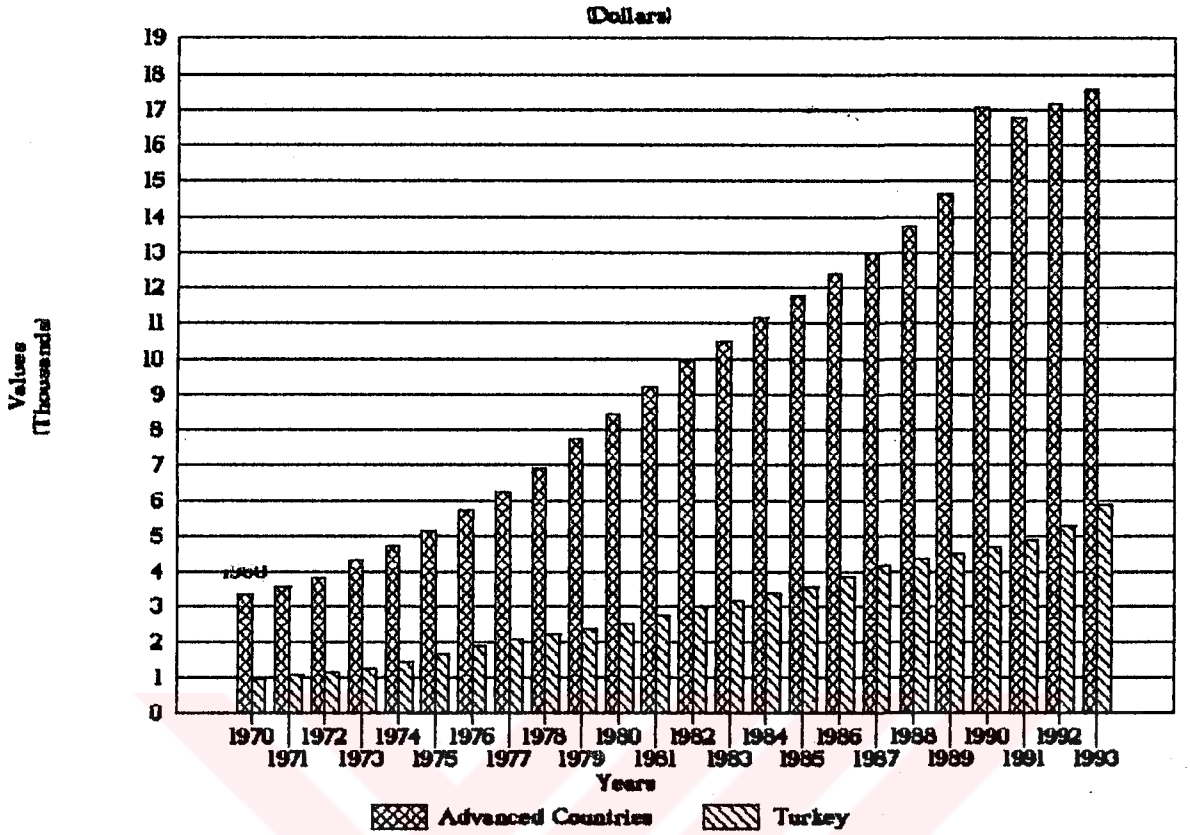
Graph 7–1 : Current GNP Per Capita



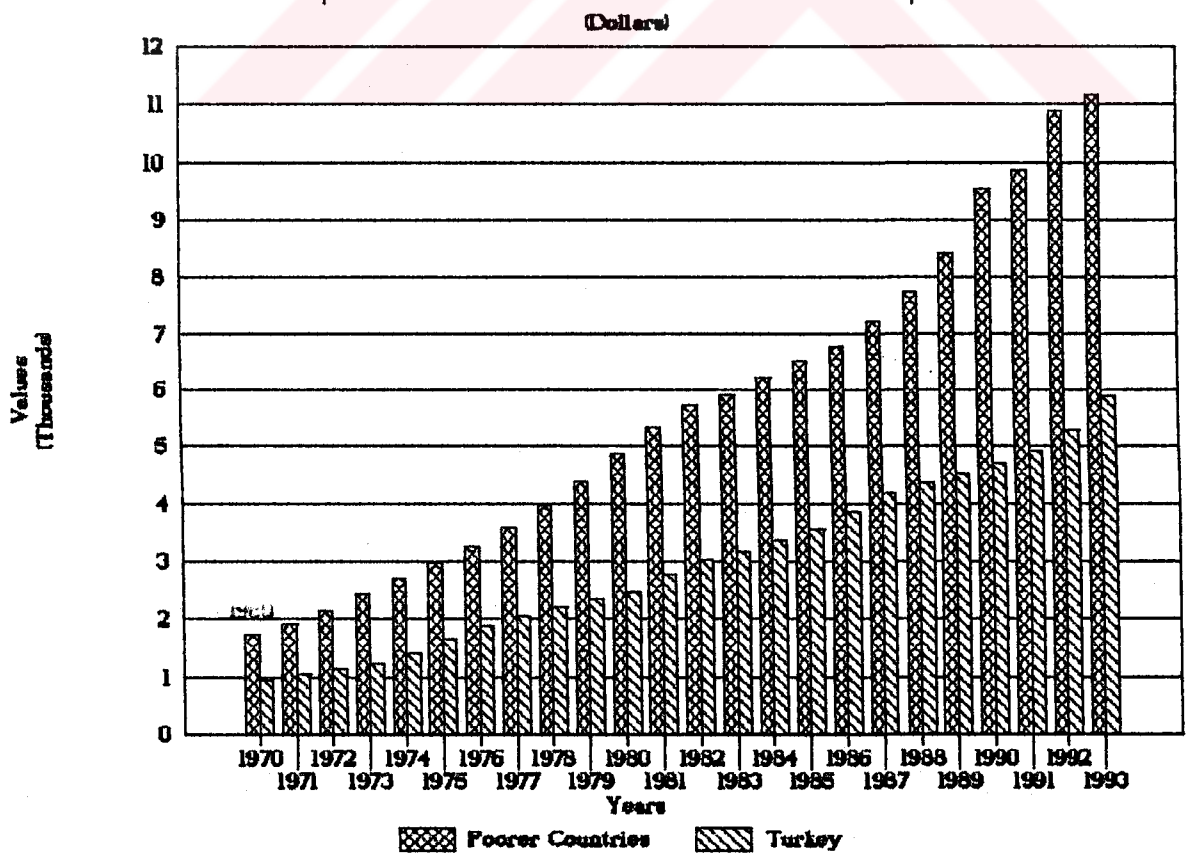
Graph 7–2 : Current GNP Per Capita



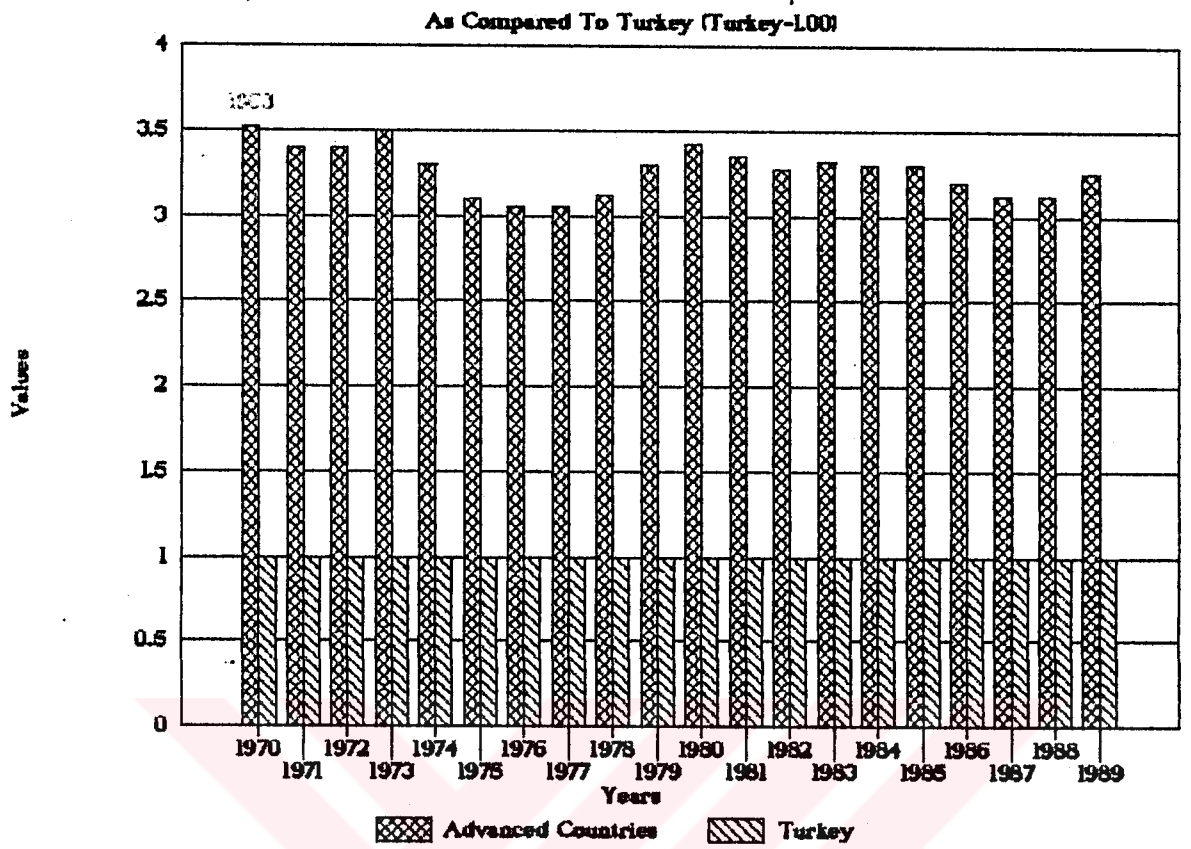
Graph 8–1 : Real GDP Per Capita



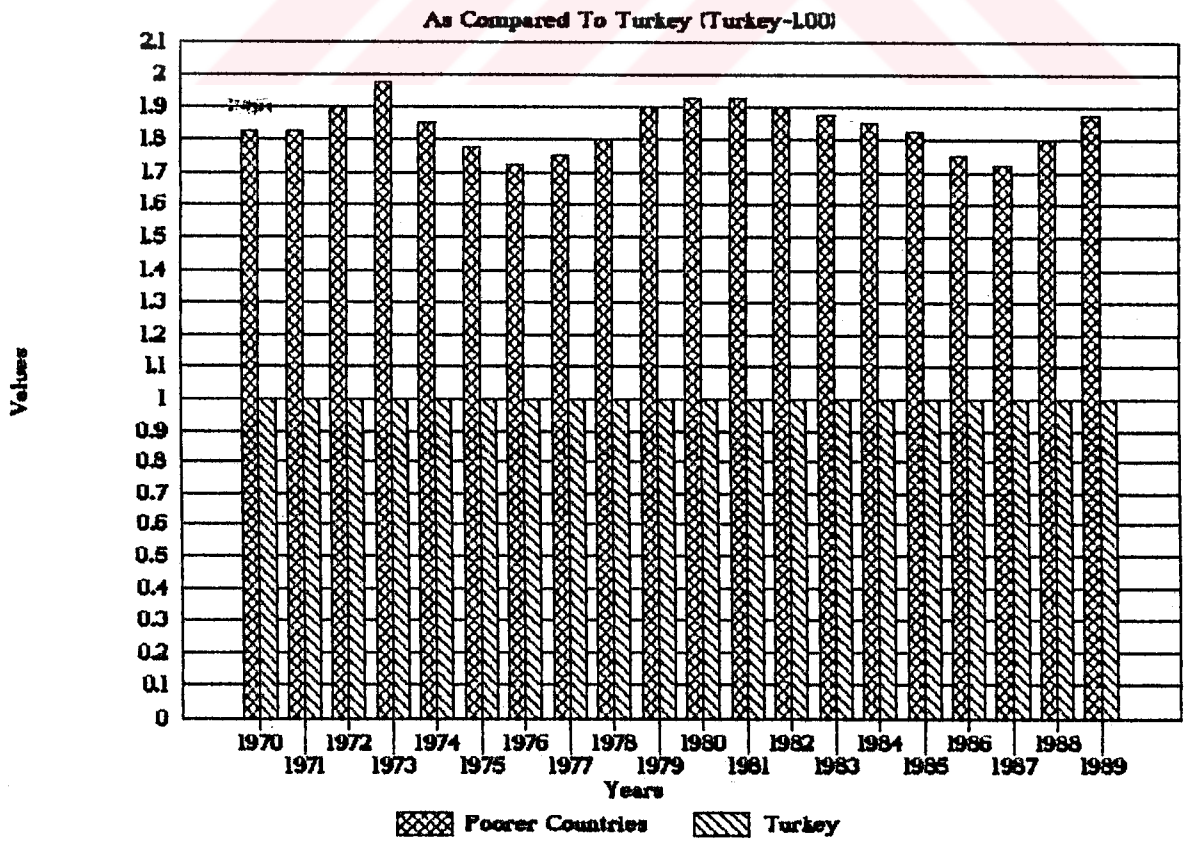
Graph 8–2 : Real GDP Per Capita



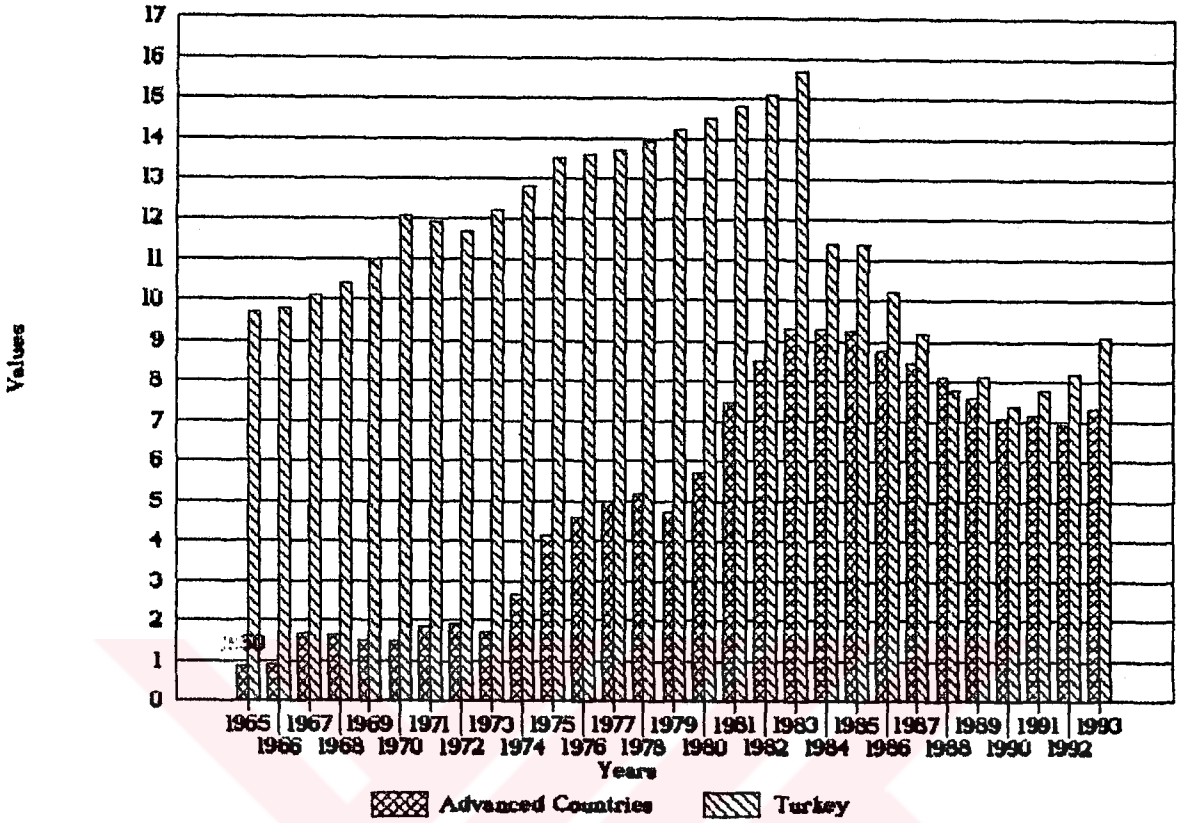
Graph 9—1:Real GDP Per Capita In The EC



Graph 9—2:Real GDP Per Capita In The EC



Graph 10–1 : Unemployment Rates (%)



Graph 10–2 : Unemployment Rates (%)

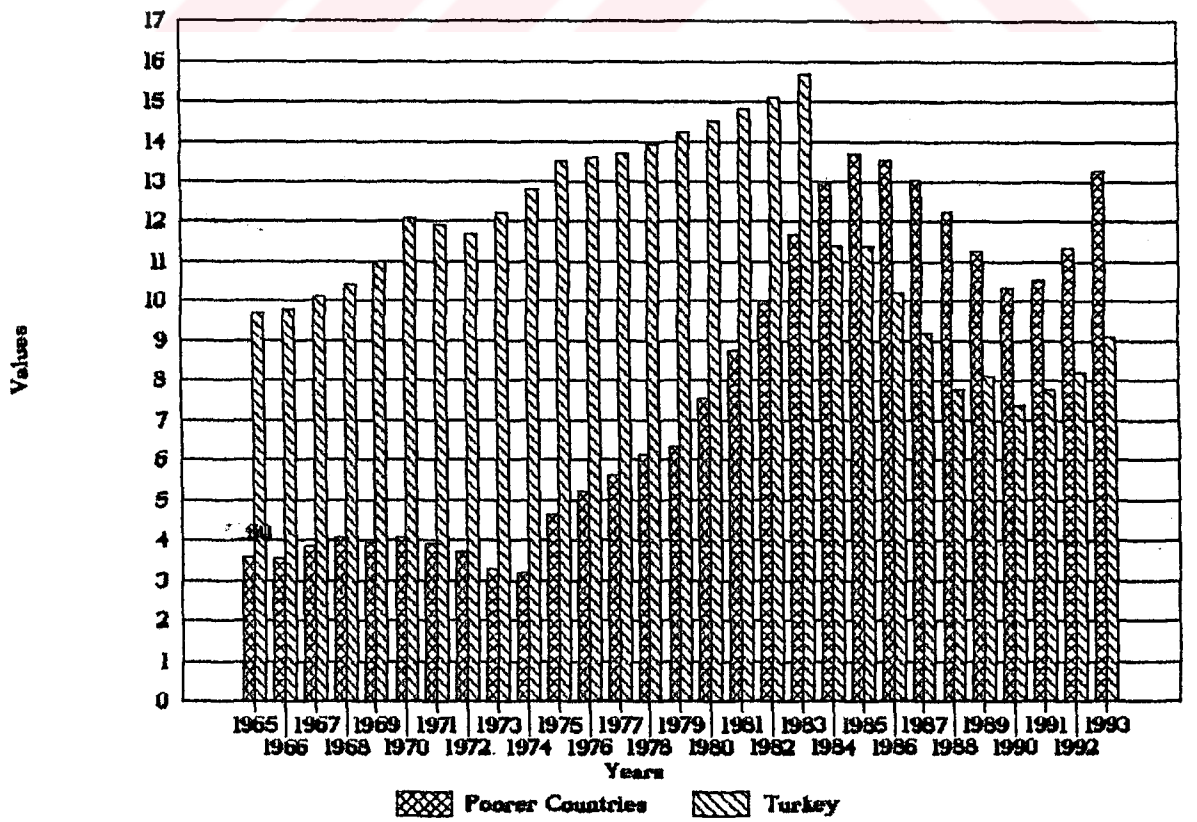


Table 1
Inflation Rates (Changes In Consumer Prices)

	BEL	DEN	FRA	GER	GRE	IRE	ITA	SPA	NET	POR	UK	LUX	TUR
1960	0	1	4	1	2	0	1	1	2	3	1	0	1
1961	1	3	2	2	2	3	3	2	1	2	4	0	1
1962	1	7	5	3	0	4	4	6	2	3	4	1	3
1963	2	6	5	3	3	2	8	9	3	2	2	3	3
1964	4	3	3	2	1	7	6	7	6	3	3	3	2
1965	4	5	3	3	3	5	4	12	6	3	5	3	6
1966	4	7	3	4	5	3	3	8	6	5	4	3	4
1967	3	8	3	2	2	3	1	6	3	6	2	2	7
1968	3	8	5	2	0	5	2	5	4	6	5	3	0
1969	4	3	6	2	2	7	2	2	7	7	5	2	8
1970	4	7	6	3	3	8	5	6	4	5	6	5	7
1971	4	6	6	5	3	9	5	8	7	7	9	5	16
1972	5	7	6	5	4	9	6	8	8	9	7	5	12
1973	7	9	7	7	16	11	11	11	8	10	9	6	15
1974	13	15	14	7	27	17	19	15	10	28	16	9	16
1975	13	10	12	6	13	21	17	18	10	20	24	11	19
1976	9	9	10	4	13	18	17	18	9	18	17	10	17
1977	7	11	9	4	12	14	18	25	6	27	16	7	27
1978	4	10	9	3	13	8	12	20	4	23	8	3	45
1979	4	10	11	4	19	13	15	16	4	24	13	5	59
1980	7	12	13	5	25	18	21	16	7	17	18	6	110
1981	8	12	13	6	24	20	20	15	7	20	12	8	37
1982	9	10	12	5	21	17	16	14	6	23	9	9	31
1983	8	7	10	3	20	10	15	12	3	25	5	9	31
1984	6	6	7	2	18	9	11	11	3	29	5	6	48
1985	5	5	6	2	19	5	9	9	2	19	6	4	45
1986	1	4	3	0	23	4	6	9	0	12	3	0	35
1987	2	4	3	0	16	3	5	5	-1	9	4	0	39
1988	1	5	3	1	14	2	5	5	1	10	5	2	74
1989	3	5	3	3	14	4	6	7	1	13	8	3	63
1990	3	3	3	3	20	3	6	7	2	13	9	4	60
1991	3	2	3	3	19	3	6	6	3	11	6	3	66
1992	2	2	2	4	16	3	5	6	3	9	4	3	70
1993	3	1	2	4	14	1	4	5	3	7	2	4	66

Source : IMF, International Financial Statistics, 1993.

Table 2
Long Term Interest Rates (Government Bond Yield)

	BEL	DEN	FRA	GER	GRE*	IRE	ITA	SPA	NET	POR	UK	LUX	TUR
1960	5	6	5	6		5	5	6	4	3	6	5	
1961	6	6	5	6		6	5	5	4	4	6	6	
1962	5	6	5	6		6	6	6	4	4	6	4	
1963	5	6	5	6		5	6	7	4	4	5	4	
1964	6	6	5	6		6	7	7	5	4	6	5	
1965	6	7	5	7		6	7	7	6	4	7	6	
1966	7	8	5	8		7	7	7	7	4	7	7	
1967	7	8	6	7		7	7	8	6	5	7	6	
1968	7	8	6	7	8	7	7	9	6	5	8	7	
1969	7	9	8	7	9	10	7	10	8	5	9	7	
1970	8	11	8	8	10	10	9	11	8	5	9	8	
1971	7	11	8	8	11	8	8	11	7	6	9	8	
1972	7	10	7	8	11	9	7	12	7	6	9	7	7
1973	7	11	8	9	12	12	7	13	8	5	11	7	7
1974	7	15	10	10	13	17	10	13	10	0	15	7	9
1975	9	13	9	9	12	15	12	14	9	0	14	7	9
1976	9	13	9	8	13	15	13	14	9	10	14	7	9
1977	9	13	10	6	12	11	15	14	9	11	13	7	9
1978	9	15	9	6	13	13	14	15	8	16	12	7	12
1979	10	16	9	7	13	15	14	15	9	17	13	7	20
1980	12	18	13	9	14	15	16	16	10	17	14	8	33
1981	14	19	16	10	14	17	21	16	12	17	15	9	50
1982	14	20	16	9	15	17	21	16	10	17	13	11	50
1983	12	14	14	8	15	14	18	17	9	19	11	10	45
1984	12	14	13	8	16	15	15	17	8	22	11	10	45
1985	11	11	11	7	16	13	13	13	7	21	11	10	55
1986	8	10	9	6	17	11	11	11	6	16	10	9	52
1987	8	11	9	6	17	11	10	13	6	15	9	8	46
1988	8	10	9	6	16	9	10	12	6	14	9	7	63
1989	9	10	9	7	16	9	11	14	7	15	10	8	58
1990	10	11	10	9	19	10	12	15	9	15	11	9	51
1991	9	10	9	9	19	9	13	12	9	18	10	8	73
1992	9	9	9	8	18	9	13	12	8	15	9	8	77
1993	7	7	7	6	18	8	11	10	7	12	8	7	94

Source:For the EC, IMF, International Financial Statistics, 1993
For Turkey, Sermaye Piyasasi Kurulu, Monthly Bulletin, 1994-95
GRE* : Treasury Bill Rate

Table 3
Exchange Rates (National currency units per SDR)

	BEL	DEN	FRA	GER	GRE	IRE	ITA	SPA	NET	POR	UK	LUX	TUR
1960	52	6.5	4.4	4	30	0.3	621	59.1	3.2	28.1	0.4	49.1	9
1961	53	6.5	4.5	4	30	0.3	621	59.4	3.3	28.5	0.4	49.2	9
1962	53	6.6	4.6	4	30	0.3	621	59.5	3.4	28.6	0.4	49.4	9
1963	53	6.7	4.8	4	30	0.3	622	59.7	3.5	28.6	0.4	49.5	9
1964	53	6.8	4.8	4	30	0.4	625	59.8	3.6	28.7	0.4	49.6	9
1965	52	6.9	4.9	4	30	0.4	625	60	3.6	28.8	0.6	49.6	9
1966	50	6.9	4.9	4	30	0.4	624	60	3.6	28.9	0.6	50	9
1967	49.6	7.4	4.9	4	30	0.4	624	69.7	3.6	28.9	0.4	49.6	9
1968	50.1	7.5	4.9	4	30	0.4	624	69.8	3.6	28.8	0.4	50	9
1969	49.6	7.5	5.5	3.6	30	0.4	626	70	3.6	28.7	0.4	49.7	9
1970	49.6	7.5	5.6	3.6	30	0.4	623	69.7	3.6	28.8	0.4	49.7	14.9
1971	48.5	7.6	5.6	3.5	32	0.4	645	71.7	3.5	29.9	0.4	48.6	15.4
1972	47.8	7.4	5.6	3.4	32.5	0.4	632	69	3.5	29.3	0.4	47.8	15.4
1973	49.8	7.6	5.7	3.2	35.8	0.4	733	68.7	3.4	31	0.5	49.8	17.1
1974	44.2	6.9	5.4	2.9	36.7	0.4	795	68.7	3	30	0.5	44	17.1
1975	46.2	7.2	5.2	3	41.7	0.5	800	70	3.1	32	0.5	46	17.7
1976	41.8	6.7	5.7	2.7	43	0.5	1017	79	2.9	37	0.6	42	19.4
1977	40	7	5.7	3	43	0.6	1059	98	2.8	48	0.7	40	23.6
1978	37.5	6.6	5.4	2.3	47	0.6	1081	91	2.7	60	0.7	38	32.9
1979	37	7	5.2	2.3	50	0.7	1059	87	2.5	66	0.7	37	46.7
1980	40	7.6	5.8	2.4	59	0.7	1187	101	2.7	68	0.6	40	115
1981	44.7	8.5	6.7	2.6	67	0.7	1397	113	2.9	76	0.6	45	156
1982	51.8	9.2	7.4	2.6	78	0.7	1511	139	2.9	98	0.6	52	206
1983	58.2	10	8.7	2.9	103	0.9	1737	164	3.2	138	0.6	58	296
1984	61.8	11	9.4	3	126	0.9	1898	170	3.4	166	0.6	62	436
1985	55.3	10	8.3	2.7	162	0.8	1844	169	3	173	0.7	55	634
1986	49.4	8.9	7.9	2.4	170	0.8	1661	162	2.7	179	0.7	49	927
1987	47	8.6	7.6	2.2	179	0.8	1659	155	2.5	184	0.7	47	1448
1988	50	9.2	8.1	2.3	199	0.9	1757	153	2.7	197	0.7	50	2442
1989	47	8.6	7.6	2.2	207	0.8	1670	144	2.5	197	0.8	47	3041
1990	44	8.2	7.2	2.1	224	0.8	1608	138	2.4	190	0.7	44	4168
1991	45	8.4	7.4	2.2	251	0.8	1647	138	2.4	192	0.8	45	7266
1992	46	8.6	7.5	2.2	295	0.8	2022	158	2.5	202	0.9	46	11776
1993	50	9.3	8	2.3	342	0.9	2341	195	2.7	243	0.9	50	19879

Source :IMF, International Financial Statistics, 1993

Table 4
Percentage Change In Exchange Rates (n.c. units per SDR)

	BEL	DEN	FRA	GER	GRE	IRE	ITA	SPA	NET	POR	UK	LUX	TUR
1961	1	0	2	0	0	0	0	0.5	3	1	0	0.2	0
1962	0	2	2	0	0	0	0	0.2	3	0.3	0	0.4	0
1963	0	2	4	0	0	0	0.1	0.3	2	0	0	0.2	0
1964	0	1	0	0	0	33	0.5	0.2	3	0.3	0	0.2	0
1965	-2	1	2	0	0	0	0	0.3	0	0.3	0.5	0	0
1966	-3	0	0	0	0	0	-0.1	0	0	0.3	0	0.8	0
1967	-1	7	0	0	0	0	0	17	0	0	-33	-0.8	0
1968	-3	14	0	0	0	0	0	0.2	0	-0.3	0	0.8	0
1969	1	-13	20	-0.1	0	0	0.3	0.3	0	-0.3	0	-0.6	0
1970	-3	0	2	0	0	0	-0.4	-0.4	0	0.3	0	0	67
1971	-2	14	0	-3	10	0	4	3	-3	3	0	-2	4
1972	-2	-13	0	-25	2	0	-2	-4	0	-3	0	-2	0
1973	4	14	2	-6	9	0	15	-0.4	-25	7	25	4	14
1974	-12	-13	-17	-9	3	0	9	0	-11	-3	0	-12	0
1975	-5	4	-4	3	14	25	0.6	2	3	6	0	5	6
1976	-9	-6	20	-0.1	3	0	27	13	-6	15	20	-9	6
1977	-5	4	0	11	0	20	4	24	-3	30	17	-5	26
1978	-5	-6	-17	-33	9	0	2	-7	-4	25	0	-5	38
1979	-3	6	-4	0	6	16	-2	-4	-7	10	0	-2	42
1980	8	14	20	4	18	0	12	16	8	3	-14	8	150
1981	13	13	17	50	14	0	18	12	7	12	0	13	36
1982	16	8	10	0	16	0	8	23	0	29	0	16	32
1983	12	11	29	12	32	29	15	18	10	40	0	12	43
1984	7	10	8	3	22	0	9	4	6	20	0	7	47
1985	-11	-9	-11	-1	29	-11	-3	-0.5	-11	5	17	-11	45
1986	-11	-10	-4	-33	5	0	-9	-4	-0.1	3	0	-10	46
1987	-4	-3	-4	-8	5	42	-0.1	-4	-7	3	0	-5	56
1988	6	7	7	5	11	13	6	-1	8	7	43	6	69
1989	-6	-7	-6	-4	4	-11	-5	-5	-33	0	14	-6	26
1990	-6	-11	-13	-5	9	0	-4	-4	-4	-4	-13	-6	37
1991	2	2	3	5	12	0	2	0	0	1	14	2	74
1992	2	13	12	0	18	0	23	14	4	5	13	2	62
1993	9	8	6	5	16	13	16	23	50	20	0	9	68

Table 5
Exchange Rates (National currency units per US $)

	BEL	DEN	FRA	GER	GRE	IRE	ITA	SPA	NET	POR	UK	LUX	TUR
1960	52	6.9	4.9	4.2	30	0.3	621	60	3.8	29	0.3	50	4.9
1961	50	6.9	4.9	4	30	0.3	621	60	3.6	29	0.3	50	5.1
1962	50	6.9	4.9	4	30	0.3	621	60	3.6	29	0.3	50	6.5
1963	50	6.9	4.9	4	30	0.3	622	60	3.6	29	0.3	50	9
1964	50	6.9	4.9	4	30	0.3	625	60	3.6	29	0.3	50	9
1965	50	6.9	4.9	4	30	0.4	625	60	3.6	29	0.4	50	9
1966	50	6.9	4.9	4	30	0.4	624	60	3.6	29	0.4	50	9
1967	50	7	4.9	4	30	0.4	624	61	3.6	29	0.4	50	9
1968	50	7.5	4.9	4	30	0.4	624	70	3.6	29	0.4	50	9
1969	50	7.5	5.1	3.9	30	0.4	626	70	3.6	29	0.4	50	9
1970	50	7.5	5.6	3.7	30	0.4	623	70	3.6	29	0.4	50	15
1971	45	7.5	5.5	3.5	30	0.4	594	69	3.6	28	0.4	45	14
1972	44	6.9	5	3.2	30	0.4	583	64	3.5	27	0.4	44	14
1973	41	6	5	2.7	30	0.4	608	57	3.2	26	0.4	41	14
1974	36	6	4.5	2.6	30	0.4	649	56	2.8	25	0.4	36	14
1975	40	5.7	4.8	2.5	36	0.4	684	60	3	27	0.4	40	15
1976	36	6	4.2	2.5	37	0.5	875	68	2	32	0.5	36	17
1977	33	6	4.7	2.3	36	0.5	872	81	2	40	0.5	33	19
1978	29	5.5	4.9	2	36	0.4	830	70	2	46	0.4	29	25
1979	28	5.2	4.5	1.8	38	0.4	804	66	2	50	0.4	28	35
1980	32	5.6	4.2	1.8	47	0.5	931	79	2	53	0.4	32	90
1981	38	7.1	5.4	2.3	58	0.6	1200	97	2	65	0.6	38	134
1982	47	8.3	6.6	2.4	71	0.6	1370	126	3	89	0.6	47	187
1983	56	9.1	7.6	2.6	99	0.6	1660	157	3	131	0.6	56	283
1984	63	10.3	8.7	2.9	128	0.6	1936	173	4	169	0.6	63	445
1985	50	10.6	8.9	2.9	148	0.7	1679	154	3	157	0.6	50	577
1986	40	7	6	2.8	139	0.7	1358	132	2	146	0.7	40	758
1987	33	6	5	2	126	0.6	1169	109	2	130	0.7	33	1021
1988	37	7	6	2	148	0.8	1306	113	2	146	0.6	37	1815
1989	36	7.3	6.3	1.8	158	1.1	1271	110	2.1	150	1.6	36	2314
1990	31	6.2	5.5	1.6	158	1.4	1130	97	1.8	134	1.8	31	2930
1991	31	6.3	5.6	1.7	175	1.6	1151	97	1.9	134	1.8	31	5080
1992	33	6	5.3	1.6	215	1.7	1471	115	1.8	147	1.8	33	8564
1993	36	7	6	2	249	1.7	1704	142	1.7	177	1.9	36	14473

Source :IMF, International Financial Statistics, 1993

Table 6
Percentage Change In Exchange Rates (n.c. units per US $)

	BEL	DEN	FRA	GER	GRE	IRE	ITA	SPA	NET	POR	UK	LUX	TUR
.961	-3	0	0	-5	0	0	0	0	-5	0	0	0	4
.962	0	0	0	0	0	0	0	0	0	0	0	0	3
.963	0	0	0	0	0	0	0.2	0	0	0	0	0	4
.964	0	0	0	0	0	0	0.5	0	0	0	0	0	0
.965	0	0	0	0	0	33	0	0	0	0	33	0	0
.966	0	0	0	0	0	0	-0.1	0	0	0	0	0	0
.967	0	1	0	0	0	0	0	17	0	0	0	0	0
.968	0	14	0	0	0	0	0	15	0	0	0	0	0
.969	0	-13	20	-3	0	0	0.3	0	0	0	0	0	0
.970	0	0	10	-5	0	0	-0.4	0	0	0	0	0	66
.971	-10	0	-17	-5	0	0	-0.5	-6	-25	-3	0	-10	-7
.972	2	-8	-9	-9	0	0	2	-3	-3	-4	0	-2	0
.973	-7	-14	0	-16	0	0	4	-10	-9	-4	0	-7	0
.974	-12	0	-2	-4	0	0	7	-2	-13	-4	0	-1	0
.975	11	-5	7	-4	20	0	5	7	7	8	0	11	7
.976	-10	5	25	0	3	25	3	13	-33	19	25	-1	13
.977	-8	0	12	-8	-3	0	-0.3	19	0	25	0	-8	12
.978	-12	-8	-20	-13	0	-0.2	-5	-13	0	15	-20	-1	32
.979	-3	-5	-8	-1	6	0	-3	-6	0	9	0	-3	40
.980	14	8	25	0	23	0.25	16	20	0	6	0	14	157
.981	19	17	3	3	23	0.2	29	23	0	23	50	19	49
.982	27	14	17	4	22	0	14	30	50	37	0	24	40
.983	19	25	14	8	39	0	21	25	0	47	0	19	51
.984	13	10	25	12	29	0	17	10	33	29	0	13	57
.985	-20	-18	-20	0	25	16	-13	-10	-25	-7	0	-20	30
.986	-20	-22	-25	-3	-6	0	-19	-14	-33	-7	17	-20	31
.987	-18	-14	-16	-3	-9	-14	-14	-17	0	-10	0	-18	35
.988	12	17	20	0	17	33	12	4	0	12	-14	12	78
.989	-3	4	5	-1	7	4	-3	-3	5	3	43	-3	27
.990	-14	-14	-16	-11	0	3	-11	-11	-14	-10	13	-13	26
.991	0	3	4	6	11	14	2	0	6	0	0	0	73
.992	6	-4	20	-6	23	6	3	19	-5	10	0	6	69
.993	9	17	13	3	16	0	16	23	-5	20	6	9	69

Table 7
Exchange Rate (National currency units per ECU)

	BEL/LU	DEN	FRA	GER	GRE	IRE	ITA	SPA	POR	NET	UK
1960	52.8	7.3	5.2	4.4	32	0.4	660	64	30	4	0.4
1961	53.4	7.4	5.3	4.3	32	0.4	668	64	31	3.9	0.4
1962	53.5	7.4	5.3	4.3	32	0.4	669	64	31	3.9	0.4
1963	53.5	7.4	5.3	4.3	32	0.4	669	64	31	3.9	0.4
1964	53.5	7.4	5.3	4.3	32	0.4	669	64	31	3.9	0.4
1965	53.5	7.4	5.3	4.3	32	0.4	669	64	31	3.9	0.4
1966	53.5	7.4	5.3	4.3	32	0.4	669	64	31	3.8	0.4
1967	53.2	7.4	5.3	4.2	32	0.4	666	65	31	3.8	0.4
1968	51.1	7.8	5.3	4.1	31	0.4	643	72	29	3.7	0.4
1969	51.1	7.7	5.7	4	31	0.4	639	72	29	3.7	0.4
1970	51.1	7.7	5.7	3.7	31	0.4	639	71	29	3.7	0.4
1971	50.8	7.8	5.8	3.6	32	0.4	647	73	30	3.7	0.4
1972	49.3	7.8	5.7	3.6	34	0.5	654	72	30	3.6	0.4
1973	47.8	7.4	5.5	3.3	37	0.5	716	72	30	3.4	0.5
1974	46.4	7.3	5.7	3	36	0.6	775	69	30	3.2	0.5
1975	45.6	7.1	5.3	2.8	40	0.6	809	71	32	3.1	0.6
1976	43.2	6.8	5.3	2.6	58	0.6	930	74	34	3	0.6
1977	40.8	6.9	5.6	2.6	59	0.7	1006	86	44	2.8	0.6
1978	40	7	5.7	2.5	61	0.7	1080	97	56	2.8	0.6
1979	40	7.2	5.8	2.5	61	0.6	1157	91	67	3	0.6
1980	41	7.8	5.9	2.5	62	0.7	1215	100	70	2.7	0.6
1981	41.3	7.9	6	2.5	62	0.7	1304	103	68	2.8	0.6
1982	44.7	8.2	6.4	2.4	69	0.7	1326	107	78	2.8	0.6
1983	45.4	8.1	6.8	2.3	82	0.7	1372	128	99	2.6	0.6
1984	45.4	8.1	6.9	2.2	91	0.7	1371	127	115	2.5	0.6
1985	45	8	6.8	2.1	131	0.7	1490	129	130	2.5	0.6
1986	43	7.9	6.8	2	149	0.7	1446	137	147	2.5	0.7
1987	43	7.8	6.9	2	164	0.8	1522	143	162	2.4	0.7
1988	44	7.8	6.9	2	173	0.8	1531	145	171	2.3	0.7
1989	43	7.9	7.1	2.1	188	0.7	1518	146	175	2.3	0.8
1990	42	7.7	7.2	2.4	214	0.9	1540	149	178	2	0.9
1991	42	7.2	7.3	2.3	235	1	1542	154	182	2	1
1992	40	7.6	7.4	2.4	260	1	1787	156	184	2	1
1993	40	8	7.5	2.5	278	1	1908	160	188	2	1

Source : IMF, International Financial Statistics, 1993

Table 8
Percentage Change In Exchange Rate (n.c. units per ECU)

	BEL/LU	DEN	FRA	GER	GRE	IRE	ITA	SPA	NET	POR	UK
1961	1	1	2	-2	0	0	1	0	-3	3	-3
1962	2	0	0	0	0	0	0.1	0	0	0	0
1963	0	0	0	0	0	0	0	0	0	0	0
1964	0	0	0	0	0	0	0	0	0	0	0
1965	0	0	0	0	0	0	0	0	0	0	0
1966	0	0	0	0	0	0	0	0	-3	0	-3
1967	0	0	0	-2	0	0	-0.1	15	0	0	0
1968	-5	5	0	-2	-3	0	-3	10	-3	-6	-3
1969	0	14	8	-2	0	0	-0.6	0	0	0	0
1970	0	0	20	-7	0	0	0	-1	0	0	0
1971	0	1	2	-3	3	0	1	3	0	3	0
1972	-2	0	-2	0	6	25	1	-1	-3	0	-3
1973	-4	-12	-16	-25	9	0	9	0	-5	0	-5
1974	-2	-1	20	-9	-3	0.2	8	-4	-25	0	-25
1975	-2	-3	-16	-6	11	0	4	3	-3	7	-3
1976	-2	-4	0	-7	45	0	15	4	-3	6	-3
1977	3	1	6	0	2	16	8	16	-6	3	-6
1978	3	14	20	-4	3	0	7	13	0	3	0
1979	0	3	2	0	0	-14	7	-6	7	2	7
1980	3	8	2	0	2	16	5	10	-0.1	4	-0.1
1981	2	1	2	0	0	0	7	3	4	-3	4
1982	7	4	17	-33	11	0	2	4	0	15	0
1983	2	-1	6	-4	19	0	3	20	-7	27	-7
1984	-2	0	1	-4	11	0	0	-0.7	-4	16	-3
1985	0	-1	-1	-5	44	0	9	2	-33	13	-33
1986	-4	-1	0	-5	14	0	-3	6	0	13	0
1987	0	-1	1	0	10	14	5	4	-4	10	-4
1988	2	3	0	0	5	0	0.5	1	-4	56	-4
1989	-2	1	1	5	9	25	-0.8	1	0	2	0
1990	-2	-2	1	14	14	29	1	2	-13	2	-13
1991	0	-6	1	-4	10	11	1	3	0	2	0
1992	-4	6	1	4	11	0	16	1	0	1	0
1993	0	5	1	4	7	0	7	3	0	2	0

Table 9
Deficit (or Surplus) / GNP *

	BEL	DEN	FRA	GER	GRE	IRE	ITA	SPA	NET	POR	UK	LUX	TUR
1960	-4	2	-1	-1	-2	-5	-2		1		-1		-1
1961	-3	-1	-1	0	-2	-5	-1		0		-1		-1
1962	-2	1	-2	0	-2	-5	-2	0	-1		0		0.2
1963	-3	2	-2	-1	-1	-5	-2	-1	0		0		0.3
1964	-2	2	0	0	-2	-5	-2	-2	-1		-1		-1
1965	-3	2	0	0	-2	-7	-4	-2	-2		-2		-1
1966	-2	2	0	-1	-1	-5	-4	-2	-2		-1		-1
1967	-2	0	-1	-2	-2	-4	-3	-2	-3		-3		-1
1968	-3	1	-2	-1	-2	-6	-4	-2	-2		-2		-2
1969	-2	0	0	0	-2	-6	-3	-2	-2		2		-3
1970	-2	2	0	1	-2	-6	-5	-1	-1	-2	2		-2
1971	-3	3	0	1	-2	-5	-7	-2	-1	-1	-1		-3
1972	-4	3	1	1	-3	-6	-7	-1	0	-2	-2		-2
1973	-3	4	0	1	-2	-6	-8	0	0	-1	-3	3	-2
1974	-2	1	0	-1	-3	-12	-7	-1	0	-3	-4	4	-2
1975	-5	-2	-3	-4	-4	-13	-12	-2	-3	-8	-6	1	-1
1976	-6	0	-1	-3	-4	-11	-9	-1	0	-12	-5	0	-2
1977	-6	-1	-1	-2	-4	-10	-11	-2	-3	-7	-3	1	-6
1978	-7	0	-1	-2	-4	-13	-14	-2	-3	-12	-4	3	-4
1979	-8	-1	-1	-2	-3	-13	-10	-4	-5	-10	-5	0	-6
1980	-8	-3	0	-2	-3	-14	-10	-4	-5	-10	-4	1	-4
1981	-13	-6	-2	-2	-8	-16	-12	-5	-7	-12	-4	-2	-2
1982	-11	-8	-3	-2	-7	-16	-13	-6	-8	-11	-3	1	0
1983	-13	-7	-4	-2	-9	-13	-14	-6	-8	-10	-4	-1	-4
1984	-14	-4	-3	-2	-9	-12	-13	-9	-7	-10	-3	4	-10
1985	-12	-1	-3	-1	-13	-13	-15	-7	-5	-16	-3	7	-7
1986	-10	5	-3	-1	-10	-12	-12	-5	-2	-13	0	5	-3
1987	-7	4	-1	-1	-11	-10	-12	-4	-3	-11	-1	3	-4
1988	-7	2	-2	-2	-14	-3	-12	-4	-4	-9	1	2	-4
1989	-7	1	-2	0	-18	-2	-11	-2	-4	-2	1	2	-4
1990	-6	-1	-2	-2	-17	-2	-11	-3	-5	-3	1	4	-4
1991	-7	-1	-1	-3	-14	-1	-11	-4	-3	-4	0	-9	-7
1992		-2	-4	-3	-9	-3		-5	-3	-3	0		-6
1993		-2	-3	-2	-8	-1		-4		-4	-1		-4

Source : IMF, International Financial Statistics, 1993
* The Deficit (or Surplus) is defined as the total of revenue and grants minus the total of expenditure and lending minus repayments.

Table 10
Central Government Deficit/Surplus (As Percent Of GDP)

	BEL	DEN	FRA	GER	GRE	IRE	ITA	SPA	NET	POR	UK	LUX	TUR
1974	-2.2	0.67	0.45	-0.6	-4.1	-11.	-10.	-1.1	-0.0		-4.5	4.1	-1.73
1975	-4.7	-1.9	-2.6	-3.6	-3.8	-12.	-17.	-1.7	-2.8	-8.4	-7.3	1.04	-1.29
1976	-5.6	-0.2	-1.0	-2.7	-3.9	-10.	-12.	-0.9	-2.4	-11.	-5.7	0.28	-1.92
1977	-5.9	-0.9	-1.1	-2.1	-4.9	-9.3	-12.	-2.1	-3.0	-6.5	-3.5	0.6	-5.76
1978	-6.8	-0.3	-1.3	-2.0	-4.2	-11.	-8.3	-2.3	-3.1	-11.	-5.2	3.39	-3.85
1979	-7.5	-0.7	-1.4	-1.9	-3.8	-11.	-8.8	-3.5	-4.6	-10.	-5.6	-0.2	-5.45
1980	-8.1	-2.6	-0.0	-1.8	-5	-13.	-10.	-4.1	-4.6	-9.6	-4.6	1.5	-3.45
1981	-12.	-6.0	-2.3	-2.3	-10.	-14.	-11.	-5.1	-6.5	-11.	-4.7	-1.8	-1.73
1982	-11.	-8.0	-3.3	-2.0	-18.	-14.	-0.9	-5.5	-7.6	-10.	-3.4	0.75	-2.5
1983	-12.	-6.8	-3.5	-1.9	-5.2	-12.	-11.	-6.2	-7.7	-9.5	-4.3	-2.0	-4.19
1984	-13.	-3.9	-2.6	-1.8	-14.	-10.	-13.	-8.2	-7.4	-9.6	-3.1	5.31	-9.97
1985	-11.	-0.6	-2.7	-1.1	-14.	-11.	-13.	-6.9	-5.4	-14.	-2.8	10.4	-7.44
1986	-9.9	4.51	-3.3	-0.9	-10.	-10.	-14.	-4.5	-1.8	-12.	-2.3	7.34	-3.21
1987	-7.7	3.92	-1.2	-1.0	-13.	-9.2	-14.	-3.8	-3.1	-10.	-0.6	3.55	-4.02
1988	-6.5	2.2	-2.3	-1.7	-15.	-4.2	-10.	-3.5	-4.2	-8.7	1.55	3.04	-3.83
1989	-6.5	1.06	-1.9	-0.1	-26.	-1.3	-10.	-2.2	-4.3	-4	1.54	3.26	-4.47
1990	-5.6	-0.6	-2.1	-1.6	-28.	-2	-10.	-3.2	-4.7	-5.2	0.73	5.63	-4.17
1991	-6.8	-1.0	-1.2	-2.3	-18.	-0.6	-9.9	-3.6	-2.7		-0.9	-11.	-5.5
1992	-7.0	-1.5	-3.7		-11.	-2.0	-10.		-3.4		-5.0		-6.1
1993		-2.3			-15.				-0.9				-5.8

Source : IMF, International Financial Statistics Yearbook, 1995

Table 11
Current GNP Per Capita (U.S $)

	BEL	DEN	FRA	GER	GRE	IRE	ITA	SPA
1966	1870	2250	2210	2060	780	990	1510	790
1967	2000	2440	2360	2100	840	1070	1650	870
1968	2180	2660	2550	2290	930	1160	1810	950
1969	2420	2950	2820	2550	1060	1230	1980	1040
1970	2670	3130	3000	2860	1170	1290	2160	1080
1971	2910	3450	3200	3240	1300	1420	2150	1190
1972	3330	3990	3560	3840	1460	1680	2380	1410
1973	4080	4180	4210	4750	1720	2090	2840	1810
1974	5080	5760	5060	5710	1940	2370	3370	2310
1975	5950	6910	5970	6670	2370	2650	3690	2780
1976	6830	8030	6690	7460	2650	2680	4030	3090
1977	7600	8930	7490	8230	2850	3000	4390	3370
1978	8760	10010	8400	9460	3270	3430	4890	3700
1979	10420	11880	10010	11540	3860	4120	6080	4430
1980	12140	13130	11850	13270	4370	5050	7480	5390
1981	11770	12840	12420	13230	4470	5590	8010	5670
1982	10490	12120	11890	12220	4320	5530	7900	5370
1983	9120	11390	10630	11400	3950	5120	7540	4730
1984	8490	11350	9950	11170	3810	4980	7590	4440
1985	8230	11310	9750	10920	3610	4910	7700	4330
1986	9080	12640	10780	11920	3670	5280	8580	4890
1987	11090	15120	12970	14280	3980	6480	10450	6090
1988	14200	18860	16240	18320	4780	7920	13420	7880
1989	15890	20740	17910	20520	5380	8890	15180	9360
1990	17580	22440	19420	22360	5980	10390	16940	11010
1991	18950	23700	20380	23650	6340	11120	18520	12450

Source : The World Bank, World Tables 1987, 1993
DİE, Türkiye İstatistiği Yilligi, 1994

GNP Per Capita (continued)

	NET	POR	UK	LUX	TUR
1966	1710	440	1940	2200	310
1967	1870	500	2050	2260	330
1968	2080	570	2120	2440	370
1969	2330	610	2140	2800	400
1970	2560	700	2210	3170	400
1971	2850	790	2430	3440	400
1972	3250	910	2860	4070	410
1973	4030	1200	3220	4980	470
1974	5080	1430	3480	6420	630
1975	6010	1540	3890	7470	830
1976	6870	1700	4230	8440	1000
1977	7760	1830	4620	9240	1110
1978	8890	1890	5200	10750	1220
1979	10570	2090	6470	12710	1370
1980	12010	2370	8020	14920	1410
1981	11800	2490	9360	15540	1450
1982	10930	2500	9800	15570	1300
1983	10070	2250	9280	14660	1180
1984	9690	1990	8650	14070	1100
1985	9360	1970	8450	14000	1080
1986	9990	2270	9010	15290	1110
1987	11660	2830	10500	17740	1220
1988	14420	3650	12790	22840	1200
1989	16030	4250	14500	26210	1370
1990	17850	5190	16020	29460	1640
1991	18780	5930	16550	31780	1780

Table 12
Real GDP Per Capita ($) PURCHASING POWER PARITY

	BEL	DEN	FRA	GER	GRE	IRE	ITA	SPA
1970	2952	3439	3274	3380	1540	1777	2848	2203
1971	3210	3686	3573	3619	1726	1915	3022	2399
1972	3521	4035	3869	3919	1953	2100	3223	2687
1973	3965	4433	4316	4354	2225	2308	3656	3058
1974	4488	4768	4822	4756	2330	2582	4178	3479
1975	4844	5188	5259	5161	2690	2947	4443	3803
1976	5424	5854	5802	5808	2999	3124	5008	4124
1977	5811	6332	6364	6397	3261	3561	5523	4480
1978	6401	6873	7026	7069	3685	4043	6101	4822
1979	7116	7732	7868	8015	4111	4466	7023	5199
1980	8094	8389	8683	8838	4522	4977	7973	5702
1981	8762	9107	9563	9673	4907	5560	8797	6166
1982	9468	9993	10382	10238	5213	5990	9373	6607
1983	9827	10602	10759	10781	5379	6133	9767	6914
1984	10397	11468	11246	11528	5695	6586	10393	7260
1985	10768	12279	11720	12105	6010	6901	10927	7597
1986	11212	13027	12240	12690	6188	7049	11467	8008
1987	11751	13309	12791	13298	6347	7608	12133	8665
1988	12623	13682	13603	14161	6799	8146	12985	9343
1989	13675	14373	14627	15261	7296	8831	13923	10171
1990	16405	16765	17431	18291	7349	10659	16021	11792
1991	17144	17501	18164	15800	5654	11907	17226	12771
1992	18087	17609	18510	16363	8286	12775	17685	12760
1993	18377	18238	18724	16376	8415	13318	17950	12962

Source : OECD, National Accounts, Volume 1, 1988-89
DİE, Türkiye İstatistiği Yilligi, 1994

Real GDP Per Capita (Continued)

	NET	POR	UK	LUX	TUR
1970	3456	1458	3236	3676	945
1971	3742	1645	3453	3944	1055
1972	4002	1862	3425	4334	1146
1973	4431	2207	4249	4949	1245
1974	4986	2402	4553	5562	1438
1975	5424	2451	4964	5645	1658
1976	6011	2720	5421	6116	1888
1977	6526	3031	5924	6631	2056
1978	7130	3321	6588	7384	2219
1979	7896	3787	7370	8210	2343
1980	8624	4277	7852	9012	2482
1981	9316	4722	8475	9783	2766
1982	9730	5096	9185	10504	3015
1983	10159	5219	9826	11183	3153
1984	10811	5262	10373	12301	3369
1985	11339	5516	11020	13003	3547
1986	11790	5847	11659	13841	3857
1987	12183	6309	12533	14534	4171
1988	12832	6750	13428	15558	4353
1989	13840	7392	14268	16683	4514
1990	15766	8389	15720	19340	4696
1991	12085	9137	15578	20612	4907
1992	16933	9771	16242	21900	5290
1993	17269	9941	17000	23163	5881

Table 13
Real GDP Per Capita In The EC As Compared To Turkey (Turkey=1.00)

	BEL	DEN	FRA	GER	GRE	IRE	ITA	SPA	NET	POR	UK	LUX	TUR
1970	3.1	3.6	3.5	3.6	1.6	1.9	3	2.3	3.7	1.5	3.4	3.9	1
1971	3	3.5	3.4	3.4	1.6	1.8	2.9	2.3	3.5	1.6	3.3	3.7	1
1972	3.1	3.5	3.4	3.4	1.7	1.8	2.8	2.5	3.5	1.6	3.3	3.8	1
1973	3.2	3.6	3.5	3.5	1.8	1.9	3	2.4	3.6	1.8	3.4	4	1
1974	3.1	3.3	3.4	3.3	1.6	1.8	2.7	2.3	3.5	1.7	3.2	3.9	1
1975	3	3.1	3.2	3.1	1.6	1.8	2.7	2.2	3.2	1.5	3	3.4	1
1976	2.9	3.1	3.1	3.1	1.6	1.7	2.7	2.2	3.2	1.4	2.9	3.2	1
1977	2.8	3.1	3.1	3.1	1.6	1.7	2.7	2.2	3.2	1.5	2.9	3.2	1
1978	2.9	3.1	3.2	3.2	1.7	1.8	3	2.2	3.2	1.5	3	3.3	1
1979	3	3.3	3.4	3.4	1.8	1.9	3.2	2.3	3.4	1.6	3.1	3.5	1
1980	3.3	3.4	3.5	3.6	1.8	2	3.2	2.2	3.5	1.7	3.2	3.6	1
1981	3.2	3.3	3.5	3.5	1.8	2	3.1	2.2	3.4	1.7	3.1	3.5	1
1982	3.1	3.3	3.4	3.4	1.7	2	3.1	2.2	3.2	1.7	3	3.5	1
1983	3.1	3.4	3.4	3.4	1.7	1.9	3.1	2.2	3.2	1.7	3.1	3.5	1
1984	3.1	3.4	3.3	3.4	1.7	2	3	2.1	3.2	1.6	3.1	3.7	1
1985	3	3.5	3.3	3.3	1.7	1.9	2.9	2.1	3.2	1.6	3.1	3.7	1
1986	2.9	3.4	3.2	3.2	1.6	1.8	3	2.1	3.1	1.5	3	3.6	1
1987	2.8	3.2	3.1	3.2	1.5	1.8	2.9	2.1	2.9	1.5	3	3.5	1
1988	2.9	3.1	3.1	3.2	1.6	1.9	3	2.1	2.9	1.6	3.1	3.6	1
1989	3	3.2	3.2	3.4	1.6	2	3.1	2.3	3.1	1.6	3.2	3.7	1

Source : OECD, National Accounts, Volume 1, 1988-1989
DİE, Temmuz 1991 de Türkiye Ekonomisi Istatistik ve Yorumlar,1992

Table 14
Unemployment Rates (%)

	BEL	DEN	FRA	GER	GRE	IRE	ITA	SPA	NET	POR	UK	LUX	TUR
1965	1.8	0.7	0.7	0.6	5.2	4.5	5.7	2.4	0.6	2.3	1.4	0	9.7
1966	2	0.8	0.7	0.6	5.3	4.3	5.5	2.5	1.6	2.1	1.4	0	9.8
1967	2.5	1.2	1.8	1.7	5.4	5	5.3	2.9	1.6	2.1	2	0.1	10.1
1968	2.9	1.2	2.1	1.2	5.6	5.3	5.6	2.9	1.5	2.5	2.1	0.1	10.4
1969	2.3	1.1	2.3	0.7	5.3	5	5.6	2.4	1	3.1	2	0	11
1970	1.8	0.7	2.4	0.6	4.2	5.8	5.3	2.5	1	3.8	2.2	0	12.1
1971	1.7	1.1	2.6	0.7	3.1	5.8	5.3	3.3	1.3	3.5	2.9	0	11.9
1972	2.2	0.9	2.7	0.9	2.1	6.3	6.2	2.8	2.2	3.6	3.2	0	11.7
1973	2.2	0.9	2.6	1	2	5.9	5.3	2.5	2.3	2.8	2.3	0	12.2
1974	2.4	3.5	2.8	2.2	2.1	5.6	5.8	3	2.8	2.1	2.1	0	12.8
1975	4.2	4.9	4.1	4.1	2.3	6.4	6.6	4.3	4	5.5	3.4	0.2	13.5
1976	5.6	4.8	4.4	4.1	1.9	7.8	7	4.9	4.3	6.3	5.1	0.3	13.6
1977	6.3	5.8	4.7	4	1.7	7.6	7.1	5.8	4.2	7.4	5.5	0.5	13.7
1978	6.8	6.3	5.2	3.8	1.8	7.1	7.5	7.6	4.2	8	5.5	0.8	13.9
1979	7.1	4.6	5.9	3.3	1.9	6.1	7.4	9.3	4.2	8.1	5.1	0.7	14.2
1980	7.5	6.9	6.3	3.3	3	7.3	7.5	12.3	4.9	7.6	6.3	0.7	14.5
1981	10	10.3	7.4	3.2	4	9.9	7.8	13.8	8.5	7.4	9	1	14.8
1982	11.7	11	8.1	4.5	5.8	11.4	8.4	15.6	11.3	7.3	10.4	1.3	15.1
1983	12.9	11.4	8.3	6.4	7.9	14	9.3	17	11.8	7.8	11.2	1.6	15.7
1984	13.2	8.5	9.7	7.9	8.1	15.6	9.9	19.7	11.9	8.4	11.1	1.8	11.4
1985	12.3	7.3	10.2	8	7.8	17.4	10.1	21.1	10.9	8.5	11.5	1.7	11.4
1986	11.6	5.5	10.4	7.6	7.4	17.4	10.9	20.8	10.3	8.5	11.6	1.5	10.2
1987	11.3	5.4	10.5	7.6	7.4	17.6	11.8	20.1	9.6	7	10.4	1.5	9.2
1988	10.3	6.5	10	7.6	7.5	16.7	11.8	19.1	9.2	5.7	8.3	1.4	7.8
1989	9.3	8.1	9.4	6.8	7.5	15.6	11.8	16.9	8.3	5	6.1	1.2	8.1
1990	8.7	8.1	9	6.2	7.2	13.7	10.8	15.9	7.5	4.6	5.1	1.2	7.4
1991	9.3	7.2	9.5	6.7	7.7	14	11	16.3	7	4.1	5.2	1.1	7.8
1992	10.3	6.5	9.4	7.7	8.7	14.2	11.6	18.4	6.7	4.2	4.1	1.2	8.2
1993	11.9	5.4	10.8	8.9	9.8	15	10.4	22.7	8.1	5.5	4.2	1.1	9.1

Source : OECD Economic Outlook, Historical Statistics 1960-90
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ÖZGEÇMİŞ

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Bilimsel bir kurumda bu yöndeki çabalarımın arkasında yatan en önemli etken okumayı ve bilimsel araştırmalar yapmayı çok seviyor olmamdır. Yeterli bir ingilizce ile beraber, bilgisar programları alanındaki bilgilerimin bu konuda bana yardımcı olacağı inancındayım.

Hüseyin Mualla Yüceol