

# **THE SHRIKING TURKISH ECONOMY, AGRICULTURE and WOMEN FARMERS**

The Shrinking Agricultural Sector, Compliance with  
IMF-Advised Policies, Negotiations for Entry to the EU, and  
Their Effects on Turkish Agriculture and Women Formers

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## **A- INTRODUCTORY: HISTORICAL PERSPECTIVE**

Following the severe balance of payments crisis that erupted in 1999, Turkey signed a stand-by agreement with the IMF (International Monetary Fund) and obtained aid and credit. Faced with another crisis in February 2000, Turkey left the anchor rate initially adopted, accepting instead the flexible exchange rate regime. She followed other IMF and WB (World Bank) policy advices closely, reformed her banking system and dealt with bank failures, launched an accelerated privatisation programme, froze the level of employment in government offices and SEEs (State Economic Enterprises), restricted wage rises, limited public investments to infra-structure only and decreased their level, reduced the budget deficit, targeting a positive ratio for expenditures other than investments over revenues. Reform of the social security system to reduce its budgetary burden was also promised.

For the agricultural sector, the program involved eliminating subsidies, discontinuing high support pricing and implementing, instead world market prices on agricultural products. Following EU (European Union) practices and backed by WB finances, farmers were distributed “direct income aid” per acre sown, with limits set both for land owners and tenants.

These IMF recommended policies were started in 1999, 2000 by a coalition government of 3 political parties each with a different political and economic philosophy. They were followed till this day after a single party, with still a different philosophy came to power in the October 2002 general elections.

As a result of consistent and continuous implementation of the above policies, the Turkish economy registered a remarkable recovery and her growth rate hit new highs. But the growth rate of the agricultural sector diminished precipitously; so did agricultural employment which meant a corresponding increase in the demand for employment in the non-agricultural sectors. This exodus from agriculture added to the yearly increases in the workforce seeking employment in the non-agricultural sectors. Thus, although total employment in the non-agricultural sectors started to rise significantly, changes in total employment were nominal, and total unemployment remained, more or less unreduced to this day. In the more recent years, total employment even increased.

This high GNP growth rate unaccompanied by reductions in unemployment has given rise to considerable social worries. Farmers were big losers. On 22.September.2004 the Chamber of Agriculture of Manisa province organized a protest meeting with the participation of nearly one-hundred-thousand farmers

from all over Turkey. In the more recent years, widening current account deficit gave still another cause for concern over the future of the Turkish economy.

In the meanwhile Turkey, after having been accepted a candidate member in 1999 finally strived in 17.December.2004 to obtain a definitive date to start negotiations for full membership, set as 3.October.2005. Presently the two parties are combing over the various sectors for harmonization with EU policies and stipulations. There is no doubt that agriculture will be one of the most difficult sectors and should take a long time to harmonize. Therefore, it should preferably be started at an early date. The real obstacles in the way to Turkey's EU full-membership, however, seem to be more political and less economic, including the Cyprus issue a non-related Armenian issue and human right issues as concerns Kurdish population, the role of the military, etc.

The government or at least some observers may have thought that the rapidly shriking agricultural sector since 2000 both as a percentage of GNP (Gross National Product) and employment is in conformity with the EU standards. But obviously the negative effects on employment outweighs such a superficial consideration. The aim should be to increase the productivity in the agricultural sector, hence reduce the unsustainably high exodus of workforce from agriculture to other sectors. EU harmonization efforts, when started should help to increase agricultural productivity.

The actual outcome of rapidly shrinking agricultural sector and agricultural employment should not be judged to be the deliberate result of IMF-advised policies. IMF and WB advices concerning implementing flexible exchange rates, eliminating agricultural subsidies, discontinuing high support pricing and following world market prices were, in essence, policies in the right direction. They ignored, however, the latest trend in the EU and the developed countries with regard to continued protectionism in agriculture, as evidenced in the WTO (World Trade Organization) meetings following the Doha Development Round: 1999 in Seattle, 2003 in Cancun and 2005 in Hong Kong. Moreover, for Turkey, two other developments, on top of the IMF-advised policy changes precipitated the negative fate of the agricultural sector. One was the inflow of finance capital, direct foreign investments and privatizations as well as foreign loans of private banks, which were mostly the result of renewed confidence in the Turkish economy. But these flows and increased supply of foreign exchange were instrumental in keeping the exchange rate at low levels. This in turn, had an adverse effect on fixing the equivalent in Turkish liras of world market prices for agricultural products, thus unduly squeezing the profits of farmers. It also penalized Turkish industrial exports in general at a time when world markets were challenged by exports of low-wage and low-price Chinese manufactures. The second negative factor was the sharp rise in oil prices, which added a further burden on agricultural costs. These two factors also explain why

recently Turkish current account deficit widened but it was unaccompanied by any significant rise in foreign exchange rates. Furthermore, for agriculture, all throughout these years the government and related agricultural organizations spent virtually no effort to raise agricultural productivity.

With this historical perspective or background, section we shall review the recent changes in the Turkish agricultural sector and the situation of Turkish women farmers with the aid of statistics in the following sections. We will then proceed to draw conclusions about the future.

## **B- PRESENT SITUATION OF THE TURKISH ECONOMY, AGRICULTURE AND WOMEN FARMERS**

The major traits of the agricultural sector within the economy and of women farmers are listed below with the aid of figures.

- In 1999 the GNP fell by 6,1% and rose to about to 1998 level with a 6.3% increase in 2000. In 2001 the economy registered a 9.5% decline in GNP due to the economic crisis faced in 2000. It attained, however, high growth rates since: 7.9% in 2002, 5.9% in 2003, 9.9% in 2004 and 5.8% in 2005. Thus, in 2005 Turkey had a GNP of \$343.7 billion, standing as the 20th country with large GNP in the world and 16th among OECD (Organisation of Economic Cooperation and Development) countries. It is estimated to reach \$380.6 in

2006. It's per capita income in 2004 was \$4.240, in 2005 it was \$4.964. All of the above figures would increase in case purchasing power parity is taken into account. So would an inclusion of the very high level of unregistered income in Turkey which does not lend itself to numerical estimation.

- Concomitantly, inflation was brought under control, falling from 29.7% in 2000 to 8% in 2005, the target for 2006 being 5%. The budget deficit was reduced drastically down to about 6% of GNP by 2005, the ratio to go down further in 2006. The expenditures minus interest on debt over budget revenues was steadily increased, IMF agreement continues in force and Turkey has met no problems to meet her debt and interest payments despite the current account deficit that increased in the more recent years. As a result, the WB and the IMF considers Turkey, on the whole, a success story, and Turkey's credit rating has been improved by Fitch.

- But this high growth rate of GNP was attained in the non-agricultural sectors while the performance of the agricultural sector was conspicuously insignificant. To wit, its rate of growth was -6.5% in 2001, 6.9% in 2002, -2.5% in 2003, 3.1% in 2004 and estimated to be -1.7% in 2005. This has reduced the share of agriculture in GNP down from 13.4% in 1999 to 11.6% in 2004 and about 10.9% in 2005. The absolute level of agricultural production remained about the same.

– Employment and unemployment figures shows the nearly crisis conditions in the agricultural sector. A detailed analysis of 2005 will prove the point. Turkey's population in 2005 stood at 71,8 million; this excludes Turkish citizens abroad. Population over age 15 was 24.989 thousand, total employment was 22.566 thousand, total unemployment 2.423 thousand. From 2004 (III.quarter) to 2005 (III.quarter) the increase in employment in non-agricultural sectors, that is, industry, construction and services had increased from 14.653 thousand in 2004 to 15.405 thousand in 2005, a remarkable yearly increase of 1.195 thousand. But employment in the agricultural sector decreased from 8.222 thousand in 2004 to 6.661 thousand in 2005, a decrease of 1.561 thousand. Thus, total employment in the economy actually fell from 22.874 thousand in 2004 slightly down to 22.566 thousand in 2005. In short, the remarkable rise in employment in non-agricultural sectors was unable to absorb the decreased employment in the agricultural sector.

– There were further significant indications about the decline of the agricultural sector. For instance, both public and private fixed investments in agriculture is meagre. By 2005 the share of agriculture in total public investments was down to 6.4%, of total private investments it was 3,5%; in total fixed investments (both public and private) it stood at about 4.4%.



Along with the above negative developments, total area cultivated also showed a decline. In fact, vineyards, olive gardens, vegetable gardens and orchards registered some increase while forests remained about the same. But area allotted to field crops showed a significant decrease, pulling total area cultivated from 18.444 thousand hectares in 1999 down to 17.549 thousand hectares in 2003.

– Women farmers occupy a large share in total agricultural employment. This is one important reason why the overall developments and trends in the agricultural sector is particularly important for women farmers. Figures available for 1999 showed that of 8.839 thousand total agricultural employment 4.815 were men (54.5%), and 4.024 thousand (45,5%) women. But most of the women in agriculture worked as non-wage family members and the number of independent women farmers was negligible. To wit, the total of those who worked in their own farm stood at 3.357 thousand of which 3.015 were male and only 343 thousand women. In contrast, total non-wage family members numbered 5.003 thousand of which 1.491 thousand were male (comprised mostly of younger sons) and 3.512 thousand women (comprised both of wives and daughters). In addition, there were 479 thousand wage-earners working in others' farms, of which 310 thousand were men and 169 thousand women.

- Women participation in agriculture is, on the whole, about as high as that of men. In contrast, women participation in the workforce in non-agricultural sectors and urban population falls down to less than 50% of male participation.

- Another serious problem with women in agriculture or women farmers is their comparatively low literacy rate and level of education. For 1999 the literacy rate for total population was 15%, for men it stood at 9% and for women 21.2%. These rates were particularly low for rural population, where many girls are not sent to school, or otherwise leave off during or after primary education.

- The government has promised to the IMF to reform the social security system in 2006. This would remove a considerable burden from the budget. With problems mounting both in the agricultural sector and the balance of payments current account, the government contemplates using part of the budget savings on increasing fixed infra-structural investments and partly on granting export subsidies and incentives, both of which will go to the agricultural sector as well as to the non-agricultural sectors. But this program is not yet definitively decided upon.

## **C- CONCLUDING REMARKS: FUTURE PROSPECTS**

Hard work and hard decisions are required to put the agricultural sector in the right track. Firstly, work should be started as soon as possible to harmonize the Turkish agriculture with the EU regulations and CAP (Common Agricultural Policy). This would also go a long way in reforming the Turkish agricultural sector and increasing its productivity. It should be borne in mind that increase in agricultural productivity and production can only stimulate the non-agricultural sectors, thus their growth rates will rise even further and the share of the agricultural sector will continue to decrease. But it would be at a slower pace and at least it would exceed the 1.5% population growth rate. This would be socially and economically a much healthier process. Harmonization would also necessitate concentrating in agricultural export products that have a market in the EU; raising and standardizing the quality of these products, ensuring regular flows over the years, etc. In short, the present neglect of agricultural reform and development, the unhealthy shrinkage of the agricultural sector causing unemployment problems should be discontinued; and the sector must be restructured thoroughly.

What will happen to the agricultural sector and women farmers in future, on the other hand, is hard to predict firstly because we cannot be certain to what extent optimal or appropriate policies and development strategies will be

pursued. Secondly, presence of political uncertainties in Turkish – EU relations, the strength of opposing groups to Turkey’s full-membership in both camps make predictions even more difficult. We cannot be sure whether Turkey will become a full-fledged EU member even in the long run, and what the consequences will be in case of a deviation.

We should only hope here that reason prevails in both questions. That means firstly, Turkish-EU negotiations and relations are not discontinued and all problems, economic and political are eventually solved. Secondly, Turkish government discards its present neglect of agriculture, the socially and economically unhealthy shrinkage of the sector is prevented, and harmonization efforts pave the ground for reforms in the agricultural sector and increase its productivity.

Preventing unhealthy shrinkage of the agricultural sector should presumably be particularly beneficial to the Turkish women farmers because they seemed to have suffered slightly more compared to men. In any event it should be remembered that the number of women farmers in Turkey is nearly as large as the men though most may be non-wage-earning family members.