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A call for unity against the crisis

KOCAELİ - Learning to manage the global crisis is of utmost importance, according to Rifat Hisarcıkloğlu, president of the Union of Chambers and Commodity Exchanges of Turkey. Proper management of this crisis can only be done by taking small steps and adopting a short-term focus, he says.

One way or another, the crisis will end eventually, said Rifat Hisarcıkloğlu, president of the Union of Chambers and Commodity Exchanges of Turkey, or TOBB, adding that crisis management is what counts.



"In order to manage the crisis, we need to take small steps and adopt a short-term focus," Hisarcıkloğlu told participants of the Kartepe Economy Summit, which was organized by the Economy Journalists Association, or EGD, at the Greenpark Kartepe hotel. "We need to keep our hopes alive even if the current situation turns out to be our darkest hour."

The solution to the global turmoil lies in unified action, said Hisarcıkloğlu. "The political and economic system founded after World War II is being re-examined today. Back in the day, yes, there was legislation and auditing, but there was no bridle. The current global system signals the need for curbing.

"A solution is eventual. All crises eventually come to an end. This one will also end. However, what is more important is learning how to manage the crisis. And that requires taking small steps and adopting a short-term focus. We need to take measures that will help keep the damage of the crisis to a minimum in the shortest term possible," Hisarcıkloğlu said.

Turkey made some mistakes prior to the global turmoil, he noted, adding that after 2006, the economy was no longer a priority and the reform process was delayed.

Inaction dates back to pre-global crisis

"Although Turkey's global worth accelerated significantly in 2002 and followed that trend for a while, after 2005, we all were overcome by the languor. That mistake was made by the entire Turkish population, including me," said Hisarcıkloğlu.

"The economy began to display a downward trend as of the beginning of 2007. That is when we began to issue warnings," he said. "Then that slowing trend met with the global crisis in 2008 and things worsened. During the final quarter of 2008, Turkey experienced a growth of minus 6.2 percent."

Hisarcıkloğlu said the six million people currently unemployed in Turkey are the biggest problem for the country. "Each year some 750,000 young people reach the age to become eligible to participate in the labor force. Therefore, our country does not have the luxury to throw in the towel when it comes to battling unemployment."

The national budget deficit reached \$10 billion during the first two months of 2009, said Hisarcıkloğlu. "That is the amount we had foreseen to be the deficit for the 2009 annual budget. The increase in our budget deficit in February 2009 shows an amazing increase of 2,187 percent over February 2008. Our spending excluding interest payments, also rose 30 percent. On the other hand, tax income declined 6 percent due to the contraction."

Between Sept. 30 and March 30, loan volume provided by banks contracted 14 billion Turkish Liras, according to Hisarcıkloğlu. "Banks cut from loans they could have provided the businesses to aid the government. The increase in government bond purchases is worth 31 billion liras, because they are safer.

"While all industries suffer losses, today the banking industry is experiencing a boom in profit," said Hisarcıkloğlu. "How is that possible?" he asked, adding that although the country's strong banking system is something to be proud of, the reason behind the rise in profitability is perceived as cruelty.

"The interest rate that banks provide for deposits varies between 12 percent to 12.5 percent. Meanwhile, the interest rate banks implement on loans varies anywhere from 20 percent to 25 percent. It is impossible to turn a blind eye to this injustice."



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