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What is Turkish Economy Currently Telling Us? A Comparative Analysis of Trade and Labor Market Indicators

In the aftermath of the 2007-2008 financial crisis, several economies including developed ones have experienced reductions in growth which can be attributed to falls in trade, commodity prices, investment and employment. In this context, this paper ascertains the current dynamics of trade and labor market in Turkey for the years 2007 to 2011 and presents an overview of the main mechanisms through which the crisis is impacting the country. We first evaluate the key indicators of the labor market, namely labor force participation rate, employment-to-population ratio, employment by sector, hours of work, unemployment rate, working age population and wages. We then investigate the main trade indicators, i.e. trade of goods and services, current account deficit and balance of payments. By building a comparative perspective, we attempt to highlight some policy options available to countries confronting the crisis in order to have positive outcomes such as employment generation, improving aggregate welfare and a sound economic recovery.