

# **The Economic and Financial Opportunities for Turkey in the Post-pandemic Period**

---

Cem Korkut

**Cem Korkut, Ph.D.**

Cem Korkut, Ph.D. is Assistant Professor at the Department of Economics of Ankara Yildirim Beyazit University (AYBU). He is also the advisor to the President at the Turkish Academy of Sciences (TUBA). He graduated from TOBB University of Economics and Technology, where he entered with a full scholarship, as a high honor student in 2011. He completed his MA in Economics at AYBU in 2014. He studied Ottoman cash waqfs (pioneer of current Islamic/interest-free financial institutions) in his MA thesis. He completed his Ph.D. at Istanbul Sabahattin Zaim University (IZU) with a thesis on capital formation, accumulation, and structure in Islamic economics in 2018. Having national and international papers and book chapters on topics such as Islamic economics, Islamic banking and finance, and cash waqfs, Dr. Korkut is an active member of the Ankara Center for Thought and Research (ADAM) and executive of Islamic Economics School. His main academic interests are Islamic Economics, Islamic Banking and Finance, Macroeconomic Policies, World Economy in the Longue Durée, Ottoman Economic History and Economic Development Paradigms of Different Societies.

## The Economic and Financial Opportunities for Turkey in the Post-pandemic Period<sup>1</sup>

**Cem Korkut**

*Ankara Yıldırım Beyazıt University*

ckorkut[at]ybu.edu.tr

### **Abstract**

COVID-19 pandemic causes radical changes all over the world. The economical, financial and commercial change and transformation caused by the pandemic will continue in the post-pandemic period. These changes and transformations include risks and threats for countries, as well as alternatives and opportunities according to the characteristics of each country. This situation has given new opportunities for growth and development to developing countries like Turkey in the post-pandemic period. Turkey has been in the efforts of catching its potential in economic and financial aspects for a long time. But the COVID-19 global outbreak brought a new era all over the world. This era has new challenges for all countries. Turkey has to face this challenge and should produce optimal solutions.

In this study, the economic and financial opportunities in front of Turkey in the aftermath of the global epidemic will be discussed as general characteristics. There will be recommendations for economic policies to be followed in the new period for Turkey.

### **Keywords**

*post-pandemic period, economy in new normal period, economic and financial policies of Turkey, economic cooperation, Islamic finance and opportunities, trade diversification, domestic and national production*

<sup>1</sup> This study is a translation and updated version of the paper previously published in the book titled "Küresel Salgının Anatomisi: İnsan ve Toplumun Geleceği" by TÜBA in June 2020.

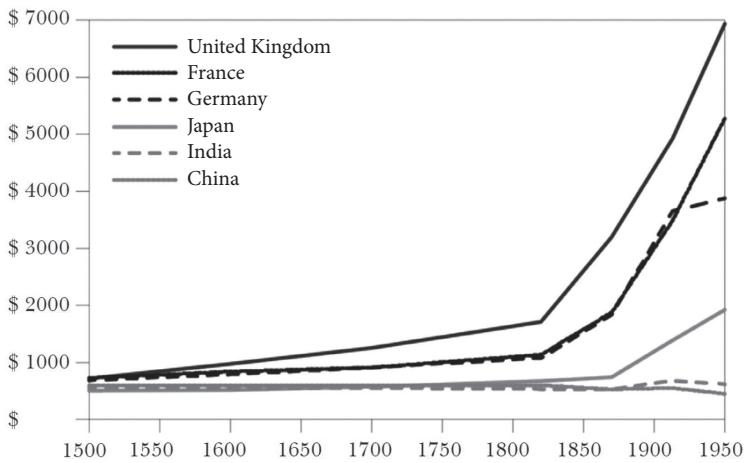


## **Introduction**

The progress of the world is changing; we are experiencing the pains of a period in which very few elites who hold power, rule countries, societies, and the global economy, where societies, in other words, the majority, decide their destiny and have a say in the system. We are at a time when the world is trying to flow again in its bed. In this period, the importance of geographies, trade routes, and countries that have been the center of the economy for centuries is increasing. While this creates a threat perception for some, others see this as an opportunity. The West that had established its hegemony over the economic, political, social, and cultural world in the last 200 years, is no longer as sure as it was before. In front of the West, there is an East that has self-confidence again as it grew and developed. The ambition of the East, particularly China and India, to gain strength from the ancient civilization traditions and who are catching up from 200 years behind raises the hopes of these countries for the future. The East that we will define as the Middle East, Central Asia, South Asia, and the Far East, and in some places North Africa, seems to be seriously challenging the current economic system.

The quiescence of the Silk Road and the trade routes of the East in general and the rise of Europe, in other words, the West, have been defined as the rise of the West, decline of the rest in the Western thought system (Chirot, 1985; Hall, 1986). This divergence is better seen in Graphic 1.

**Graphic 1.** The change of countries' per capita GDP during the historical process



Source: Vries (2013: 318)

When we come to this day, in other words to the 20th and 21st centuries from the historical process, it is seen that the Silk Road could not be realized at the desired efficiency due to the structure of the relations between the states. However, recent developments have started to take place to enable this region to naturally gain its former importance. This road where civilizations were born and not only commercial commodities, but also cultures, religions, ideas, and all societies were carried socially, culturally and economically provided the recognition of the wealth of eastern civilization by the western civilization. While this geography returned to its previous power again among the world's economic giant China and one of the world's greatest market Europe, Turkey is one of the important actors in rising again with its role in the historical process, due to its strategic location and natural closeness with the countries in the region. It is clear that the West that has damaged its prestige due to the 2008 economic crisis and whose economic and humanitarian effectiveness has been questioned after the last pandemic will take steps for the new period to ensure the dignity it has lost. Despite the economic power it has gained in the last period, it seems very difficult for China to overcome its image of being a country where the pandemic began. This case opens an important development area for Turkey during this process with its location, historical connections, demographic characteristics, and production potential.

Turkey, which acted as a bridge for centuries due to its location between the West (Europe) that is aging, but tries to protect its economic power and the East (China, India, etc.) that uses its population as an economic power and found the change to benefit not only from the transported commodities with economic value but also the cultural accumulations, will be ranked at the top of the countries to be well affected along with the regaining of importance by this route. The new period after the epidemic seems to have created the potential to multiply this effect.

Being a corridor between developed countries and developing countries, Turkey is exposed to economic and social effects of the economic power-axis shifts being experienced in the world. Having the chance of blending the accumulations of Western civilization with the borders to which the succeeding ancient Ottoman Empire reached in Europe and the Eastern civilization in terms of its location and religious sense, Turkey has an economic and political potential sensitive to the development of both two axes. In the last 20 years, Turkey started to collect the fruits of complete development and of investments made from health to infrastructure, from economy to finance during this process, and due to this fact these developments became the secret of Turkey's success in the pandemic process and these facts allowed Turkey to be mentioned as one of the countries having a high potential of development in the post-pandemic period. At this point, to understand the potential and opportunities in the following period, it is necessary to focus on the power-axis shift discussions that are on the agenda for a long time.

### **Discussions on Power-Axis Shift**

Hobson (2004) claims that Eastern civilization was more developed than Western civilization between 500-1800. He emphasizes that Africa, the Middle East, and the Far East have a share in the development of Western civilization and its success today. Likewise, Sezgin (1967 & 2007) presented works showing how the science and technology heritage owned by Islamic civilizations in history affected the world today. However, it is a well-known fact that Eurocentric literature has been created while the world economic history was written. This history reading sees the developments shaping world history as Western (European) centered. On the other hand, Gürsakal & Kaya (2013) says that in this historiography, it is necessary to consider the obligations brought by the conditions of the era and that the conditions of the era improved this historiography. This view can be partially acceptable. Because of the enrichment brought by mercantilism in the 18th century, then the industrial revolution in the 19th century and the technological revolutions in the 20th century, it can be said that the West took the lead in this phase and the economic power axis of the world shifted to the Euro-North America, in other words, the Atlantic region, that we would call the north-west. However, after a while, this literature has been dictated to other societies through being clinched by the opinion that a certain system was imposed systematically and a region or society, compared to the other societies, had superior features such as being more civilized, more modern, etc. In the 21st century, current developments and projections show that global economic power has/will be shifted to the Asia-Pacific axis. This also means that the power axis shifts from developed (Western) countries to developing (Eastern) countries.

During the recovery period of Europe after the Second World War, the reinforcement of the economic power of the USA has made the Atlantic region the economic and political power area of the world. The fact that production,

trade, and capacity power are in the hands of Western countries that we call developed countries enabled these countries to become the dominant economic centers in the world in the 20th century. But the 1929 depression, which is one of the first crisis where the capitalist system was shaken, and the 1973 recession, which shook the prestige of the West, and finally the global financial crisis in 2008 have been the indicators that different economic power centers may also occur in the world. The impact of the economic collapse resulted from the pandemic, which started in December 2019 in China and spread to Europe and America continents as of March 2020, is still cannot be fully analyzed.

The opinion that the UK's Prime Minister Margaret Thatcher's "there is no alternative - TINA)" slogan and Fukuyama's (1992) *end of the world* thesis have collapsed and capitalism, in other words, the market economy, has no competitor and alternative in the world has shaken particularly with the 2008 global crisis. The consumption-oriented economic system revealed by globalization has evolved from the consumer-oriented economic systems to the production-oriented economic system of the developing countries, the share of these countries among the gross domestic product in the world has increased during this process and in their future-related predictions, and the predictions foreseeing they will pass the developed countries have been made. Particularly the low production power costs in Asia and the density of the population indicate an Asia-Pacific centered power axis shift in production. The geographical change of industrial production reveals the validity of Frank's (1998) *again east* thesis as the production of high-technology products also shifts to this region.

With the shift of production to the Asia-Pacific region so-called south-east, this region also attacked in terms of capital accumulation and savings. Furthermore, the consumption trends of the south-eastern region where the population density is high and the proportion of the young population is high are other factors that keep the economy of the Asia-Pacific region alive due to the stagnation of the consumption of the aging West. New urban structuring in developing countries, growth in purchasing power, a general increase in consumption in the world due to globalization are one of the main reasons for making projections that developing countries will, in the long-term, pass the developed countries that we call north-west in terms of economic size. In addition to this, countries that we call north-west have become more susceptible to crises due to the shift from the production dependency of the economic systems of countries we call north-west to the financial industry, thereby the economic and financial vulnerabilities of these countries increased. The high indebtedness of public and private sectors is another factor that supports this. The fact that energy and natural resources that are a production factor are high in Asia and the increasing need of energy of developing countries over time, but the excess demand and insufficient supply against this will, in the long term, positively affect the development and improvement of regions where these resources are more intense. In addition to this, the saturation



point provided by the economic size obtained by developed countries has limited the growth potential of these countries in some way. However, the aggressive growth demands of the developing countries and their potential overlap with the convergence thesis of Solow (1956).

So, as the causes of economic power shift, the follows can be listed; (1) the shift of production power capacity from developed western countries to developing Asia-Pacific centered eastern countries, (2) the limitation of the saving capacity of world's developed countries we call north-west, the realization of saving accumulations in the world now as Asia-Pacific centered, (3) the limitation of the developed Western countries' consumptions due to demographic and other reasons, (4) rising debiting-indebting level in general in the developed countries and high financialization rate, (5) the energy demand increasing according to the growth and production increase of the countries and the localization of the countries having this demand in the region we call south-east and (6) the limitation of the growth potential arising from the saturation level reached by the developed countries (SAE, 2009: 3-4). The fact that the reflex of responding to the pandemic is quite slow in developed countries is one of the developments that cause the questioning of the power of the West in the last period.

Another discussion brought by the shift in power in the last period is that after the cold war, a bipolar structure has been formed again in the world. Because of the basic economic theses on which the USA and Europe (West), in other words, developed countries, can be listed as the market economy (capitalism & liberalism), free trade, and institutional regulations. But now, as an alternative, economic attempts and regulations are under the leadership of the state in countries that are on the axis of power shifting from the Atlantic region to the East. Many regulations such as industrial strategies, R&D supports, and market interventions are carried out by the states as pioneers. These developments show that not only the regions but also the systems are structurally encountered. In the bipolar world after the Second World War, while Europe was an arena where the USA and Russia were competing for their political powers besides their economical powers, now due to the shift of economic power to the east, the Middle East and Eurasia witness this. The aim is no longer the spread of economic and political ideologies such as communism or the free market, but to capture geographies, trade routes, geopolitical, geoeconomic points or areas of influence in the world where there are energy resources. Although the conflicts that were experienced after the Arab Spring are realizing at the political and military level, the locations of these countries and their natural resources reveal that the main reason is economic. Furthermore, the fact that these developments are not like very hard and rigid polarizations experienced after the cold war, and that economic and commercial cooperation can be performed between the two power balances indicate that the competition will now be economy based. In this period of increasing military tensions spread throughout the world in the cold war period and the armament competition, the economic competition experienced, the military conflicts were experienced

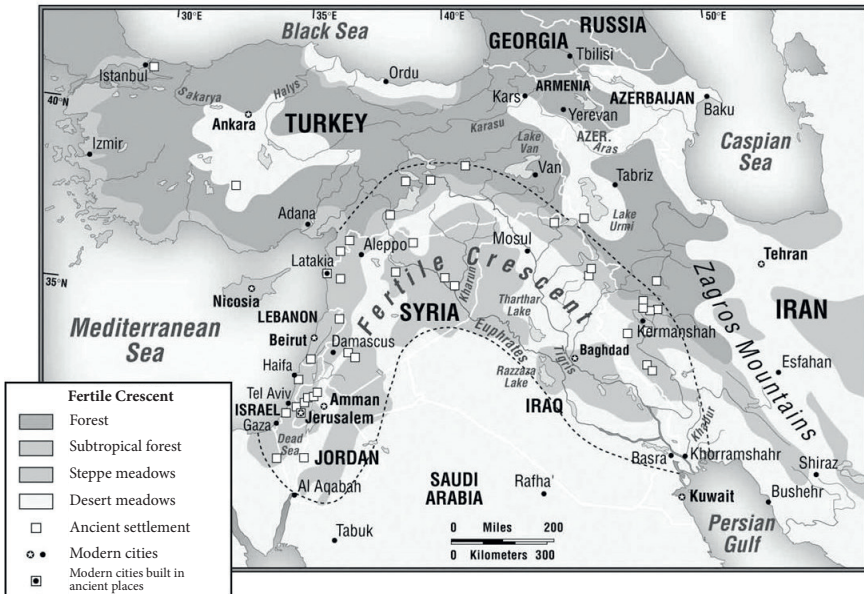
in Eurasia (Caucasus, Gulf, Middle East, etc. regions) that can be considered much as geopolitical centers (SAE, 2009: 6). Conflicts are usually among the legitimate governments chosen by the will of the people and military forces under the influence of great powers who mostly do not want to lose their effectiveness in the geography.

The cautious view related to this power shift belongs to Vries (2013). Vries thinks that entered into a Neo-Malthusian world. For this reason, he claims that growth in a world with limited resources will be restricted. According to the population theory with the first version written by Malthus in 1789, resources will be insufficient against the increasing population (Malthus, 1992). He predicts that aggressive policies will negatively affect countries as in the years when mercantilism was experiencing its golden era in Europe. He says that the new period resembles the pre-industrialization 18th century more, rather than the 19th and 20th centuries. The point that Vries ignores here is technological developments. Countries do not only conduct R&D studies for high-technology products but also take steps for efficient and economical use of available resources. For this reason, the theory that China and India's aggressive growth policies may be restricted due to scarce resources seems weak in terms of this. In addition to this, with a Malthusian perspective, there are some opinions that the last pandemic is the effort of nature to balance the increasing human population on the earth, and the will of some countries to practice community immunity can be evaluated in this context, too.

## Geography and Power

As the center of power changed its location again after 200 years, it is inevitable for Turkey, which hosted this center for long years and considered to be the heir of this center somehow, to be affected by this change. This geography of Turkey has been an important center throughout history. For example, Turkey's southern and southeastern geographies are located in the region called *Fertile Crescent* by Breasted (1916). This crescent containing a region covering the Mediterranean coast with fertile soil (Palestine, Lebanon, Syria, and Jordan), Iraq, Iran, Kuwait, and Turkey has contributed to the establishment of many nations and civilizations in this geography. For this reason, communities have interacted with each other earlier than many parts of the world and technological, social, and economic progress has developed in this geography earlier. Turkey is also the heir of these civilizations in this respect. Therefore, it is important to consider the experienced shift in power from a historical perspective. The experienced shift of power is actually the movement of the world economic system to return to its nature. Since many civilizations lived on throughout history, the Fertile Crescent has been approached in an archaeological sense in general. However, these fertile lands owned by these lands have determined the fate of this geography in the economic sense.

Map 1. Fertile Crescent Region



Turkey is a party to the fate of its geography due to its location. Although political and military upheavals experienced today have alienated Turkey from this geography in a process of approximately 100 years, Turkey, as the heir of a state that governed this region in peace for long years, has achieved a natural sphere of influence in these lands. As firstly in history attributed to Ibn Khaldun, then claimed by other persons such as Diamond (1997), if the geography is destiny, Turkey should follow proactive economic and political policies on this geography.

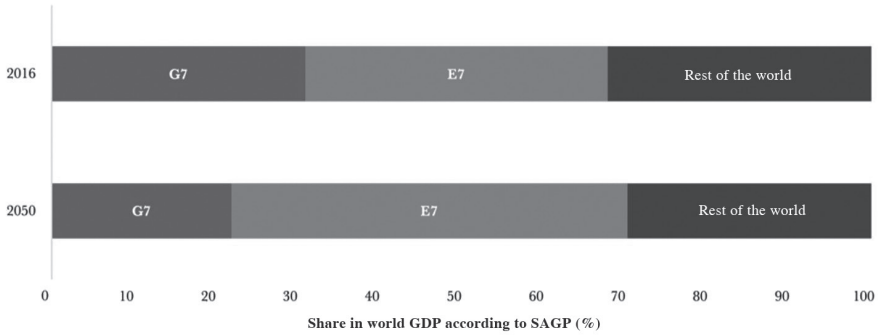
When we consider the effects of geography on the economy, and as we consider that the economic system, which has been dominated by the West for 200 years, proved the economic power of East again and proved, with the projections, that it will pass the West in an economic sense, then we can think that the economic order in the world returned to its previous bed. The fact that the economic and financial system, which has been causing serious economic injustices in the world for 200 years and shaped by West, is returning to its previous bed, and that East is emerging as an alternative should be seen as a chance to eliminate these injustices. Economic power in this sense also changes the position of geographic power.

### Rise of the East and Opportunities

Developing countries grow faster than in developed countries. (PwC, 2017) predicts that by 2050, the top 32 economies of the world will constitute 85% of the total GDP in the world according to the current growth projection. Among these 32 economies, the share of countries currently considered as developing

countries is large. As can be seen in Figure 1, it is estimated that the share of developing countries, particularly including Turkey (Brazil, China, India, Indonesia, Mexico, Russia, and Turkey) in the world economy will increase in a significant manner.

**Figure 1.** Estimated change in world GDP shares



*Source: (PwC, 2017)*

In the prediction foreseeing that China and India will share the first two places as the top two economic powers in 2050; Indonesia leaves the United Kingdom behind and Turkey leaves France and Italy behind. Furthermore, Muslim countries such as Bangladesh, Malaysia, Egypt, Nigeria, and Pakistan appear as prominent countries in the 2050 projection. The fact that countries, such as Nigeria, Russia, and Saudi Arabia, whose economic growth depends on natural resources should diversify their economies is another issue highlighted in the report that reveals the predictions for the world economy for 2050 (PwC, 2017). The fact that the decrease in oil prices after the pandemic had an adverse effect on the economies of these countries points out the accuracy of the policy suggestion. Turkey needs to diversify its production items in the same way and avoid unidirectional growth. Because of the rapid transformation and unforeseen developments in the world often invalidate the predictions about which industries will come to the fore. Therefore, it is not a preference but an obligation to have the plans made for Turkey for the following period in a form to ensure the development of strategies within the frame of indigenouness and nationalism concepts in particular on the way of being a self-sufficient nation.

**Table 1.** Top 10 economies of the world in 2050 per SAGP

	2016	2050	
China	1	1	China
USA	2	2	India
India	3	3	USA
Japan	4	4	Indonesia
Germany	5	5	Brazil
Russia	6	6	Russia
Brazil	7	7	Mexico
Indonesia	8	8	Japan
United Kingdom	9	9	Germany
France	10	10	United Kingdom

E7 economies
  G7 economies

Source: (PwC, 2017)

As can be seen in Table 1, China, India, and Indonesia take the lead in the prediction that Eastern countries will have their weight felt particularly in 2050.

One of the greatest architects of the rise of the East is China. Tselichtchev (2012) collects this effect and the rise of China under 3 main topics. The first is that China, which has increased its importance in both production and export in the world very quickly, is among the important players in the world with its R&D investments and high technology products. However, although there are attempts in the service sector with its increasing income level, the West is still ahead of China in this regard. Beyond this, secondly, China has proven how strong and robust its economy is during the 2008 global financial crisis compared to the West. It has been seen that the West is fragile in this respect and China is better macro-economically. China's state-private sector mixture capitalist economic model has shown robust points. This situation also demonstrated the power of the central government in the struggle against the pandemic, and if we left the disputes about the accuracy and consistency of the data aside, it was seen that China was more successful in controlling the pandemic despite its population. Third and lastly, China, at the points of conflict of interest, has shown a very successful ability in shaping the events in line with its interests. Since this competition is generally under unequal conditions, the situation that was shaped in line with the goals of the West has started to take shape in line with the goals of China.

Having no mind of doing a Western business, China has nevertheless received its share from the pragmatic understanding of capitalism far better. Therefore, during the structural transformation of its economy, it has taken

steps to accommodate many elements of the Western capitalist system. But it did not fully comply with all the rules, concepts, and principles of this system. Unlike the West, China's economic system has given more roles to the state compared to any Western country. Feeling no hesitation to directly support these companies to maintain the position of Chinese private companies in the world, the Chinese government not only supported the industry and businesses but also followed policies to increase the efficiency of the companies. Offering joint investment to private companies is quite common. China has continued its growth success since the late 1970s to the present day and pointed out that this success is not a coincidence (Tselichtchev, 2011: 200-201). It can be expected that this success can set an example for the policies to be followed in the new period by the developing countries, particularly Turkey, etc.

Due to the size of the role to be played in the revival of the Silk Road, China has a role not only for Turkey but also for all countries having position and role on this road. The importance of the economic relations to be established with China, which is a monopoly in low-cost production in the world and proceeded to attack in high-technology products, is great. During this production and export period, China, which increased its dollar reserves in particular, showed the West that it is an important competitor in this regard. The experience shift of power-axis presents China as an alternative or competitor to the unipolar capitalist economic order in the world with its unique capitalism. The countries that China will trail in this process may also be competitors to this unipolar economic order.

China's share of manufactured products is still expanding. While the production industry is getting stronger, China's influence on certain industries in the world is also increasing. After the 2008 crisis, while the USA, many European countries' and Japan economies entered a very difficult period, China was affected by this situation at a minimum level due to its strong economic structure. The fragility of many European countries, which obtain their economic power from the financial sector rather than the real sector such as China, has been understood through this crisis. Even only this case was one of the reasons that increased the speed of the economic power shift. The role of the service industry, which came to a point of stop during the pandemic, in the economy began to be questioned. While criticism of the artificiality of the success of Western countries, which have a very successful position in the service industry, in particular, has increased, the sustainability of this situation has started to be discussed.

Today, as it was in the 20th century, a system in which one or two countries changed the world's economic balance has now turned into a system where economic and political collaborations lead the world in a multipolar economic order. For this reason, collaborations and joint investments with China and countries with high development potential are very important in the new global economic system. This power shift does not mean that the West or China will be the global leader. This shift is a very important indicator that

the world is going to multipolarity (Tselichtchev, 2011: 209). Furthermore, as seen in the pandemic, it is important to diversify the business partners in the trade and economy. The multipolar world offers opportunities for developing countries in this sense.

It is obvious that the world is in a phase of change and transformation. The power axis of the world shifts from the Atlantic (North America-Europe) region, which we call north-west, back to the East (Asia-Pacific). If we evaluate this shift as specific to China, certainly China has more potential to increase its power, become a center, and ensure the continuation of the power shift compared to the USA, Japan, and other Western countries. In addition to this, while China's sphere of influence is increasing, particularly in Eastern Asia, and the history of the West is known by colonialism and colonization, the sphere of influence of these countries is gradually decreasing (Hagström & Jerdén, 2014: 356). Furthermore, while China is growing, unlike America, Japan, Africa, and Europe, it does not give any trade deficit. For this reason, it is possible to say that China marked an era of economic change and transformation. China, Asia (East) as India predominantly, increase their economic efficiency in the world and become a candidate location for becoming a new center (Frank, 1998: 126-129). But, after the pandemic, as a result of the fact that countries comprehend the importance of domestic and national production, it can be thought that China's trade will be negatively affected in areas that will partially shift to domestic production.

Having a significant influence on the development of China (Frank, 1998) and the West that constitute the center of the world's economic system for centuries, the Middle East and Islamic civilization are the most important candidates for economically passing the West that had a potential for growth in the 21st century. By acting from Frank's (1998) phase A and phase B thesis, it can be claimed that the 21st century points out the rise of the East again. Dividing the world history into 2 phases as phase A where the economies grow and phase B where the economies shrunk, Frank claims that the phase B for the East has come to an end and a period began where the phase A will be transferred from the West and entered to expansion again.

It is important to develop new trade channels, to evaluate economic opportunities and to determine the investments to be made in this direction with the developing countries that will increase their share in the world economy over time. Because not only China, but other countries rising in the east are India and Indonesia. As can be understood, the projections and predictions indicate that Asia will pass Europe economically again in the 21st century. Furthermore, it is thought that Africa will reach an economic size that will compete with the West in the new century with its population and economic size. When we do not take China and India on the East into growth calculations, Turkey is also exhibiting a very successful economic progress (Bradley, 2013: 55). This progress, although exchange rate shocks in 2018 and 2019 and being adversely affected by the pandemic in 2020, still incorporates

opportunities for Turkey. Furthermore, studies claiming that the effects of large pandemics experienced in economies previously remained limited and that the economies recovered rapidly (Benmelech & Frydman, 2020; Correia et al., 2020) point out that there will be more gradual transformations rather than a multidimensional and revolutionary transformation. Maybe the process of the already existing transformation will accelerate. In other words, when the foresight is evaluated independently from the post-pandemic period, they include the comments regarding the policies to be followed.

The targets set for long-term economically shows the economic potential of Turkey. Being a part of the Fertile Crescent that has been the center of world's economy throughout the centuries due to its location, Turkey is both the close neighbor and the relative of the Central Asia region named as the heart of the world. Furthermore, has to make good use of acting as a bridge between the developing/expanding East and the developed West to achieve its goals. For this, the strategies to be created after the pandemic should be realized by taking the opinions of all stakeholders, regardless of public and private sectors, and making capacity analyzes. Furthermore, it is important to include the universities, in other words, the Turkish academy, into the process.

### **Economical and Financial Opportunities of Turkey after Pandemic**

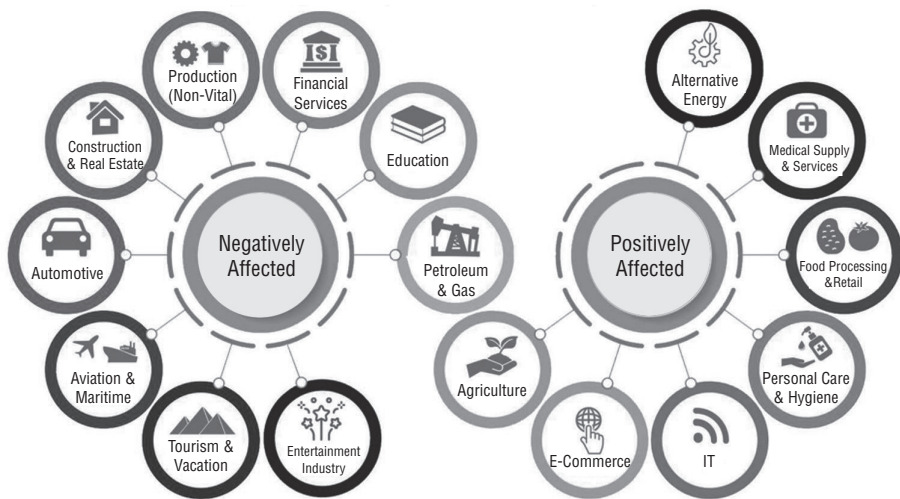
During the process after the 2000s in Turkey, rapid growth and development process took start with the new investments in a period where the level of development between East and West was converged, relevant conflicts were emerging and the center of power was evolved to multipolarity. Found the chance to benefit from the opportunities arising during this process and expanded its impact area in wide geography by soft power, Turkey is entering the new period with its success in struggling with pandemic and generosity in international aids by reinforcing its soft power.

In order to make an analysis of the post-pandemic period, it is necessary to follow the normal course in the world in economic terms. It cannot be expected from Turkey, the sole heir of the Seljuk and Ottoman today, to be affected by this while the economic power center shifts eastward. Having the opportunity to penetrate all nations and communities of Eurasia that is a candidate for being a new power center in terms of history, culture, nation, and religion, Turkey gained the chance to be an economic power as both regionally and globally. Having intensive commercial relations with the developed countries which we structurally call West, Turkey also establishes economic relations with the countries that will be the economic power, such as Russia and China. However, the economic relations to be improved by Turkey, which wants to be the economic power rather than these relations, with the other countries that are developing and having high economic potential is highly important. The establishment of these relations should be diversified on the basis of risk distribution. Production in the new period, trade and finance, Turkey's demographic characteristics, natural partners, corporate culture, civilization



of which it is the heir, cultural partnerships, and opportunities emerging with the pandemic, etc. opportunities should be addressed multidimensionally. In Figure 2, potential winners and losers of the industries that will be affected by the pandemic are summarized. But a production shift towards only the winners of these industries will not always be correct. The important thing is to diversify the industries and ensure their sustainability during the crisis periods. In addition to this, supporting and strengthening the industries that always keep the current and future potential vivid, such as the information technologies, and the strategic areas such as agriculture should be a priority for Turkey in every period and under every condition. Furthermore, the problems in the procurement process, the decline in consumer expenditures, the contraction in the service industry, particularly in banking, the increase in public expenditures, travel restrictions, and price increases in food prices that are listed as threats for the pandemic (Açıkgöz & Günay, 2020: 525) are temporary. Rather than these threats, opportunities should be evaluated by focusing on industries with high development potential for the post-pandemic period.

**Figure 2.** Potential winner and loser sectors in the pandemic period



*Source: (Şeker et al., 2020)*

### **Commerce: Collaborations Rather than Competition**

Two important factors that influence the development of humanity are competition and collaboration. While competition enables societies to develop individually, collaborations have become a formula for acting and developing together. The pandemic, somewhat compelling, has shown the importance of collaboration rather than competition to the countries. For this reason, it can be predicted that collaboration between countries will be strengthened in the new period. It can be taken into consideration that, while establishing

collaborations in the new normal period, Turkey will take steps according to the developments in the pre-pandemic period. While the economic power axis of Turkey, which has historical kindred ship with the Central Asia that has been defined as the heartland by Mackinder (1904), shifts towards this direction, the relations with the Central Asian countries must be developed. Although the countries located here have the potential of raw materials, the fact that they do not have an industry to process this raw material has caused the production to remain agricultural and technologically non-development in these regions. Technological modernization move to be provided by Turkey to these countries can be the most important step to be taken in this area. Furthermore, when it is considered in terms of commerce, Turkey's import and export items overlap with these countries. These countries are rich of oil, natural gas, industrial raw materials, mines, textile raw materials, etc. constituting the majority of Turkey's import items. In other words, when the production structures of Turkey and these states located in Central Asia are taken into account, it can be said that both two parties complete each other economically (Karakas & Karakas, 2012: 78). These countries that have been relatively less affected by the effects of the pandemic by using their advantage to be partially self-enclosed during the pandemic process are important for Turkey for the diversification of business partnerships.

In the post-pandemic period, besides the risks, new opportunities also born for the countries that are economically developing. These opportunities and risks differ according to many topics such as the production infrastructure, consumption habits, and financial vulnerability of each country. For Turkey, this case accommodates risks but also provide opportunities within the frame of the economic potential of the country. For example, the closure of the economic development difference between the developed countries and developing countries reveals new collaboration alternatives as the years go by. It would be wrong to limit this breakthrough of Asia, in other words, the East, to China and India only. Because countries such as Bangladesh, Indonesia, Malaysia, and Pakistan appear to have the potential to have very successful performance in their growth projections. By acting from these projections, Turkey must also improve its economic, financial, and commercial relations with the countries, such as Indonesia, Nigeria, and Pakistan, which also has a common ground in terms of religion. The rapid appreciation of the exchange rate in 2018 and 2019 and the relative depreciation of the Turkish Lira also brought commercial opportunities in the new period. Along with the high exchange rate, Turkish goods have reached competitive prices in the global arena. It is important that the collaborations and trade that are carried out in this period continue after the pandemic. Furthermore, the emergence of the pandemic in China has enabled the countries to follow policies to diversify their production centers and commercial partners. In this process, Turkey remains a potential partner with its geographical location and production infrastructure for countries seeking to diversify their supply chains.

In addition to the development of trade, minimizing the transactions performed with foreign currencies gains importance in this sense. Within the scope of the collaborations to be established per the methods basing on the national currency in short- and long-term mutual trade and on clearing in multilateral trade and with the unions to be formed in line with common ideals and interests in the long term will bring diversity in terms of payment methods in trade in the post-pandemic period (Karagöl & Korkut, 2018). The shaping of these payment methods is closely related to the financial sector.

### **Finance: Alternative Finance Methods**

The relations of Turkey with the Middle East and Balkan countries are still developing the complementarity axis. The fact that these countries have not been integrated into the global financial system enables them to be affected at a minimum level by the financial crises in the world. For this reason, the commercial relations that will be developed with these countries will have a positive effect on the economy during the global crisis. When the export figures of Turkey during the 2008 global crisis are taken into account, it can be said that the export of the Western countries that have been integrated into the world economy decreased and the export with the Northern Africa and the Middle East countries that have not been integrated into the global system has increased. In addition to this, the fact that the regional countries are Muslim offers an area of development for Turkey in terms of Islamic finance. Because of the fact that from mont de piété to participation banks, Turkey is a natural heir of the interest-free finance system and its success and development in the financial technologies recently points out that it has the possibility and potential to be a center to collect the capital flows this geography. Furthermore, supporting Islamic finance, which, due to its essential principles, contributes more to the real sector, in other words, the funding/financing of production and trade compared to conventional finance, will contribute to the development of domestic and national production whose importance is more understood in the pandemic process. Understanding the importance of collaborations during the pandemic process, the difficulty of small and medium-sized companies to survive, and putting human values in the economy aside and seeing that the implementation of the policies only with rational and pragmatist approach is not sustainable have also revealed the necessity that Islamic finance, which is also defined as humane finance (Korkut & Kar, 2018), must have more shares in the finance system in the future.

The recent reactions against excessive financialization due to the breaking of the economic system from the real sector will increase the orientation towards alternative financial systems. The financial crises that occurred before the pandemic increased the criticism for the change in the financial sector that was based on a balloon, in other words, artificial growth, regardless of the production and trade. The economic slowdown during the pandemic and the problems experienced by the developed countries in the production of

very simple products such as medical masks greatly shook the reputation of the financial sector. But it would be a mistake to expect revolutionary transformations in a short period, particularly when companies concentrate on the financial sector in terms of economic size. On the other hand, this situation provides opportunities for developing countries to establish the infrastructure of a financial system interbedded with the real sector. Concerning this matter, Turkey must diversify the alternatives, including Islamic finance, at the same time, put economical policies into enforcement to protect itself from the economic fluctuations and contractions from regional economic collaborations to national currency and trade.

One of the most basic components of development is the provision of capital accumulation. Capital accumulation encourages new investments, as well as establishes economic growth and development. For this reason, efforts should be made to develop alternative savings methods and raise awareness in society and create resources for new investments. This can be possible with the realization of new fundraising methods. When the damage experienced by the finance sector due to the pandemic is taken into account in particular, the risk of the finance sector must be spread with the banks and non-bank finance institutions by ensuring fund diversification rent deposit fund that can be maintained in finding a resource, the pilgrimage fund exhibited success in Muslim countries and alternative funds such as investment-oriented project-based funds. Furthermore, how the payment systems are strategic for their countries should be taken into consideration and an alternative payment system, against financial foreign operations, should be mentioned in the economic agenda of Turkey not as a preference but as an obligation (Parker, 2020: 96).

### **Human capital: Young Population and Vocational Education**

Turkey owns being relatively less affected by the global pandemic in terms of death rates to its young population. However, according to the population projections of Turkey, which is very lucky now in terms of the young population, will, unfortunately, lose its this population advantage in the following periods along with the decreasing population increase rate in the future. When it is evaluated in this respect, it is obvious that Turkey should follow a new strategy in terms of population. Bulut (2013) claims that the population has reached the limit of 100 million in light of current birth rates and projections, but cannot exceed this critical limit. In this respect, the recent refugees coming to Turkey due to the internal turmoil in Syria would be considered as an opportunity for Turkey.

Since the ending time of the current turmoil in Syria cannot be foreseen, the actualization of arrangements to enable the refugees, who are in Turkey, participate in the social and economic life gradually and contribute production is very important in terms of evaluating the population advantage. Of course, the important thing here is not only the size of the population but also its

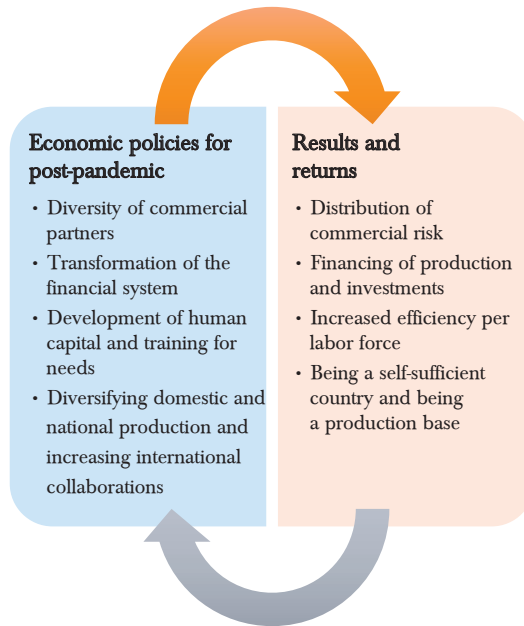
quality. The importance of investing in the population emerges here. Turkey must implement education-related policies to improve the production quality and efficiency of human capital in the new period. It is necessary to manage the process with patience in the policies implemented without forgetting that the returns on the investments made in education are taken in a long time. However, in industries where it is possible to train intermediate personnel in agriculture and industry in the short term, capacity improving training should be started quickly in strategic areas. Particularly when high unemployment rates among the youth are taken into consideration, the importance of vocational courses and training comes to the fore.

### **Domestic and National Production: Being a Center in Production**

The global epidemic has shown to all countries that the world is a large village and that it is not possible for the inhabitants of the village to move independently. In this respect, the new period will be the period of collaboration, not a competition, between countries. But the pandemic also pointed out the importance of countries' self-sufficiency in the production of very simple medical equipment. Yet it is understood that economies based on the service industry suffer more due to the pandemic process (Şeker et al., 2020). For this, in addition to high-tech products oriented to the strategic areas of Turkey, performing state-aided investments in production generally and exhibiting positive discrimination to domestic and national technology companies are important at this phase. The incentives, such as support packages announced for the economy during the pandemic period in Turkey, must be diversified in parallel to the developments in the world and they must be especially directed to the strategic areas.

Furthermore, there are great opportunities for Turkish companies to do production after the pandemic. Particularly while the negative perception of the emergence of the pandemic in China is still fresh, a suitable period has emerged for Turkish manufacturers having flexible and strong production potential to increase their share in the cake of the world's production. In this context, Turkey does not only need to increase its trade/export volume and domestic production but also needs a production paradigm oriented to the increase of the share taken from the global production cake basing on collaborations (Şeker et al., 2020). Particularly the high capital owner partners, who are looking for making international investments, should be taken to Turkey as a country that has frequently proven its economic sustainability on long-term and production-based investments under crises. As mentioned, its strong production potential and the ability to overcome crises provide a significant advantage for Turkey at this point. Furthermore, during the process of struggling with the pandemic, its success in controlling the pandemic although the high population and ability to maintain the production in a controlled manner during the pandemic are among the matters that bring Turkey into the forefront compared to its competitors.

**Figure 3.** Basic economic policies that must be followed in the post-pandemic period



### Conclusion and General Evaluation

Having an economic edge over the West by the East within the following 30 years is seen in many economic projections. Everyone knows that China is the locomotive power of the East in this regard. One of the sources of this power is the Silk Road where culture, as well as trade goods, were transported from China’s Xian city to Europe 2500 years ago. The starting point of this road is China. This road, where civilizations had the opportunity to establish an economic, social and cultural dialogue, survived to the present day by losing its importance as of the 16th Century when the West started to establish its economic dominance and to take under its monopoly with the aggressive economic mentality provided by mercantilism. The steps to be taken and policies to be followed by the decision-makers on the point that Turkey is one of the main routes of this road, which has been remembered again along with the commencement of the shift of the economic power center to the East and steps have been taken for reviving it, are very important.

Connecting Asia and Europe by the highways of three big bridges, Turkey pointed out that it is one of the most important bridge countries of Silk Road also through the use of the railway with Marmaray project under Istanbul Bosphorus. The revival of this route means new opportunities for Turkey particularly in terms of reaching the growth targets after the pandemic. Turkey, which is one of the historical heirs of the road, must be present in the game as the play-maker whilst a new period starts for Africa, Asia, and Europe.

The estimations and projections show that a large middle-class will be born in the world, particularly in Asia. Analyzing the preferences and demands of this class emerged with the enrichment of the East and developing economic production policies accordingly should be the main goals of Turkey willing to be a play-maker country.

Projects for the revitalization of the Silk Road should be followed and these should be concluded as soon as possible. Turkey, which has close relations with both the Caucasus and Central Asia, should be one of the key partners of the railway with China-Kyrgyzstan-Kazakhstan-Azerbaijan-Caspian route. With recent developments in this regard, it can be said that Turkey has lost this role with Iran that has close relations, particularly with China. However, new truths and new relations occurred after the pandemic period. Being the center of stability particularly with its success in managing the pandemic and the management system that exhibits a corporate settlement, Turkey is the strongest country that has the potential to be a production base between the West, capital-rich for the investors willing to make production throughout the world, and the East, the labor-rich. With a Caspian-Caucasus connection where Turkey will be included, we can consider the stability to be ensured in the region as the key element of the revival of trade again between East and West. This stability can only be possible through the collaboration of the relevant states and investments of the private sector.

In the new era, Turkey should not put all eggs in one basket in terms of economic, financial, commercial, and international relations. In other words, for Western alliances such as the USA, the European Union, etc., relations with the rising values of the new era such as China, India, and partially Russia should not be put at risk. Likewise, the trade volume with the West, which today sets the standard of modern society and quality life, should always be maintained and developed. Meanwhile, in Africa, a Muslim Nigeria and developing African economies also comes at the top of the opportunities in front of Turkey. Having no bad record such as capitalism and colonialism, Turkey should well-evaluate commercial and economic collaboration opportunities in this region. The international aids made during the pandemic process, in particular, pointed out that Turkey has a human-focused international perspective, not interest-based. It should not be forgotten that the effects of investments to be made in these regions will be experienced over time, and relations with these countries should always be kept close during this period. Furthermore, the historical accumulation of Turkey, having natural penetration area in the neighboring region (Balkans, Caucasus, and Middle East) should be supported with economic investment and sanctions. It is apparent that the expectations of this geography from Turkey particularly in the last period increased. Investment-oriented steps must be taken without disappointing these regions. Willing to economically and financially maintain its success in struggling with pandemic also during the post-pandemic period, Turkey should expand its commercial partner alternatives, ensure the production diversity by tending to strategic areas at the point of production, focus on information technologies at

the point of the service industry, and concerning the financial issues, evaluate the alternative financing methods.

### Acknowledgment

I would like to present my appreciation to my esteemed supervisor Prof. Mehmet Bulut for his support in the formation of essential opinions at the point of the constitution of the study, and Assoc. Prof. Ali Polat for his recommendations and suggestions by reading the study rigorously.

### References

- Açıkğöz, Ö. & Günay, A. (2020). The early impact of the Covid-19 pandemic on the global and Turkish economy. *Turkish journal of medical sciences*, 50(SI-1), 520-526.
- Benmelech, E., & Frydman, C. (2020). *The 1918 Influenza Did Not Kill the US Economy*. VOX CEPR Policy Portal.
- Breasted, J. H. (1916). *Ancient Times: A History of the Early World*. Boston: Ginn and Company.
- Bulut, M. (2013). Türkiye'nin Dünya Ekonomisindeki Yeri ve Geleceği. *ADAM AKADEMİ Sosyal Bilimler Dergisi*, 3(2), 53-62.
- Chirot, D. (1985). The rise of the West. *American Sociological Review*, 50(2), 181-195.
- Correia, S., Luck, S., & Verner, E. (2020). Fight the Pandemic, Save the Economy: Lessons from the 1918 Flu (No. 20200327). Federal Reserve Bank of New York.
- Diamond, J. M. (1997). *Guns, Germs and Steel: A Short History of Everybody for the last 13.000 years*. London: Random House.
- Frank, A. G. (1998). *ReOrient Global Economy in the Asian Age* (1st ed.). London: University of California Press.
- Fukuyama, F. (1992). *The End of History and the Last Man* (1st ed.). New York: The Free Press A Division of Macmillan Inc.
- Gürsakal, G. G., & Kaya, S. (2013). An Appraisal of the Chronology Problem in the "Rise of the West" Question. *Gazi Akademik Bakış*, 7(13), 67-79.
- Hagström, L., & Jerdén, B. (2014). East Asia's Power Shift: The Flaws and Hazards of the Debate and How to Avoid Them. *Asian Perspective*, 38(3), 337-362. doi:10.5555/0258-9184-38.3.337
- Hall, J. A. (1986). *Powers and liberties: The causes and consequences of the rise of the West*. Univ of California Press.
- Hobson, J. M. (2004). *The Eastern Origins of Western Civilization* (1st ed.). Cambridge: Cambridge University Press.
- Karagöl, E. & Korkut, C. (2018). İslâm Ülkeleri Arasında Ticarete Yöntem Önerileri. *İktisadi, Sosyal ve Siyasal Boyutları ile İslam Ülkeleri Arasındaki İlişkiler*. Kocaeli: Umuttepe Yayınları.
- Karakaş, A., & Karakaş, D. N. (2012). Bölgesel Ekonomik Güç Merkezi Olma Yolunda Türkiye'nin Dış Ticaretinin Karşılaştırmalı Görünümü: Yenedünya Düzeninde Yeni Cazibe Merkezi (mi?). *Kafkas Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi*, 3(3), 67-90.
- Korkut, C., & Kar, M. (2018). İnsani Finans ve Değerler, *Kurunlarda Değerler* (s. 179-197). Konya: Necmettin Erbakan Üniversitesi Kültür Yayınları.
- Mackinder, H. J. (1904). The Geographical Pivot of History. *The Geographical Journal*, 23(4), 421-437.
- Malthus, T. R. (1992). *An Essay on the Principle of Population*. Cambridge University Press.
- Polat, A. (2020). Sınır Ötesi Ödeme Sisteminin Ekonomi Politikası ve İslâm Ekonomisi Bağlamında Değerlendirmeler. *İslam İktisadında Para -bakırdan dijitala* (ss. 63-100). Ankara: Türkiye Diyanet Vakfı Yayınları.



- PricewaterhouseCoopers – (PwC, 2017). *The Long View How will the global economic order change by 2050?*. PricewaterhouseCoopers.
- Sezgin, F. (1967). *Geschichte des arabischen schriftums* (17 cilt). Brill.
- Sezgin, F. (2007). *İslam'da Bilim ve Teknik* (5 cilt). Türkiye Bilimler Akademisi.
- Stratejik Araştırmalar Enstitüsü – SAE (2009). 21. Yüzyılda Küresel Ekonomik Güç Kayması. İstanbul.
- Solow, R. M. (1956). A Contribution to the Theory of Economic Growth. *The Quarterly Journal of Economics*, 70(1), 65-94.
- Şeker, M., Özer, A., Tosun, Z., Korkut, C. & Doğrul, M. (2020). *Covid-19 Küresel Salgım Değerlendirme Raporu*. Türkiye Bilimler Akademisi Yayınları, TÜBA Raporları No: 34.
- Tselichtchev, I. (2011). *China Versus the West: The Global Power Shift of the 21st Century*. Singapore: John Wiley & Sons Singapore Pte. Ltd.
- Vries, P. (2013). Decline of the West– Rise of the East? *Journal of Modern European History*, 11(3), 315-328. doi:10.17104/1611-8944\_2013\_3\_315