



AN ALTERNATIVE ANALYSIS OF ECONOMIC INDICATORS OF TURKEY AND BRICS COUNTRIES

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Abstract:

It is seen that Brazil, Russia, India, China and South Africa, which are the countries that attract attention with the economic developments recently in the world economy. These countries have surpassed the performance of many developed countries' economies and these countries are referred to as BRICS countries in the world economy. The main reason why these countries are referred to as a group is that they must have a young and growing population, have a chance of earning a high growth opportunity because they can earn direct foreign investment in the country economy, cheap labor and consequently low production costs. Judging from the forecasts of the future of the world economy, until the 2050s, BRICS countries will play an active role in the world economy, also known as the G-6, one of the world's largest economies of the United States, Italy, France; it is argued that the nation will have more than one national income than its national income. Made this first part of the BRICS countries and Turkey's economy will be assessed in terms of macroeconomic indicators studies will be compared later with the BRICS countries in that part of Turkey's economic indicators. A general evaluation will be made in the conclusion part.

Keywords: BRICS, macroeconomics, G6, production costs

1. Introduction

At the end of the 1990s and beginning in the early 2000s, Brazil, Russia, India, and China, which briefly referred to themselves as the BRIC, began to be regarded as very rapidly developing and emerging markets (O'Neill, 2001: 1-16). In the following

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process, in addition to these countries, the Republic of South Africa was added in February 2011 and the name of this union was changed to BRICS. According to World Bank statistics, it is seen that BRICS countries have a population of more than 40% of the world population and cover about one-fourth of the world's face. Brazil, Russia, India, China and South Africa have gained a strong economic power together. Foreign direct investment is considered as an active factor for economic development and is seen as an important factor for market requirements, competitiveness and development of emerging economies. Given these conditions, Brazil, Russia, India, China and South Africa have to increase foreign direct investments to reach the levels of developed economies (Nistor, 2015: 981-985). Goldman Sachs' 2050 estimates of many studies on BRICS countries have a strong forecast that the world's largest economy will be BRICS countries.

BRICS countries are less affected than other rapidly growing countries and the G-7 countries, especially from the global financial crisis of 2008, and they have seen very different policies and strategies from other countries. But another important point is that the sectors and sources that make up the economic growth of BRICS countries are very different from each other. For example, in the growth of China, exports and labor, domestic demand and services in the growth of India, agricultural products and goods exports in the growth of Brazil, the rapid increase in the prices of energy and natural resources in the world market in the growth of Russia, it has a wealth of raw materials. If these five countries are rapidly growing in various sectors, both in their own regions and in the world economy, this group is more important (Özsoylu and Algan, 2011:1-3).

According to the BRICS thesis, there are some similarities and some differences between these four economies. From the BRICS countries, the development strategy of China and India is to produce and export many industrial goods, from textiles to small household appliances, from kitchenware to electronic equipment; Brazil and Russia are following a strategy based on exports and it is seen that they are rich in natural resources and the world's main industrial exporters are exporters. Finally, Brazil and Russia have experienced and experienced financial crises. At the same time, these countries have borrowed from IMF funds and have followed structural adjustment programs in this framework. The wage paid in China and India seems to be quite low compared to the wages in the western countries. For this reason, many industrial investors in the US and Europe are directing their investments to these countries and production is seen to be realized in these countries. Brazilian soybean and iron ore, and Russia is a natural gas and oil exporter. China and India use exports of Russia and Brazil (importing raw materials) for industrial production. Therefore, the BRIC thesis is

based on the idea that if these countries take their unions further, they will all join together as one of the world's most advanced economies (Karakurt, 2016: 194)

2. Turkey and the BRICS Countries

The most important macroeconomic indicators used to measure the economic performance of countries are economic growth, inflation, foreign investments, imports and exports. Therefore, this study will focus especially on these macroeconomic indicators.

In addition to estimates for the next years in the world economy, the economic performance of the BRICS countries has also increased in recent years. BRICS countries in the world economy have been attracting attention to the pace of development and development. The rise of BRICS countries reaches a role that is felt very quickly on the international scene and certainly affects the growth process and direction of the global economy. Since they have high economic growth and advantageous geographical conditions, these countries have emerged as important forces at both the regional and global level. The economic performance of these countries has been impressive in the last decade. (Çakir and Kabundi, 2013: 191)

2.1. Growth Rates

Table 1: Gross domestic product Growth Rates

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Brazil	-0.1	7.5	4	1.9	3	0.5	-3.8	-3.3
Russia	-7.8	4.5	4.3	3.5	1.3	0.7	-2.8	-0.8
India	8.5	10.3	6.6	5.5	6.5	7.2	7.9	7.6
China	9.4	10.6	9.5	7.9	7.8	7.3	6.9	6.6
South Africa	-1.5	3	3.3	2.2	2.3	1.6	1.3	1.2
Turkey	-4.8	9.2	8.8	2.1	4.2	3	4	3.3

Source: <http://databank.worldbank.org>

BRICS countries are listed in Table 1 with an annual growth rate of Turkey country. From the global crisis in 2008 seems to be the most affected countries is unprecedented in Brazil and all other countries and Turkey have a negative impact on growth rates in contrast to the negative effects of the 2008 crisis. Brazil has an average growth rate of 1.9 per cent in 2009-2015, Russia has an average annual growth rate of 0.5, India has an annual growth rate of 7.5, China has an annual growth rate of 8.5, and South Africa has an annual growth rate of 1.75. Turkey's annual growth rate between the years 2009-2015 shows that the average is around 3.8. Another ongoing growth concern for BRICS

countries, and even for the majority of all developing economies, is that they cannot go beyond certain points of their rapid growth. The stages of growth and development show that there will be a near-term slowdown as predicted for China and Russia since the global financial crisis. A slight slowdown is observed in all BRICS members outside India. For this reason, it is expected that the rapid growth that helps some of these countries gain the status of "middle income" economies. The result is a long-term stagnation, sometimes referred to as a "middle-income trap", and sometimes a period of hopelessness. The world has extensive experience in this trap. For example, the World Bank (2012, 2016), who analyzed 101 middle-income economies in 1960-2008, predicts that by the end of this period only 13 countries will be able to reach high income. BRICS countries should avoid these risks. (Shahrokhi et al., 2017: 12)

2.2. Inflation Rates

Table 2: Annual Inflation Rates

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Brazil	4.9	5	6.6	5.4	6.2	6.3	9	8.4
Russia	11.7	6.9	8.4	5.1	6.8	7.8	15.5	7.0
India	10.9	12	8.9	9.3	10.9	6.6	4.9	4.9
China	-0.7	3.3	5.4	2.6	2.6	2	1.4	2.1
South Africa	7.1	4.3	5	5.7	5.8	6.1	4.6	6.3
Turkey	6.3	8.6	6.5	8.9	7.5	8.9	7.7	7.8

Source: <http://databank.worldbank.org>

In Table 2, the average inflation rate for Brazil is 6.2, the average inflation rate for Russia is 8.8, the annual inflation rate for India is 9, the annual inflation rate for China is 2.3 and the annual inflation rate for South is 5.5. Between the years 2009-2015 shows that the average annual inflation of around 7.7 in Turkey.

2.3. Foreign Direct Investments

Table 3: Foreign Direct Investments (Billion \$)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Brazil	31.480	88.452	101.157	86.606	69.181	96.894	75.074	78.920
Russia	36.583	43.167	55.083	50.587	69.218	22.031	6.478	32.97
India	35.581	27.396	36.498	23.995	28.153	34.576	44.009	44.458
China	131.057	243.703	280.072	241.213	290.928	268.097	249.858	170.556
South Africa	7.624	3.693	4.139	4.626	8.232	5.791	1.521	2.250
Turkey	8.585	9.099	16.182	13.284	12.284	12.523	17.067	12.303

Source: <http://databank.worldbank.org>

Foreign direct investment shows that investments in BRICS countries are very high. Among the BRICS countries, China is the country with the most investment. China's foreign investment in recent years is on average \$ 250 billion. Brazil is followed by China. Brazil is followed by India. Russia and South Africa have not been able to attract foreign investments in recent times. In recent years Turkey was able to attract foreign investors, though partly, but it appears to remain far below the average of the BRICS countries.

2.4. Foreign Trade Figures

Table 4: Export Numbers (Billion \$)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Brazil	152.994	201.915	256.039	242.577	242.033	191.134	191.134	185.24
Russia	105.565	400.630	522.011	529.256	523.276	340.349	341.465	282.189
India	164.908	226.351	302.905	296.828	314.847	267.147	267.791	263.412
China	1.201.612	1.577.754	1.898.381	2.048.714	2.209.005	2.274.949	2.282.478	2.136.708
South Africa	61.676	91.347	108.814	99.605	95.938	81.672	69.600	74.100
Turkey	102.142	113.883	134.906	152.461	151.802	157.610	143.838	142.529

Source: <http://databank.worldbank.org>

Looking at the export figures, China seems to make a big leap. China has made a great deal of progress in trade by increasing its exports almost twice in 5 years. China is an important exporter both within the BRICS countries and the world economy. After China, Russia ranks second in exports among BRICS countries, India ranks third, Brazil ranks fourth, and South Africa last. Turkey's exports also increased recently in an orderly manner. This is also seen as an important development for the future of Turkey. In BRICS countries' foreign trade among themselves, it is possible to explain the developments that took place in a short way as follows; In the period 1999-2010, purchases from China in China increased 24 times, this import explosion 25 times in India and 400% in Russia. In the same period, China has made China a strategic partner between the BRICS countries by consuming 133 billion dollars from Brazil, 180 billion dollars from Russia and 103 billion dollars from India. China's imports tended to focus on two or three segments corresponding to primary products: 55% of Brazil's exports to China were soy and iron; 52% of Russia's exports were oil and petroleum derivatives, and 55% of India's exports were iron, cotton and copper. In recent years, it is known that foreign trade has increased intensively among BRICS countries. (Oropeza García, 2014: 115)

Table 5: Import Numbers

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Brazil	133.676	191.537	236.963	233.398	250.555	239.152	178.798	137.550
Russia	191.803	248.634	323.831	335.446	341.335	308.027	194.087	191.514
India	257.202	350.232	464.462	489.693	465.397	462.909	391.976	361.524
China	1.005.923	1.396.247	1.743.484	1.818.405	1.949.990	1.959.233	1.681.951	1.589.463
South Africa	74.053	96.835	124.430	127.154	126.359	121.965	104.619	74.7
Turkey	140.928	185.544	240.841	236.545	251.661	242.177	207.234	198.618

Source: <http://databank.worldbank.org>

Imports figures are also in the first place as it is in export figures. Although China has a large number of imports, it is known that the export figures are much higher. In BRICS countries, India came second in import figures. Referring to Turkey's import figures appear to be higher than in Brazil and South Africa. The average annual import figures in Turkey are around \$ 200 billion.

2.5. Unemployment Figures

Table 6: Unemployment figures

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Brazil	8.11	6.76	5.98	5.52	5.40	4.85	8.3	11.45
Russia	8.38	7.48	6.50	5.46	5.49	5.16	5.57	5.72
India	3.91	3.55	3.54	3.62	3.57	3.53	3.49	3.45
China	4.3	4.1	4.1	4.1	4.1	4.1	4.0	4.60
South Africa	23.7	24.9	24.8	24.9	24.7	25.1	25.4	25.92
Turkey	12.58	10.68	8.81	8.16	8.74	9.88	10.24	10.32

Source: <https://data.oecd.org/unemp/unemployment-rate.htm>,
<https://tradingeconomics.com/india/unemployment-rate>

Table 6 in the BRICS countries and Turkey's unemployment figures are given. Looking at the table is seen that South Africa has the highest rate of unemployment figures among BRICS countries. BRICS countries with the lowest unemployment figures are India and China. Referring to the situation in Turkey compared to the BRICS countries the unemployment figures partly seems to be high. The discontent index is used as one of the most common and easiest ways to measure macroeconomic indicators and citizens' life satisfaction. For the first time, the discontent index introduced by Arthur Okun for the first time in the literature is calculated by collecting unemployment and inflation rates, and both variables are equally valued. The increase in the dissatisfaction index means that the macroeconomic performance of the country is poor and shows an increasing dissatisfaction with the citizens (Özcan and Açıkalın, 2015: 160). In this

respect, Turkey is examined, and Brazil Considering the past experiences of countries such as Russia, where indexes in the positive direction of discontent for both the inflation rate in a very good condition today is understood from both the unemployment rate.

3. BRICS Countries and Turkey's Strengths and Weaknesses

Referring to Turkey's strengths and weaknesses with the BRICS countries on some issues but appears to be about a lot of similarity seems to be in completely different. Especially; foreign trade, competition, technology, etc., are also understood from the macroeconomic indicators previously given that the BRICS countries are advanced. Turkey's young population is having, geographical location, on issues such as groundwater resources are known to be relatively high.

Table 7: BRICS countries and Turkey's strengths and weaknesses

	Strength	Weaknesses
Brazil	<ul style="list-style-type: none"> • Abundant and diverse natural resources • The cost of your labor is cheap 	<ul style="list-style-type: none"> • Lack of social infrastructure • Public deficits are high and interest rates are high
Russia	<ul style="list-style-type: none"> • Rich natural resources • Being a qualified worker • Stable policy monitoring 	<ul style="list-style-type: none"> • Investment rates are lower than other rising markets • Competition in the industry is not high • Machine, equipment and equipment are out of date
India	<ul style="list-style-type: none"> • Competitiveness and strength of the private sector • Strong resources 	<ul style="list-style-type: none"> • The financial and financial situation of the public sector is not sufficient • Domestic and external debt is increasing and public revenues are decreasing.
China	<ul style="list-style-type: none"> • The high diversity of the industrial sector • High competition power in the industry • High technology usage rate and high speed • Foreign investments are very high 	<ul style="list-style-type: none"> • Prevention of environmental problems • Increasing income distribution inequality • Some sectors are overgrown and some sectors are not growing adequately
South Africa	<ul style="list-style-type: none"> • Rich mineral resources and arable land • Strong union activities • Financial services, insurance, transportation and communication 	<ul style="list-style-type: none"> • Unemployment problem • Income distribution inequality • Permanent foreign investments have remained weak.

	sectors are strong.	
Turkey	<ul style="list-style-type: none"> • Service and industry sectors have a high share in foreign trade • The population is young and dynamic • Geo-political position is important 	<ul style="list-style-type: none"> • Having tax and labor costs • High cost of energy resources • Low labor productivity • Technology production is weak • Insufficient foreign investment

Source: Erkan: 2012; 105-106

4. Some Developmental Indicators of BRICS Countries and Turkey

In general indicators of development of Turkey's economy with the BRICS countries are examined; The countries that have the highest business freedom Russia, the countries with the highest trade liberalization in Turkey, the country with the highest monetary freedom in South Africa and it was immediately after the Turkey and in investment and financial area of freedom finally is in Turkey to the forefront of the intellectual property rights in India China is also seen as the forerunner of workers' freedom.

Table 8: Some developmental indicators of BRICS countries and Turkey

	Job freedom	Commercial freedom	Monetary freedom	Investment freedom	Financial freedom	Property rights	Worker freedom
Brazil	61.4	69.4	64.2	55.0	50.0	45.0	52.5
Russia	72.2	72.4	62.9	25.0	30.0	20.0	57.6
India	47.6	71.0	72.8	35.0	40	55.0	47.8
China	54.2	72.8	70.6	30.0	30.0	20.0	62.0
South Africa	69.7	77.0	74.6	45.0	60.0	50.0	58.7
Turkey	65.4	84.4	71.5	75.0	60.0	40	48.6
	Limited	Low freedom	Middle freedom	Quite freedom	Completely freedom		
	0-49.9	50-59.9	60-69.9	70-79.9	80-100		

Source: <http://www.heritage.org/index/explore?view=by-variables>

5. Conclusion and Recommendations

China appears to be the country with the highest population among BRICS countries. While Russia occupies the first place in terms of the multiplicity of soils, it is known that China has the biggest share in terms of agricultural land. The country, which has very high income figures because it has a lot of population, is again confronted with China, and when GDP per capita, which is a better prosperity measure, is evaluated, Russia is at the forefront. In terms of economic growth, the economy, which has achieved very

high rates of growth compared to other countries, is again confronted by China. The Chinese economy has seen a steady positive growth in recent years.

When seen as the most important of the basic macroeconomic problems of unemployment and inflation figures are analyzed, it is seen that Turkey's ranking is not very good. The highest unemployment rate is in South Africa, with the highest inflation rate in India. According to the displeasure of the index is the sum of the inflation and unemployment rates, especially the very worst performers in the past Turkey, Brazil and it is observed that the economy entered a serious recovery process, such as Russia. South Africa is the country with the highest value of dissatisfaction index. Brazil is the country with the highest real interest rates. While the country has the highest proportion of investment in China, the economy has the highest rate of consumption is Turkey.

In the light of the study's statistical data, Turkey's high macroeconomic received values; unemployment, inflation, high consumption, foreign borrowing, current account deficits and energy imports. Turkey and the developed countries to take part in the group of countries that can show rapid development in particular must fix these adverse macroeconomic indicators. Therefore, before the so-called BRIC and then the idea of expanding this to include taking on behalf of the BRICS group of Turkey, Turkey is seen as a poor performing these macroeconomic indicators of what can happen with correction

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