

Accounting for Economic Growth: **A case study of Turkey's Economic Growth and** **Political Influences on Turkey's Future Economy**

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Target Audience: Grades 6 - 12.

Time required: Two 45 minute class periods.

Introduction: Turkey's economy has experienced rapid economic growth rates from 1970 until today, with especially strong growth rates since 2002. From 1970 until 2012, Turkey's Economy has grown, as measured by Real Gross Domestic Product (GDP), by almost 200%.¹ This increase of wealth has seen the average person's standard of living increase significantly. This lesson will teach students about Turkey's strong economy, the most common and well known measure of economic performance, GDP, how comparisons can be made between countries using GDP, the rule of 72, and how political instability can affect economic growth. This lesson can be used in many different subject areas of study as an introduction to the study of the Turkish economy as it relates to its Geography, History, and many different aspects of Economics.

1. Economic Indicators

- a) Explain that there are many ways to compare economies. Ask the class to create a list of what **data** one might need to have in order to compare the standard of living in Turkey and the United States. The generated list should contain many of the following --> *GDP, Income, Employment, Inflation, Life expectancy, Education, Health Care, Clean Water, Trade Volume, Government Spending, Government Debt, Literacy, Imports, Exports.*
- b) After creating a class list, divide the students into teams of 3-4 and assign each group GDP and 4 other indicators to research on both Turkey and some of its neighboring countries (e.g. Georgia, Syria, Bulgaria) on the CIA Factbook Website.² Have students report their findings to the class and discuss their meaning. If computers are not available, the teacher may do this together with the class.
- c) Tell students that the most commonly used statistic used to measure an economy is GDP. If needed, define **GDP**: *The total value of goods and services produced within a country's borders in a year.*

2. Gapminder World Activity:

- a) Show the Gapminder World site to the class³ and play the chart from 1800 to the present for the class (this can also be done individually by students at a computer if

¹ <http://www.gapminder.org/world>

² <https://www.cia.gov/library/publications/the-world-factbook/>

³ <http://www.gapminder.org/world>

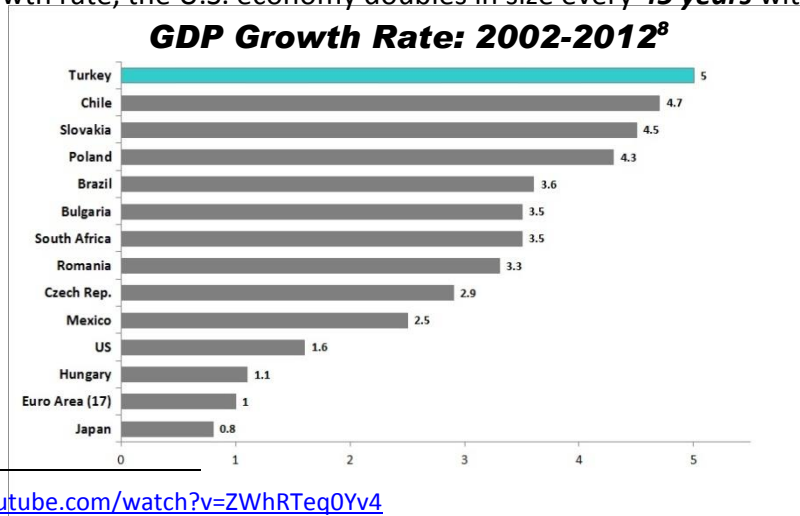
available). Then replay the chart again from 1970 until the present (select Turkey on the right side of the Gapminder chart) and emphasize the dramatic increase in Turkey's GDP and life expectancy since 1970. The teacher may also decide to compare Turkey to some neighboring countries as well using Gapminder.

3. A Turkish "Miracle" Economy?

- a) Use the BBC Video⁴ to highlight strengths of the Turkish Economy, sometimes called the Turkish "Miracle" and discuss. Then show the class a 2nd video⁵ that explains despite the strong economy, the government is facing many protests, and potential problems for the Turkish "miracle." Many current articles on the ever-changing situation in Turkey can be found by typing "Turkey" into a Google News search. Also, In the videos, there are many street scenes of life in Turkey. Have students try and find similarities between life in the US and Turkey.

4. The Rule of 72

- a) An easy way to apply GDP and other statistics into easily understandable and practical uses is the Rule of 72. **To use the Rule of 72, take a percentage and divide it into 72, and this tells the years it takes something to double.** For example: If Turkey's GDP is growing at 10% a year, the economy will double in size every 7.2 years. ($72 / 10 = 7.2$ years). Explain this concept to the class, including that the Rule of 72 is not only helpful for GDP growth rates, but also inflation and investment return rates.
- b) Tell the class that Turkey's GDP growth rate is has been 5% a year since 2002,⁶ and the United States GDP growth rate has been 2% a year since then.⁷ Have students use the Rule of 72 to calculate how long it takes the Turkish and United States economies to double. A point of emphasis to make is that the Turkish economy has roughly doubled in size an amazing 5 times since 1979. Emphasize the importance of growth rates in an economy over time. While the Turkish economy doubles in size every **14.4 years** with a 5% growth rate, the U.S. economy doubles in size every **45 years** with a 1.6% growth rate.



⁴ <http://www.youtube.com/watch?v=ZWhRTeq0Yv4>

⁵ <http://edition.cnn.com/2013/06/04/business/analysis-defterios-turkey>

⁶ <http://www.invest.gov.tr/en-us/turkey/factsandfigures/pages/economy.aspx>

⁷ <http://www.bea.gov/national/index.htm#gdp>

⁸ <http://www.invest.gov.tr/en-us/turkey/factsandfigures/pages/economy.aspx>

5. Extension Activity:

a) Randomly assign students one of the following three articles^{9 10 11} (links found below) and have students read and present a summary to the class of each and discuss. Some possible discussion questions are:

1. How has the opening of Turkey's economy to trade and economic freedom contrasted to the lack of human rights in Turkey evident since the Gezi park protests? Can the economy continue to prosper with lack of human rights?
2. What impact could censorship have on Turkey's economic growth?
3. What would be the long term impact of a decline in foreign investment in Turkey due to the current political situation?

⁹ <http://www.aljazeera.com/programmes/countingthecost/2013/06/2013622121536738477.html>

¹⁰ <http://www.businessweek.com/articles/2013-06-06/the-turmoil-behind-the-turkish-economic-miracle>

¹¹ <http://yaleglobal.yale.edu/content/turkeys-economic-miracle-under-fire>