



İSTANBUL İKTİSAT KONGRESİ

Revolution in Turkish Economy and Social Moral Code

I divided my speech notes into four sections under headings. I will try to elaborate as very briefly as time permits:

- **Istanbul Economics Congress - Proactive Past and Future**
- **Rethinking Priorities and Management**
- **Red Apple: Common Values for Humanity and Moral Revolution**
- **Post-Security Geopolitical and Economic Competition**
- **Priorities in National/Global Economy for Rebalancing Earth-Water-Air-Fire in Man/Nature**
- **Cyclical (Green) Economy**
- **Power and Property Ecosystem**
- **Cyber Security, Food Scarcity, Security of the Production-Consumption Chain and Competitive Governance**
- **Transformation of the Middle Class, Democracy of the Future**
- **Reconstruction of Institutional (Meritocracy) Structure**
- **Focusing on Sociological Abilities**
- **Few Resources More People**
- **Institutional Infrastructure with Coordinated Political, Economic and Sectoral Goals**

First of all, where did the Istanbul Economics Congress originate from, why are we doing this program, I would like to make a very short summary, in fact, the first speech note is "Istanbul Economics Congress Proactive Past and Future". This is Prof. Dr. An initiative that we started under the leadership of our teacher Sedat AYBAR. Four meetings were held as Istanbul Economics Talks and their reports were published. At this point, we started a larger, two-day, congress-oriented study a long time ago. However, due to the uneasiness caused by the latest variants in the pandemic, we had to take it online. This is the 5th meeting and I believe this process will continue. It would be too premature and crude to speak of a "school". We have highly qualified economists and academics who are Turkish citizens and work both in Turkey and in various parts of the world. We can reach all of them. A serious inventory was made in the past years. I can say that these efforts will continue by getting stronger, I can say that we have this will.

Our keynote speakers; Dear Ambassador, Our Permanent Representative to the OECD Prof. Dr. Kerem ALKİN, Beykent University Rector Murat FERMAN and Sedat AYBAR I extend my respects to my teacher and all the audience. Considering the political and economic turbulence Turkey is in, this is actually a meeting that should open up more space for itself, but we will continue to insist, work and produce. Now, the Izmir Economy Congress is convened by Atatürk in 1923, 7 months before the Republic was declared, and this is the beginning of the transition to the new economic order after the 1st World War and then a new state is established. In 1948, the Turkish Economy Congress convened in Istanbul. It is gathered under the supervision of the state, but as a civilian, with a civilian concept, and here is an analysis of the global and economic order that emerged after the Second World War. The 2nd Izmir Economics Congress, on the other hand, convened in 1981 under the leadership of Turgut ÖZAL, when the soldiers were in power (a period when the transition to the neoliberal order started).



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We have tried to say a lot within the scope of both 2023 projects since 2008 and 2053 projects since 2014. But the pandemic made people accept a few thousand times what we said. At this point, we are evolving into a new economic order and a new business model. The global order, which started with the Industrial Revolution and was regulated by the results of the 1st and 2nd World Wars, is changing to a large extent and the related pains and turbulences are increasing. In this sense, the summaries were made by Sedat Hodja. I do not want to go into too much detail, but I would like to state that he intends to contribute a little in a time when there is a lot of turbulence and unpredictability in terms of emphasizing the importance of this meeting in terms of timing.

After the 90s and 2000s in the academic world, the main criticism was that we were thinking with the psychology of the Cold War, we had to get rid of it, it's left behind now. But we are in a period in which our rote learning about the priorities we are accustomed to and the national, regional and global policies regarding the global order is largely in vain, new searches are rising too much, new paradigms and new parameters follow each other. That's why we need to rethink and re-evaluate priorities, including hostilities, and work on how these new priorities will be managed within a governance framework.

The point we have reached is also a crisis of civilization. I have been using this "Red Apple" expression in meetings for the last three years. This is not an ideological discourse, the "Red Apple" can be expressed differently in every culture. But it is also obvious that we need common values and moral revolution for humanity at the point of searching for the transcendent, the more perfect, the further. We are experiencing this crisis at different relative levels, both nationally and regionally, as the Turkish-Islamic world, and on a global scale. As long as it is not independent from lifestyle, I think that discussions on security, economy and other basic areas should be held together in this context, at the point of common values and moral revolution for people - including the economy. In this sense, there have been serious studies recently, especially in China. I was invited to some of them. However, we need content that is reflected in the field with practice, beyond the studies done on pure stereotyping and blocking. The world needs an increase in this search. Can we set an example here with the "Red Apple" ideology? Historically we can. But our biggest problem is in bringing it to the present.

We are also working on the field of "Values Construction" in 2023 and 2053 studies. About 150 people participated in the studies and there are people from different views and different opinions participating in these studies. Two main results emerged. With your permission, I will share this very briefly. First of all, we are a country that has an average of 0.9% share in the production and consumption chain in the world, so it would be meaningless for us to develop a special recipe for ourselves, since we do not determine production consumption standards. We stay boutique and get looted, so to speak. The first view is that we follow the Western civilization, follow the basic parameters, follow the variables and get down to business. The other, more conservative view is one that boasts more of history but does not have serious prescriptions for how to bring institutionalization to the present. I believe that both should be studied with a synthesis by taking their share of truth. BIn this sense, nationally, regionally,



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globally - its name would be “Red Apple”, it would be something else, but it is not very important - we have an infrastructure that can reveal something new, I think there is a loss in our self-confidence as our mental thresholds in this sense have been eroded especially in the last 100 years.

I would like to say that new studies will continue to contribute to this search on the basis of the proposals to be put forward in accordance with the Istanbul Economics speeches, the Congress and the subsequent declaration of results. We recently held the Istanbul Security Conference, the seventh event this year was a very large, global meeting. There, too, this “post-security geopolitics” issue was discussed, and no one separated security from economic competition. Because the “economic model” changes the security, and the security changes the “economic model”. For this reason, it is necessary to follow the process of how economic competition will transform in these global balances, which is not very easy to define on the basis of countries or regions, and who will set the standards from now on, in terms of understanding and applying the economy.

Which become a top priority recently, especially after the pandemic, summarized as “climate change” but basically, we destroyed both as humanity and due to the production-consumption standards we set for there are priorities in the national and global economy in order to rebalance earth, water, air and fire in humans and nature. Today, the phrase “Cyclical (Green) Economy” has emerged to meet this. Obviously for this green economy; There are economists who comment that countries with strong competition have taken the bar one step higher and those who are behind are put into a more difficult situation. On the other hand, it is a fact that the world has no patience anymore due to our production-consumption speed. For this, China has been transforming its export-based growth strategy into a domestic consumption-based growth strategy for several years and has started to distribute wealth to the society gradually. A middle class of approximately 500 million people is developing within its own dynamics. Our economic model after the Industrial Revolution was based on “produce, consume and dispose”, today it is on “produce, consume and transform”. This “transformation” part is estimated at 9%-10% in the world economy, according to projections. Of course, if it goes above 50%, it is obvious that it will be an extraordinarily good thing both in terms of efficiency and the sustainability of the world's resources.

Turkey also joined the Paris Climate Agreement, again as a part of it, but this is not an easy thing because you need to transform your entire infrastructure. A race that will be shaped according to the distances between you and other countries. In this sense, it is necessary to monitor how developing countries, less developed countries, and even the least developed countries will adapt to this process. Another topic where Turkey can guide them with its own experiences.

Power and property ecosystem; How will this transform in terms of understanding and shaping economic policies? For a very long time I have always said: “When they wake up in the morning, the rich will see that they are of middle class, those of mediocrity will see that they are poor, and those who are poor will see that they are below the poverty line”, this is developing rapidly. There is a great turbulence in this sense right now.



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The new power and property ecosystem is transforming as people's assets and incomes begin to evolve, especially in the pre-Chinese era, with the restriction of logistics opportunities, with the increase in production restrictions (current developments are also constantly discussed). In this, we can evaluate all kinds of soft and hard power elements. Again, there is an example that I often give; You know, Turkish Airlines is the apple of our eye, its stock market value was \$2 billion, but an app like UBER had a value of around \$100 billion, and booking.com - a Netherlands-based company - had a value of around \$32 billion. We are entering a period in which this hard power, soft power, economic capacity, institutional capacity, industry-technology infrastructure, and more of these will be put in front of us regarding what is valuable and what is not.

When there are too many weaknesses and you are in a hurry to save the day, you do not have much chance to follow and transform them. But this is not a pessimistic approach. For the coming period, especially the security and competitive governance of the production-consumption chain causes serious disruptions in the development of this chain, and this seems to continue. The results it reveals are very important how the difficulties that will arise in reaching consumption will affect the national, regional and global system, how they will affect the administrations, and how they will affect the preferences of citizens and voters. It is not possible to do or manage them only with a restrictive, prohibitive approach. There may be supply shortages, including in the most developed countries of the world, and there are strong assumptions that after the current pandemic, there will be a pandemic over cyber security and food shortages. I think that we need to analyze the security and governance of the production chain very well within all this data.

One of the important parameters is the transformation of the middle class and the democracy of the future. We have discussed this a lot in the last 6-7 years, especially in the meetings we have held with developed countries such as the USA and Germany, but it is only recently on the world agenda. Especially with the turbulence that started after the pandemic, Germany and the USA are the wealthiest countries in the world and have the highest per capita income. So a middle class never developed in the West. With a Soviet leverage, this was made possible after World War II and continued until the 2000s. Despite this, the Soviets, the Left ideas, Communism, Socialism were influential in 3/4 of the world, however, with the active participation of China in the production-consumption chain after 2000, this middle class began to dissolve with the Chinese leverage. So an inverse leverage worked. Today, different preferences also feed this. Just like China's changing its development model, like the emergence of more partners in the economic cake, with numerous factors such as climate change, this middle class is melting very quickly.

In countries without a middle class, two options emerge. One is "chaos" and the other is "authoritarian governments". In fact, what the economy will be will determine what kind of models we will manage. And we are rapidly heading in that direction as the world. Because we are at a point where it is no longer possible to maintain an economic policy based on the welfare of 750 million people in the world, and we need to look for a new set of models beyond



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the usual and learned memorizations. For example, the system that China manages under this one-party authoritarianism has now given a great response to some post-pandemic pursuits at the global level. I say this as a detection, it does not mean that I approve; You can manage and bend 1.5 billion people from a single center as you wish. It is very difficult or even impossible to do this in a European democracy. Therefore, I think how we will be governed is directly proportional to how the economy and the middle class will transform.

Finally, I think that we need a new reorganization as soon as possible in order for us to be successful as Turkey and to be a source of inspiration for friendly and brotherly countries. They did this in China, and the point China has reached in the last 6 years is the results of this reorganization. I do not want to go into details, but our institutional structure needs to be revised. I call this "meritocracy". There are 3 ancient meritocracies in the world. One is Mandarin, one is Persian, one is us. There are those who perceive meritocracy only as bureaucracy, I do not agree with that. Meritocracy means that everyone is in the right place in the system. In this sense, it is clear that we need a reorganization.

Another factor is the issue of "few resources, more people". We have been saying this again and again for 10-12 years. This is valid both for Turkey and for countries with a lot of resources. This is not the "multi-source" era in the world today! An era ruled by powerful, educated individuals. A very simple example can be given as follows; You have a very high quality branded vehicle, the vehicle is yours and we can consider it as a resource that requires repair, maintenance and fuel costs. We need a lot of things like rehabilitating the existing human resources, adapting the educational curriculum and institutional functioning, and developing programs that will rehabilitate those who have gone out of the education system.

We have been working for the last 3 years for the "Red Apple Turkey Strategic Transformation Program". It has both macro and sectoral modules. We made presentations to different institutions in Ankara. Here is some of what I just said. Our future is the "few resources, more people" model; This is valid for both Turkey and the whole world, but especially for our country. Because we are a bit cornered as a resource. The fact that we used some opportunities in the past with misuse also has a great effect on this.

In addition, sociologically, we need to focus on our sociological abilities while institutionalizing the meritocracy, the "few resources, more people" approach. Generally, when I look at the Izmir Economic Congress or the Turkish Economy Congress, there is a rush (a subjective interpretation); "We are in a very bad situation, the world is going to a new place, what are we going to do". Today, I think we stand in a different place. We stand in a more advantageous, more infrastructure, more equipped place.

It is necessary to construct an economic model and concentration by seeking the answer to the question "What will happen from the Turks?". "What will happen from the British today?" when we ask the question; Becomes a manager from British, and all the economic supremacy of the British is an empire of governance. This includes language and education. Since 2014, the UK's



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service exports have surpassed the exports of goods. The 2014 figure was 350 billion dollars. Therefore, there is an invoice, but there are no concrete goods, this is in the export dimension.

The main sociological strengths of Turkey are governance, administration and military service. It seems that there are concentrations in this direction, but I do not think that it is a very conscious fiction. I think that we can achieve certain relative advantages by focusing on these sociological abilities, and it is not very possible for us to get results from every field and every sector. Because, despite being a nation-state, the point we have reached in the things we are trying to learn is clear. There are areas we can boast about, but it is clear that there are areas where we have not gone far.

Finally, we need an institutional structure in which political, economic and sectoral goals are coordinated. It is very easy to write this on paper, but according to my observations, only Malaysia among Islamic countries was able to do this (during the reign of Mahatir Mohammed). It is debatable for today, for Malaysia today. But in cases where political, economic and sectoral goals are not coordinated - and our history is full of them - some visionary governments, leaders, managers, ambassadors, civil society leaders, journalists even if make a difference, since there is no systematic integrity, we can lost them after a while or the benefit part remains at a very unsustainable point.

The state needs to define an institutional infrastructure and policy in which political, economic and sectoral goals are coordinated, for example, even any mosque survival association should have a place in that policy. I gave an extreme example, but since this is not the case, universities, think tanks, economic organizations, all of us do the same things over and over, and we give 80% of our energy to the soil. I think that even just reversing this will increase the productivity 4 times in Turkey.

We have a Western European experience, a Chinese experience, a European Union experience. Their success is the result of maintaining the institutional structure in harmony. However, it is not possible to create this structure, shape and manage the system through objective criteria in countries like Turkey that have not been able to solve certain problems. Because there are too many road accidents and we have to cross the side roads immediately. At least, politics finds such an explanation for itself. But I would also like to underline that it is not possible for us to establish an efficient economic infrastructure, provide employment, collect taxes and be a country that can meet the needs of today's world, especially in today's world. I wish this meeting to be beneficial in all these notes and variables that I have tried to present. Best regards.

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