



**TÜRKİYE CUMHURİYET  
MERKEZ BANKASI**

# **TOBB International Business Forum**

**Erdem Başçı**

**Governor**

**September 13, 2012**

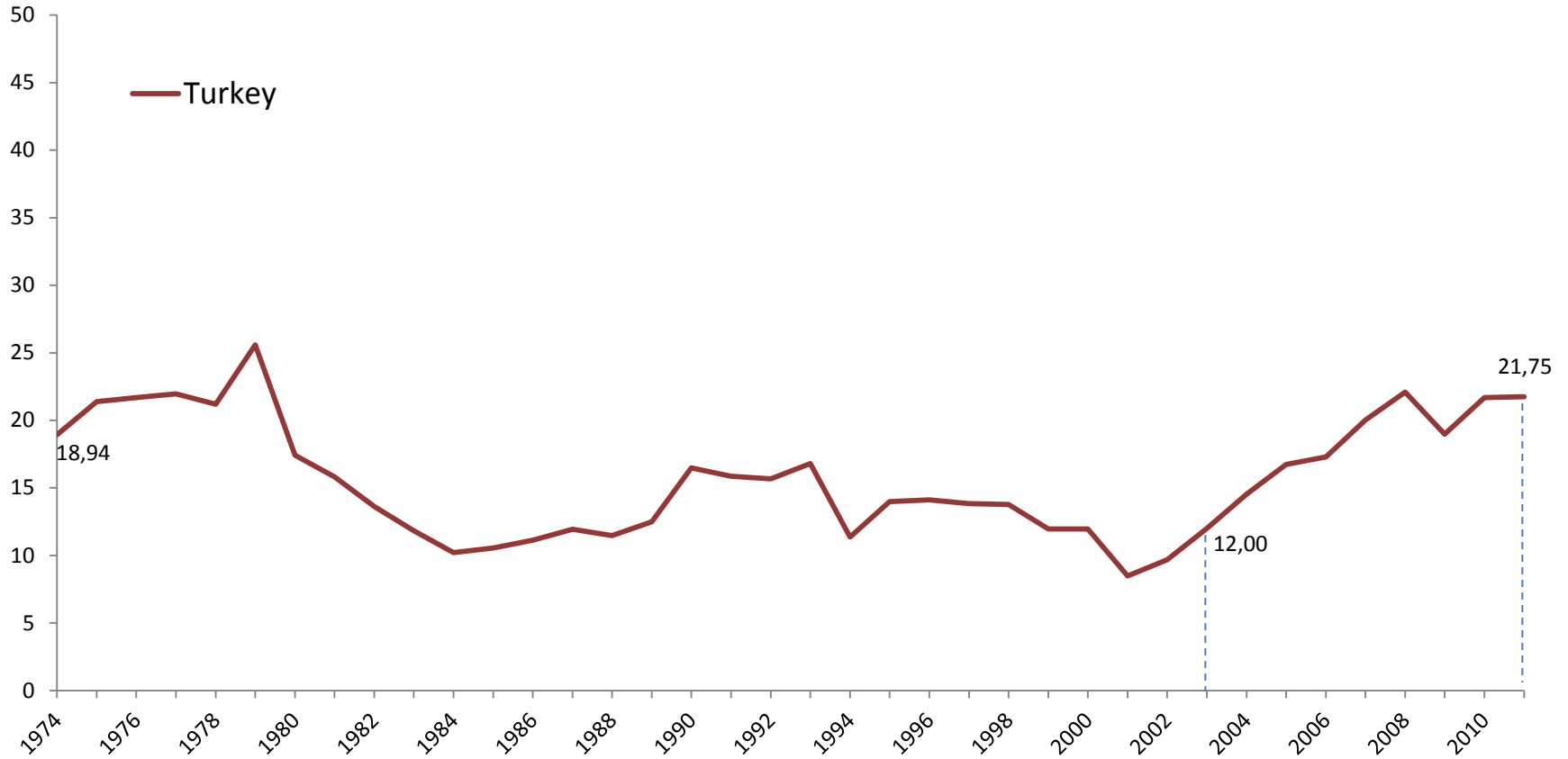
**Istanbul**

# Three Pillars of Growth

- I. Price Stability
- II. Financial Stability
- III. Productivity Growth

# Per Capita Income: Turkey

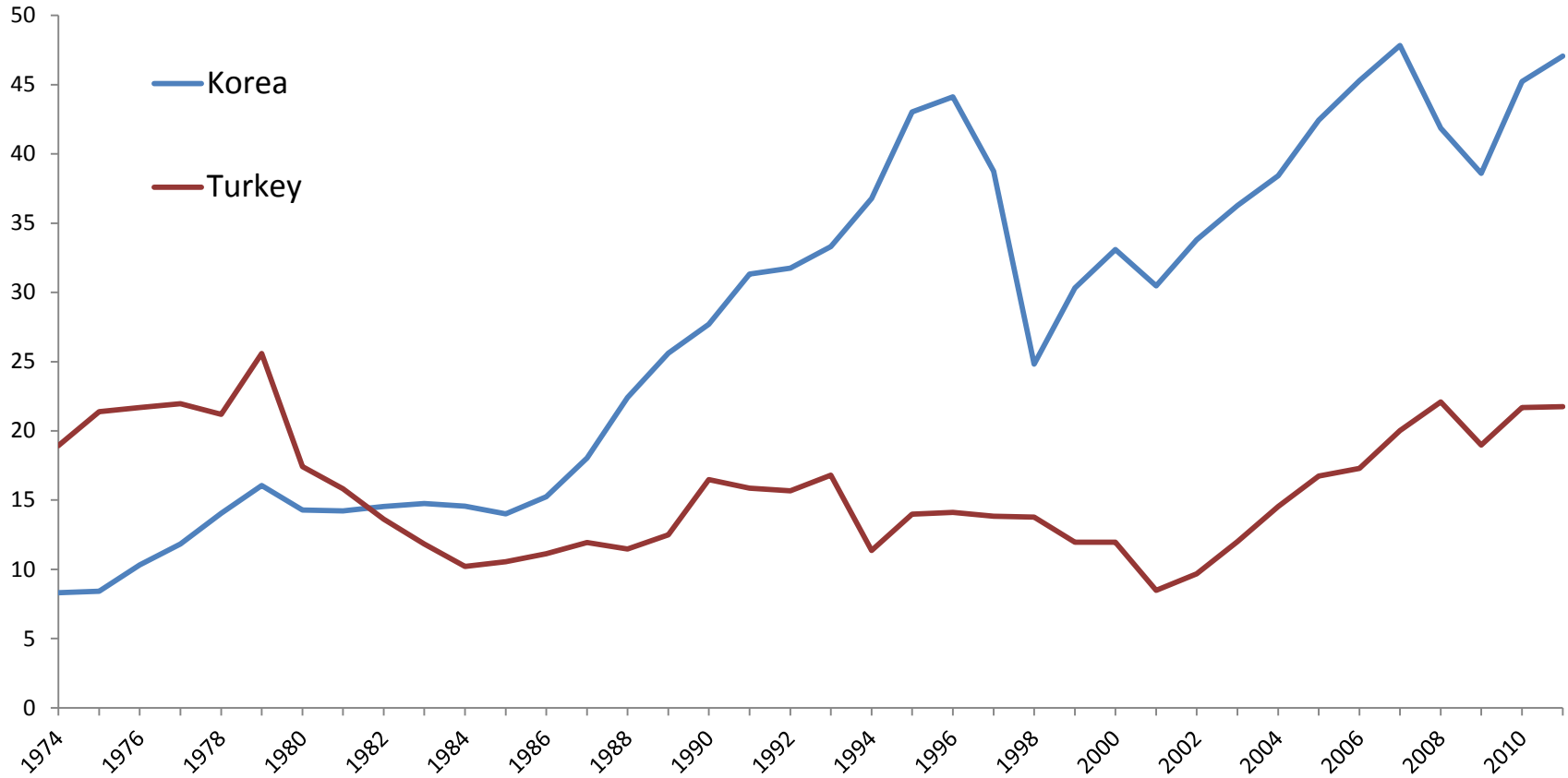
## Per Capita Income with Respect to US (Percent)



Source: UN, CBRT.

# Korea vs. Turkey

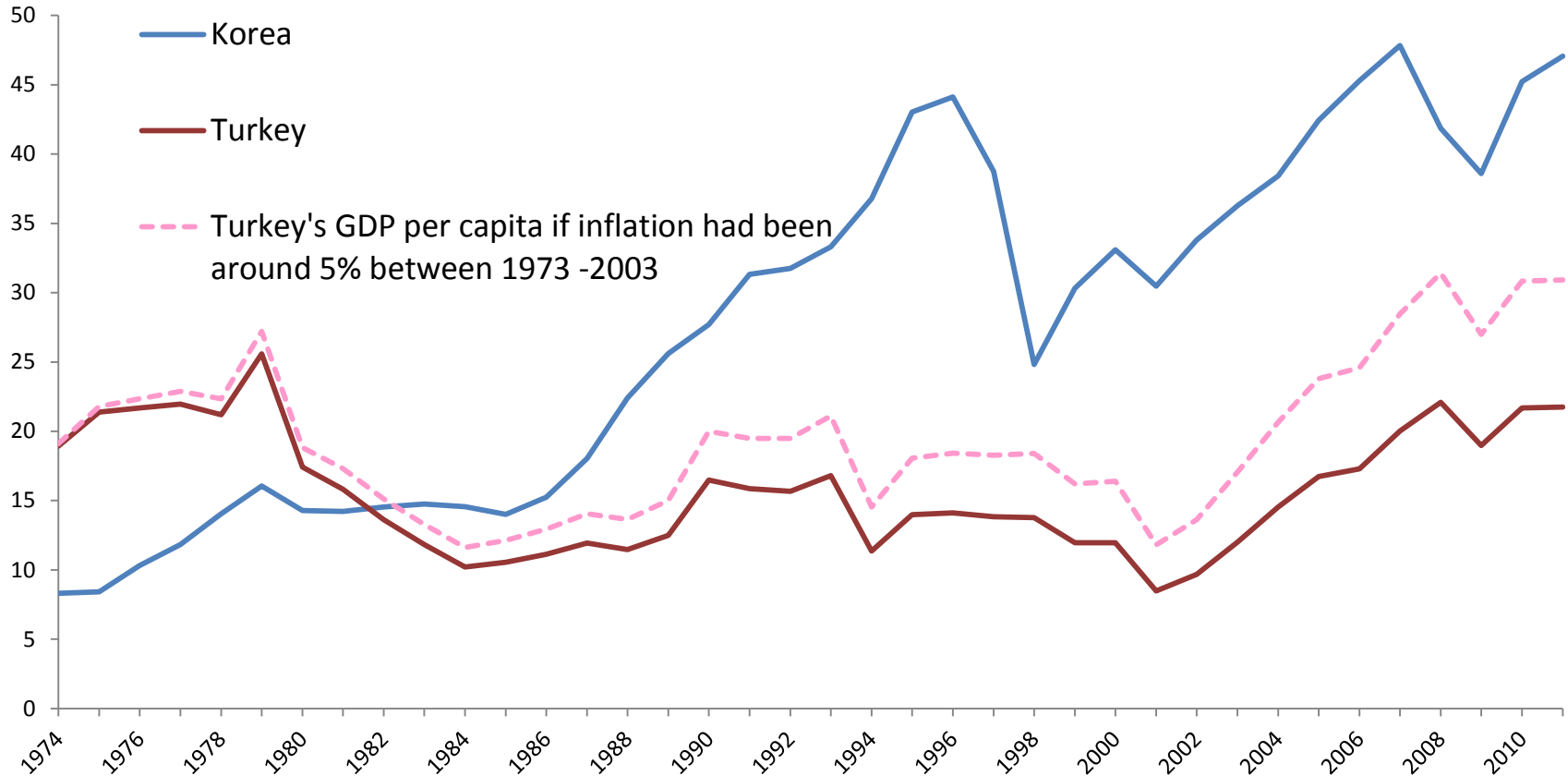
## Per Capita Income with Respect to US (Percent)



Source: UN, CBRT.

# Korea vs. Turkey\*

## Per Capita Income with Respect to US (Percent)

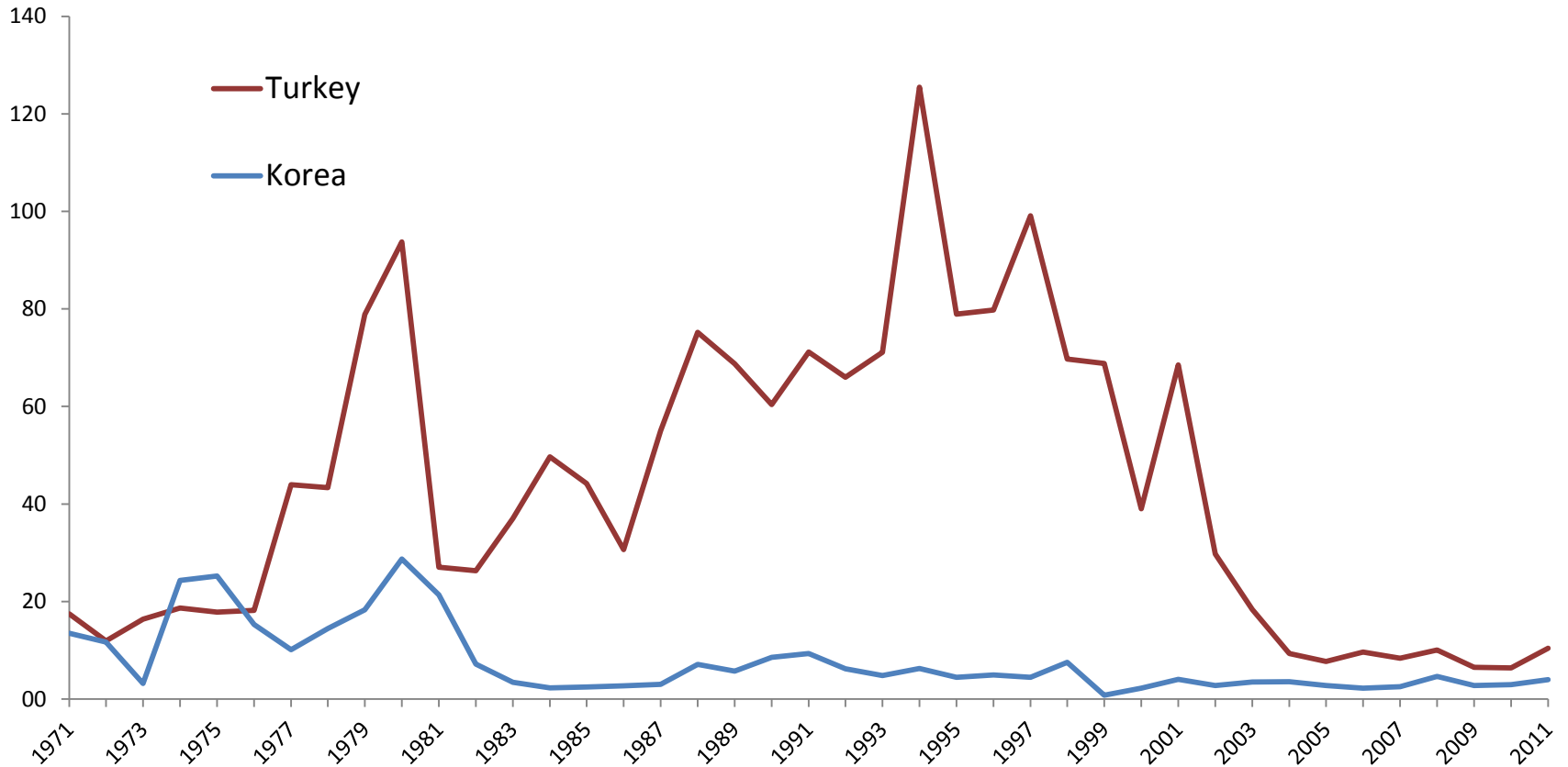


Source: UN, CBRT.

\*Average inflation in Turkey between 1973 and 2003 is 54.5 percent.  
An inflation which is higher on average by 10 percentage points leads to a reduction in GDP growth rate by 0.25 on average according to Barro, Robert J. (1995). "Inflation and Economic Growth."

# Korea vs. Turkey

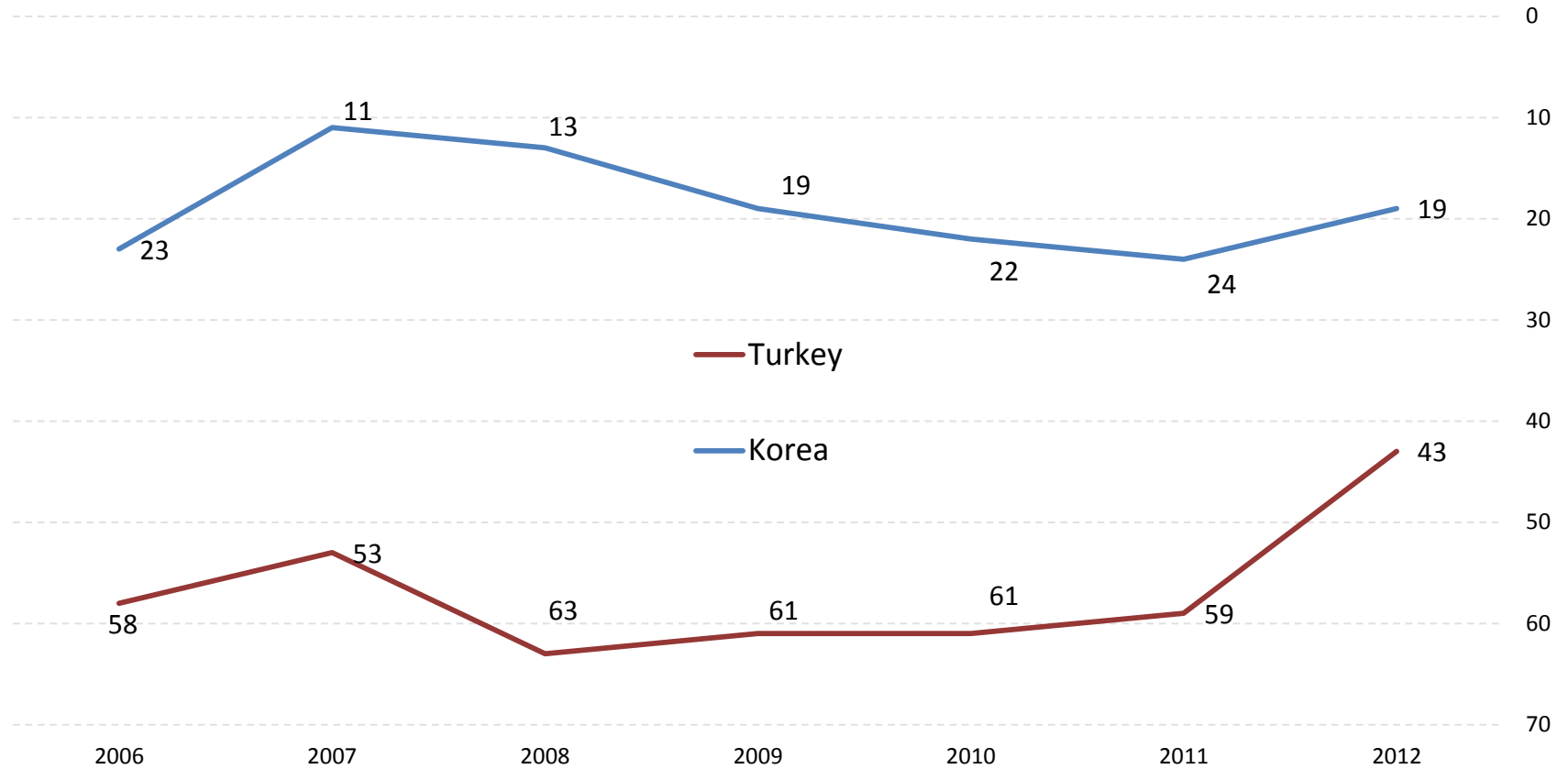
## Inflation (percent)



Source: Bank of Korea, CBRT.

# Competitiveness: Korea vs. Turkey

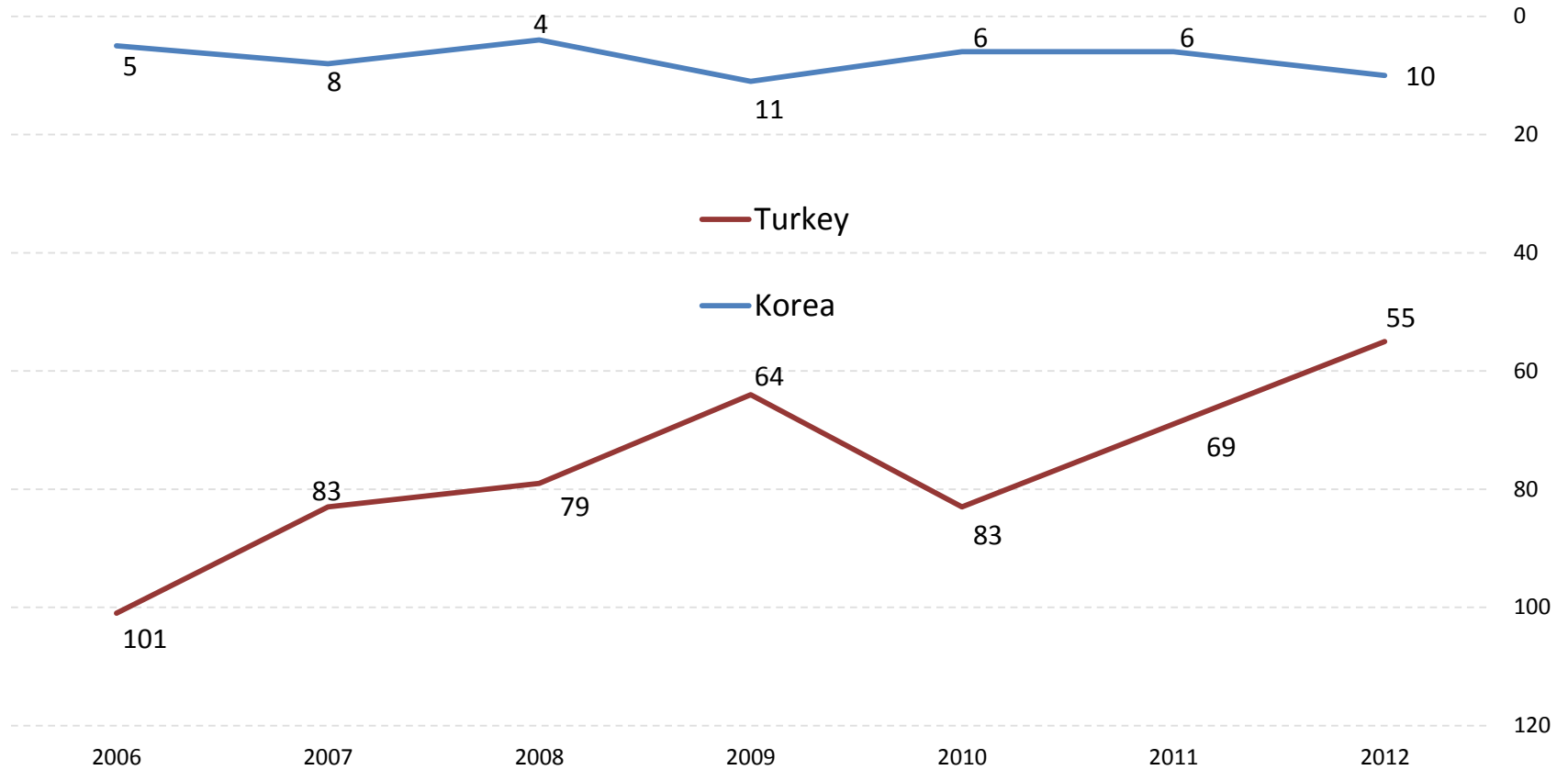
## Global Competitiveness Index (Rankings)



Source: WEF.

# Competitiveness: Korea vs. Turkey

## Macroeconomic Environment (Rankings)

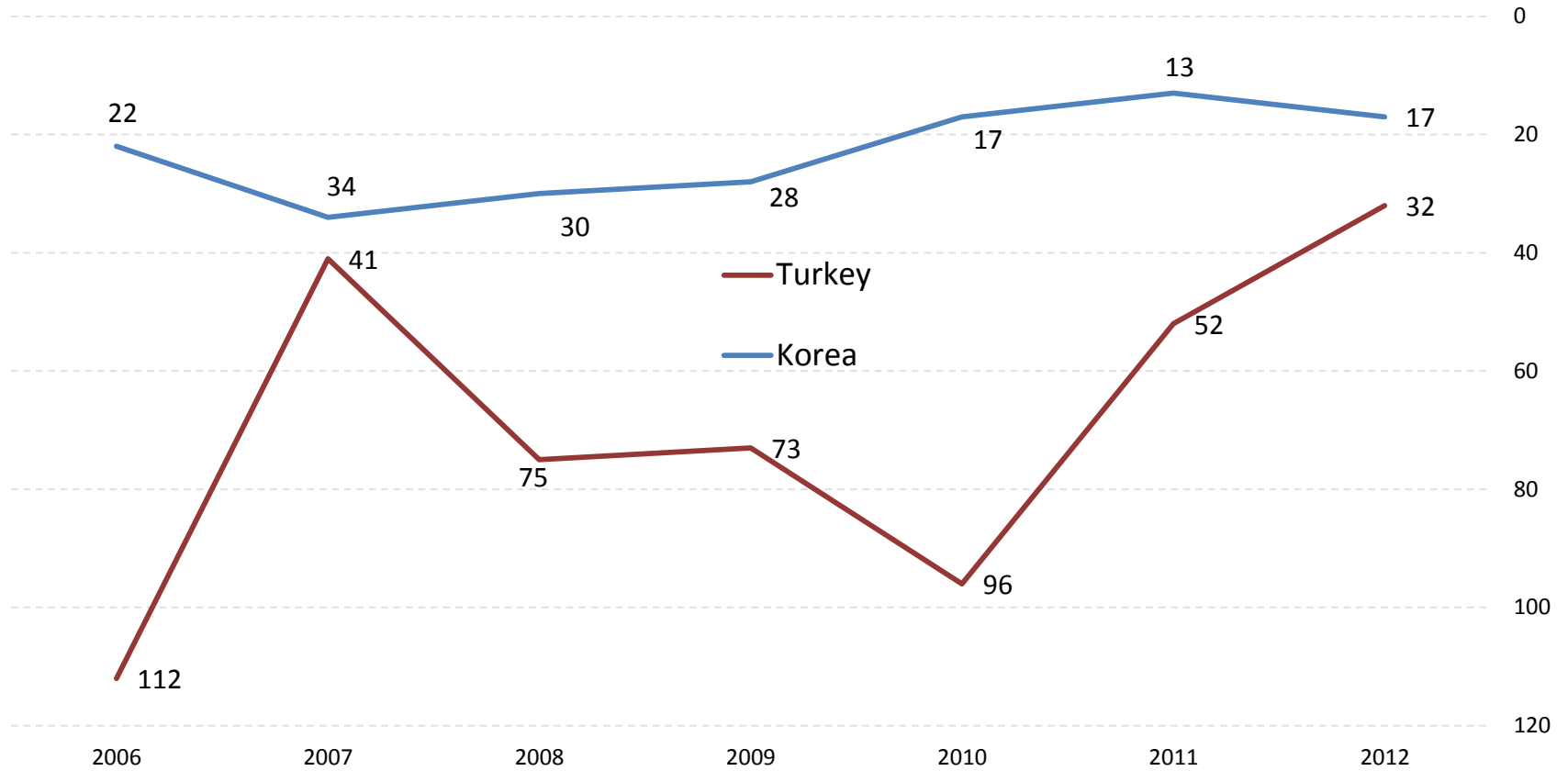


Source: WEF.



# Competitiveness: Korea vs. Turkey

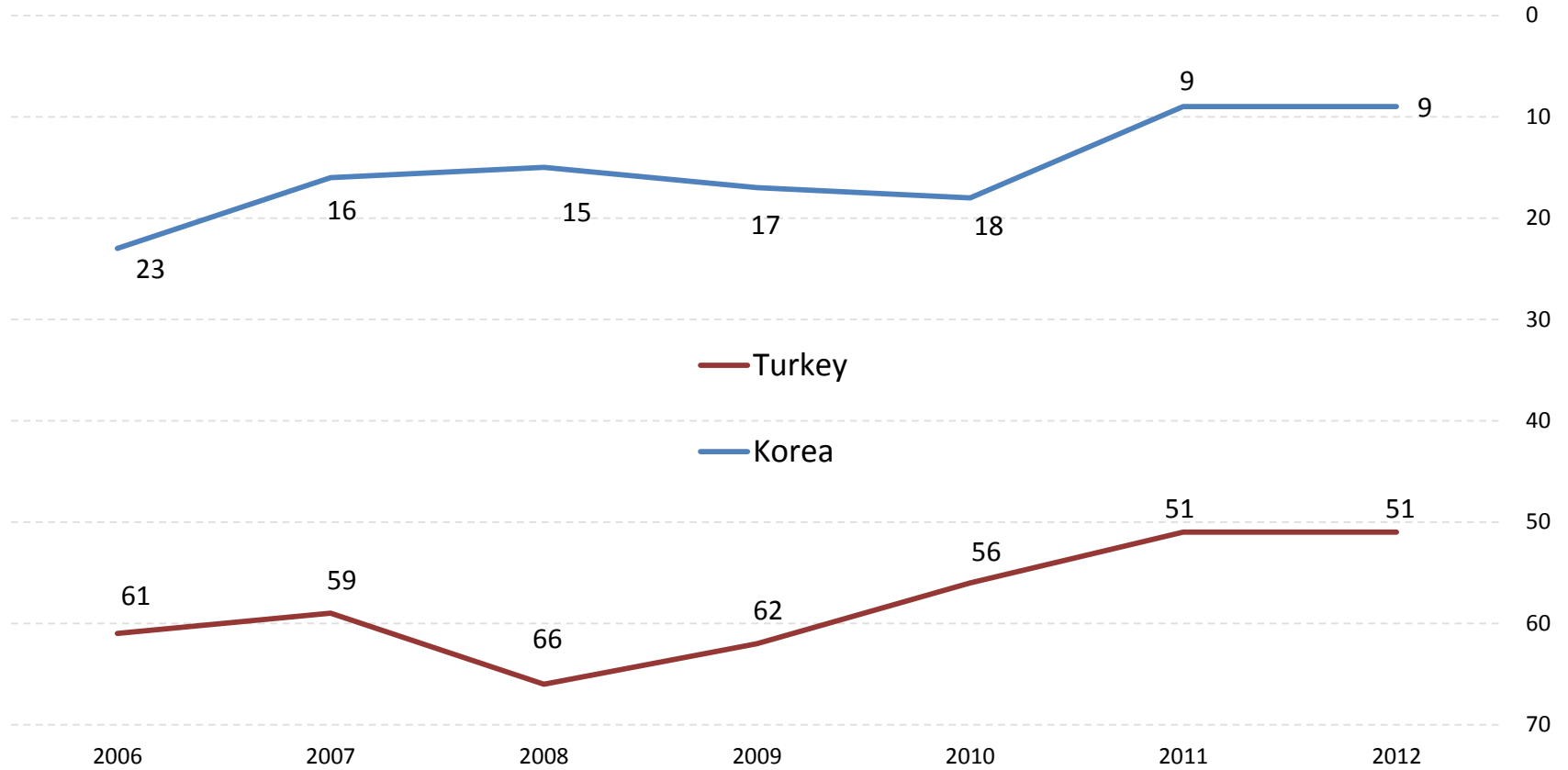
## Government Budget Balance (Rankings)



Source: WEF.

# Competitiveness: Korea vs. Turkey

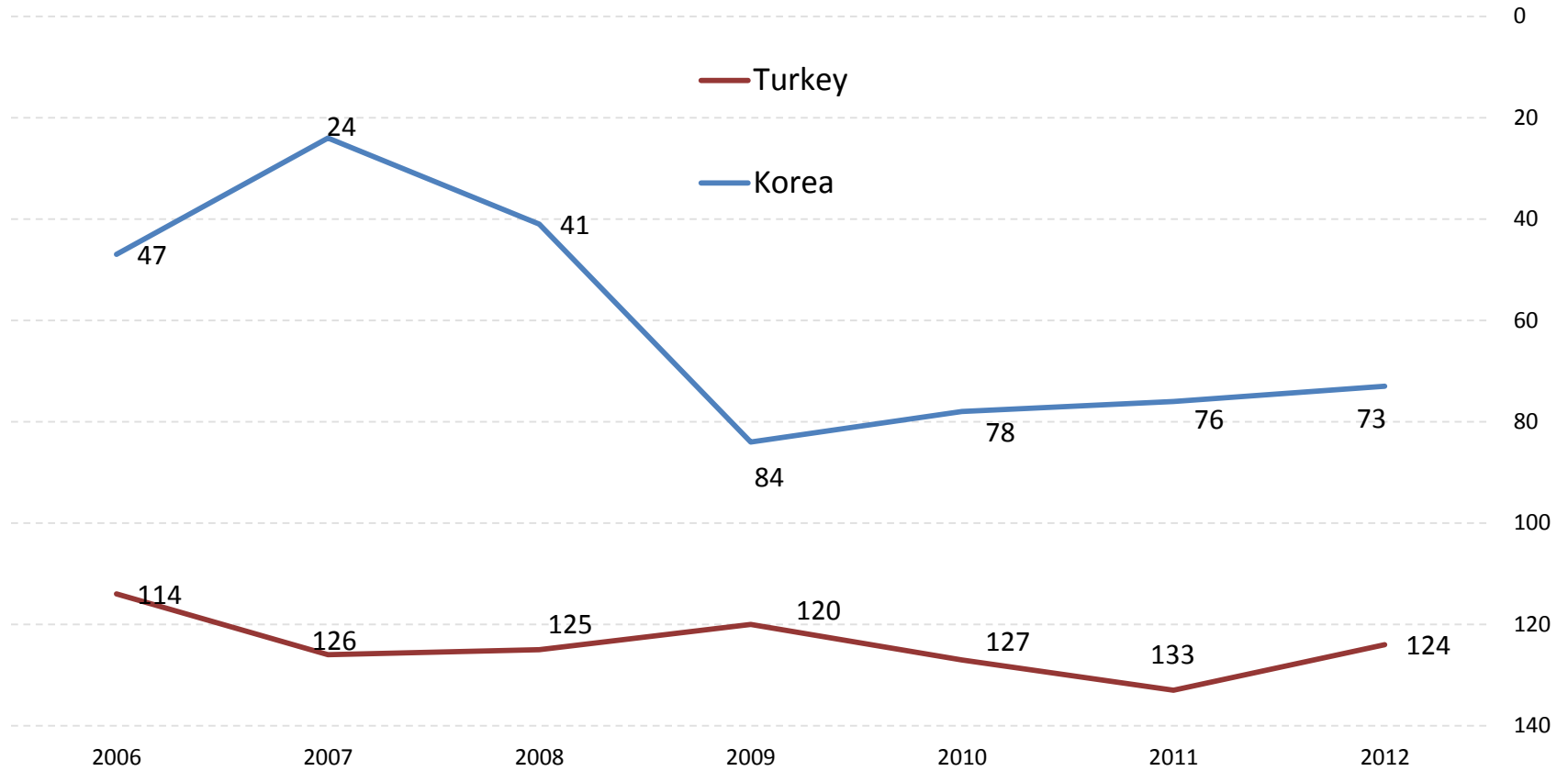
## Infrastructure (Rankings)



Source: WEF.

# Competitiveness: Korea vs. Turkey

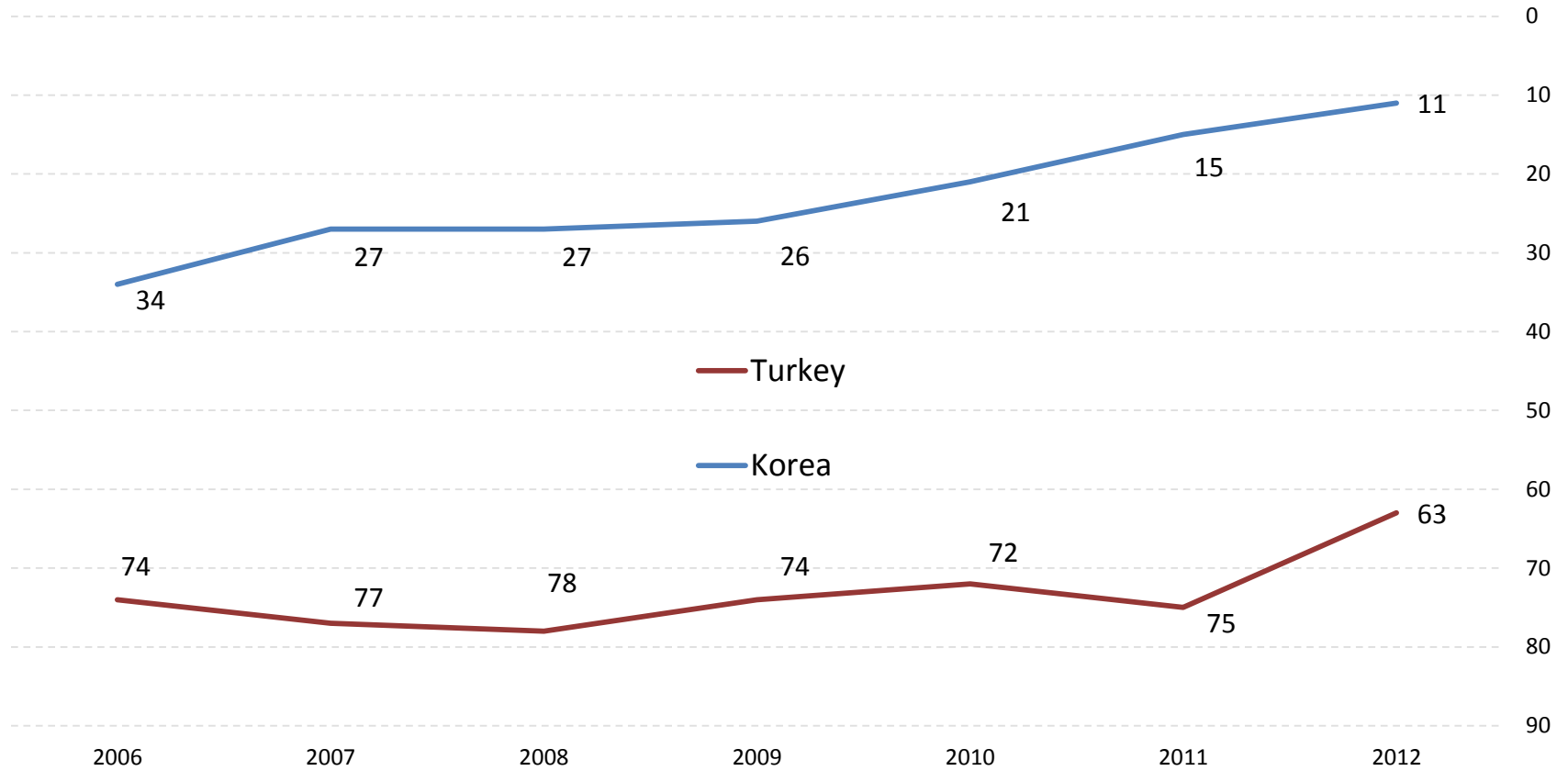
## Labor Market Efficiency (Rankings)



Source: WEF.

# Competitiveness: Korea vs. Turkey

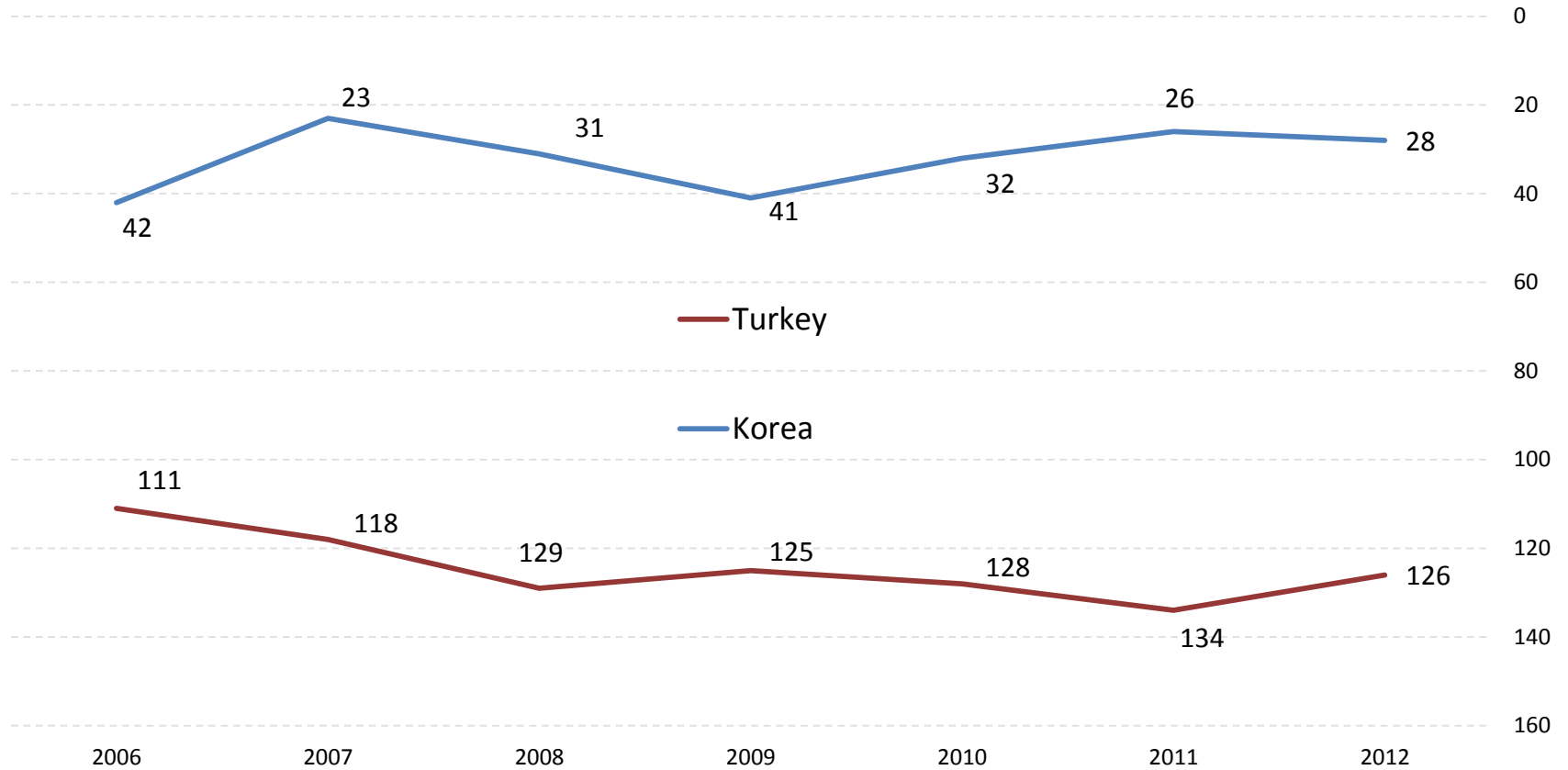
## Health and Primary Education (Rankings)



Source: WEF.

# Competitiveness: Korea vs. Turkey

## Efficient Use of Talent (Rankings)



Source: WEF.

# Summary

- Reducing inflation to single digits removed the most important obstacle to Turkish growth prospects.
- The 2023 target of USD 25000 per capita income is achievable provided that price stability and financial stability are maintained in the interim period.
- To the extent that the productivity enhancing structural reform agenda of the government is implemented, per capita income can well exceed the above mentioned target.



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