



GLOBAL ISSUES AFTER COVID-19

GLOBAL AGENDA IN 2022

Armida Concepción García
İsmail Şiriner
Iqbal Shailo

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Edited by

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INTRODUCTION

GLOBAL ISSUES AFTER COVID-19: GLOBAL AGENDA IN 2022

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The effects of the COVID-19 pandemic are serious, widespread, and felt all around the world. According to WHO, around a tenth of the global population were undernourished as the pandemic disrupted economies, labor markets, and supply chains, and increased food prices since the outbreak of the COVID-19 pandemic.

The contents presented in this academic product are a compilation of research related to the effects of the covid-19 pandemic and the challenges that we must face in the face of a reality where inequality, economic crises, and social protest will be the constant in most nations. Facing these phenomena through a deeper understanding of social problems is the work of researchers and academics, of which we give an important sample in this book. The contributions to this volume reflect upon the broader and varied fields of contemporary social and geopolitical issues ranging from economics, finance, politics, sociology, international relations, business, trade, and management to tourism. The chapters are intended to provide students, researchers, and academia with a clear yet comprehensive introduction to some of the enduring theories, concepts, and challenges that animate present-day social sciences and other branches of knowledge. This volume will inevitably encourage debates, and related arguments and connect to various global theories, debates, and issues. Each chapter assesses a range of theoretical levels and perspectives illustrating new debates and discussions on social sciences for the better good of society.

This book was organized into three main sections to organize the discussions.

In the first chapter, Figueroa et.al identify the conditions of the nanotechnology industry in Mexico. In the early XXI century, this started to develop strategies to finance, research, and implement nanotechnologies. Provides a case study on the perspective and picture of nanotechnologies in Mexico and proposes an approach to systematizing and organizing information on companies producing or selling nanomaterials. The findings of the study indicate that there is no national registry that identifies the number of companies, products, and economic sectors applying these technologies while in developed countries, the growing use and development of nanomaterials have been along a public agenda or national initiative of nanotechnologies.

In the second chapter, Halil Kete provides a theoretical discussion on fiscal policies drawing examples of great depressions, as well as the impact of COVID -19 that hit the global economy in an unprecedented way. During the pandemic period, it was observed that the largest fiscal expansion policies were realized in the G20 countries, including the G7 countries. These countries, which have large shares in the global economy, have experienced major contractions in their economies because of the restriction measures. However, one of the most important negative effects of the pandemic on public finance balances is the serious difference between public expenditures and taxes. Governments, which use most of the fiscal spaces they created in the pre-pandemic period, need to quickly restore their budget balances. They need to produce policy solutions that will increase public revenues by gradually reducing public expenditure.

Orcun Avcı, in the third chapter, examines the role of accommodation taxes in European countries, emphasizing that Turkey can use them to improve the city infrastructure and develop municipal services for the greater benefit of citizens. The study further postulates that accommodation taxes often play an important role in the local economy of many municipalities in Europe, as they are collected by the municipalities. Therefore, centralized revenue collection in Turkey is unlikely to be used for urban infrastructure investment or tourism promotion in the country. While this centralization of revenue has a fiscal and economic quality in terms of disrupting the income balance, it will create political and administrative consequences against local governments due to the inadequacies in service delivery at the local level.

Papaker and Gün, in the fourth chapter, aims to analyze how loan demands are affected during the Covid-19 pandemic, as well as the study investigates the effect of Covid-19 on the evaluation criteria of banks' loan requests. The study elaborates that the evaluation processes of loans offered to corporate companies and to make a comparison among the banks in terms

of credit evaluation are flexible. The study is carried out on private and public banks operating in the province of Rize, in Turkey, and face-to-face interviews are conducted with seven banks to show the effects of the pandemic on loan applications during the Covid-19 period.

In the fifth chapter, Yunus Emre Kahraman examines the financial performance of 23 companies in the BIST Electricity Index between the periods of 2018 to 2020 by adopting MAIRCA method. The study indicates that İpek Energy Company is producing natural energy sources effectively to increase renewable energy sources that provide both added value and do not harm the environment negatively. On the other hand, the fourth chapter examines the aspects of total quality management (TQM) in healthcare facilities and hospitals to better manage business operations and the obligations necessary to maintain a certain level of performance. The study also discusses that TQM includes the design and implementation of an overall strategy, as well as the design and implementation of process development and evaluation, and quality monitoring and assessment progress. Employees who agree with the TQM vision feel empowered by the process, which significantly increases job satisfaction and confidence. Many hospitals have an organizational structure, managerial structure, and established conventions that are antithetical to TQM concepts. Applying TQM is difficult in such a hostile atmosphere.

Yıldız et.al, in the sixth chapter, analyzes the airline's inverted supply curve through the ultimatum bargaining model. The study explains that airlines must decrease the price of air tickets as soon as the plane takes off. The main reason is that it is more rational to fill a plane with a low fare than to have empty seats after a certain level of diffusion cost. For customers to take advantage of this situation, they must have full and complete knowledge of time and price. Otherwise, customers will not be able to take advantage of lower prices because there will be some uncertainty in the processes.

In the seventh chapter, Marcel Mečiar provides the genesis and growth of progressivism and argues that progressivism has many facets, but both the original and the new Progressivism share its orientation toward social change and social justice within the playfield of a democratic society with a market-oriented economy. The study concludes that it can play the role of important intellectual avant-garde ("those being a step ahead") in bringing new and long-awaited reforms that would make the recent capitalist economy a more just and socially balanced institution. In another

González Hernández in the eighth chapter, examines the incessant violence in Mexico to understand the current geopolitical situation and argues that the problem of violence and criminal capital cannot be explained from the local level when there are mechanisms of interrelation between capitals at the global level, as well as the social relations between global agents that dictate the fate of criminal activity. Proposing some specific causes, the study further focuses that the violence experienced by Mexico is associated with the process of capital accumulation, where a *sui generis* economic sector is developed based on the production, transfer, distribution, commercialization, and consumption of illicit goods (drugs, mainly), where the agents involved (capital, State, and society) play an equally exceptional role in the dispute over the extraordinary profits generated by the said sector.

Sureyya Yigit, in the ninth chapter, highlights Iran's important role in building economic and cultural ties with post-Soviet Central Asian states to withstand its economic suffering and international sanctions, as well as to access the region's markets in competing with two hegemon superpowers in the region, Russia, and China. Though Tehran cannot compete with Russia and China in terms of being a security provider, it can be an influential player because of its cultural characteristics and established credentials as a reliable trading partner offering central Asian countries access to the high seas, which is very important for the landlocked countries of Central Asia. The study explains that Iran can be a possible alternative for the region in terms of trade, energy flows, and business in the region, which can help Tehran to emerge from severe isolation mainly orchestrated by the West.

The chapter tenth, briefly discusses a case study of regional integration and transborder relations, namely the Indonesia-Malaysia-Singapore Growth Triangle (IMS-GT), to critically examine contemporary integration projects as a phenomenon in which sovereignty, identity, and boundary/territory are constructed and confirmed. In developing such areas of inquiry, this study shows that a legacy of colonial practices continues to structure the discourse of integration and globalization, while Postcolonialism remains overwhelmingly textual, cultural, or historical. Thus, the process of integration constitutes dominant political-economic forms of practice and governance, which are “haunted by national and colonial patterns of enframing”.

Ayşenur Erdil, in the eleventh chapter, looks an overview of Total Quality Management within the scope of sustainability for the health institutions. This chapter takes these criteria into account by employing Total Quality Management (TQM) in accordance with Sustainability and Re-

engineering. The goal of this research is to supply patient happiness, which is the most essential customer. It is better to provide customer loyalty via the most competent operation. This strategy is commonly used to establish advertising techniques and facility location. Quality management (QM), comprehensive quality, operational management re-engineering, and systems for supporting decisions are also pillars of initiative development. The planned technique is initially applied to a particular hospital emergency department. Concerning this, the research institute was restructured via using the newly developed foundation.

In the last chapter of the book, Döner and Doğan, analyses the tourism opportunities in Turkey revealing that the promotion of trekking routes in the international tourism market, acceleration of marking, and production of guidebooks and maps in different languages through digital media are of critical importance for the country. The study argues that marketing strategies should be developed to increase the number of overnight stays and increase the added value of rural tourism, which is expected to strengthen sustainable life and the economy in Turkey. While cultural routes, especially history, faith, and gastronomy-oriented routes are becoming widespread and popular in Turkey, trekking routes should be included as destinations in the agendas of international fairs and tour operators.

Hopefully, this volume “Global Issues After Covid-19” of Global Studies Series could be helpful to understand with its broad coverage of political, economic, international, cultural, social and individual dimensions of after effects of Covid Pandemics and provides readers with a comprehensive point of view of globalization.

PART I
ECONOMICS, TAXATION AND FINANCE

1

ECONOMIC - SECTORAL DISTRIBUTION OF THE COMPANIES WITH PRESENCE OF NANOTECHNOLOGIES IN MEXICO

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Abstract

Nanosciences and nanotechnologies entail understanding and control of the topic on an approximate scale of between 1 and 100 nanometers. On this scale, the properties of the materials may change significantly, offering them innovative application possibilities in all economic sectors. In the early XXI century, Mexico started to develop strategies to finance, research, and implement nanotechnologies. Nevertheless, there is no national registry that identifies the number of companies, products, and economic sectors applying these technologies. The Latin American Network of Nanotechnology and Society (La Red Latinoamericana de Nanotecnología y Sociedad - ReLANS) performed an inventory that detected the main product, location of the production venue, and economic sector of the companies that manufacture and/or commercialize nanotechnologies in Mexico. 164 companies were found to manufacture and commercialize nanomaterials and nano-enabled products. Central Product Classification (CPC) was used, and a sectoral economic classification was assigned, as of the equivalence of CPC with the fourth revision of the International Standard Industrial Classification of All Economic Activities (ISIC, Rev.4), of the United Nations. A third of the companies are devoted to the manufacture of chemical products. In addition, companies were found in the pharmaceutical, food, and cosmetics sectors. More than half of the companies manufacture nano-enabled finished products and more than 80% produce in the national territory.

Keywords: nanotechnologies, economic-sectoral classification, companies, inventories, Mexico.

JEL codes: D20, D25, E02

1. Introduction

Nano sciences and nanotechnologies entail understanding and control of the topic on an approximate scale of between 1 and 100 nanometers (NNI, s/f; Royal Society, 2004; OECD, 2009; Ramsden, 2016). A nanometer (nm) is a billionth of a meter. On this scale, the properties of the materials (electric conductivity, hardness, magnetism, optic, chemical reactivity) may change significantly, offering them innovative application possibilities in different areas: Information and Communications Technology (ICT), medicine, transport, energy, food, environment, among others. Thus, they are known as general purpose or enabling technologies. In other words, they have generalized applications in all sectors, radically affecting scientific platforms and industrial activities (Roco et al., 2010). Therefore, it is valid to say that we are currently in face of a new technologic revolution that is modifying all productive structures.

With these properties as a background, in the last 20 years several countries have significantly increased the budget for Research and Development (R&D) of nanotechnologies, from the public and private sectors (NNI, 2018). Some by direct financing and others through national plans or specific political strategies. The first to do it was the United States, that launched the National Nanotechnology Initiative (NNI), in 2000. Later Japan, South Korea, the European Community, Germany, China, and Taiwan also launched initiatives. More than 60 countries established R&D programs in nanotechnologies between 2001 and 2004 (Roco et al., 2010). Worldwide investment made by government organizations increased almost 20 times from 1997 to 2004; from 432 million dollars (MM) to 8,600 MM, from which just over half (4,600 MM) came directly from central government agencies (Jia, 2005).

Not only have financial resources increased, but human resources have also been devoted to the development of these technologies. ETC Group estimated that, in 2010, there were more than 2,000 companies in the world researching and/or manufacturing nanoparticles, with approximately 35,000 researchers just in the chemical sector. Furthermore, 63,000 workers in Germany and another two million in the United States (ETC Group, 2010). A worldwide market of nanotechnologies that reaches investments of 125 MMM in 2024 is expected (Wennersten, Fidler & Spitsyna, 2008; PR Newswire, 2018). Currently, these materials are used

as prime matter in different industries, so it is becoming more common to find them also in a greater number of final products.

But also, emerging nations in Africa, Asia, and Latin America were added to the wave of nanotechnologies. Implementation of public-private associations, the so-called spin-offs, have been a common strategy for R&D in the subject since the study of particles to a nanoscale requires expensive equipment (manufactured in developed countries) and that they require high technical specialization to operate the instruments and interpret the acquired data. Mexico has not been isolated from this trend and since the beginning of this century they have already devoted human and financial resources for the development and application of these technologies.

2. Boost to Nanotechnologies in Mexico

Mexico is the second place in Latin America, after Brazil, in the development of nanotechnologies according to scientific journals, patents, infrastructure, and human resources (Foladori et al., 2012). A first notion on these technologies in public Mexican politics was presented in the National Development Plan (PND) of 1995, when it was told that Mexico was not making an effective use of the potential that the new technologies in informatics, new materials, and biotechnology meant (DOF, 1995). Nevertheless, it is on the Special Program of Science and Technology (PECyT) 2001-2006 where explicit mention of nanotechnologies as a priority area is made, and of its necessary direct link with the energetic sector, through Research and Development (R&D) projects in the Mexican Petroleum Institute (IMP) (CONACYT, 2002).

However, to the date, Mexico does not have a national strategy or initiative that identifies courses of action, priority areas, linkage schemes, application economic sectors, or an identifiable financing for the specific development of these technologies. Despite that, in terms of infrastructure, information on some specific projects can be located. For instance, funds for the creation of national nanotechnologies laboratories have been allocated: NANOTECH (the Center for Research on Advanced Materials –CIMAV) and LINAN (from the Potosino Institute of Scientific Research –IPICYT) of approximately 1.8 MM each (CONACYT, 2008).

About financial resources, there are still only a few references on the total financing to nanotechnologies in Mexico. Some authors suggest that 60 MM were invested between 2005 and 2010 (Takeuchi & Mora Ramos, 2011). When performing the first revision on the Innovation Stimulus

Program (PEI),¹ of Conacyt, we found that between 2010 and 2017, around 50 MM have been granted to nanotechnologies projects.² These numbers are still far from what is allocated to these technologies in the United States given that, since its founding, NNI has invested nearly 27 MMM (NNI, 2018).

Nor is there public registry of companies that manufacture nanomaterials or apply nanotechnologies to their productive processes. These registries have started to be requested on a mandatory basis in France, Denmark, and other European countries (European Chemicals Agency [ECHA], 2019). In Latin America no country has yet taken steps to identify companies that manufacture, use, or commercialize nanotechnologies. The products that circulate the market are unknown, so are the industries that incorporate nano prime matter, its origin, the volumes that enter the country, the type of nanomaterial, nor is there a mechanism to identify the products in international transport and commerce (Foladori, 2012). Nevertheless, some research has already detected the circulation of these materials in Latin American markets. In this case, they are trying to give a picture on companies that produce or use nanomaterials in Mexican territory, as well as the economic sector to which they belong according to the product they offer to the market. It must be warned that, as in the case of any new technology, the presence of companies in the market can be ephemeral.

3. Methodology

Research was done in two stages. During the first stage, Information was gathered on companies with nano enabled products in Mexico. Two previous inventories were taken as a basis: Nanotechnological companies in Mexico: towards a first inventory (Záyago et al., 2013) and Sectoral economic analysis of nanotechnology companies in Mexico (Záyago et al., 2015). To locate the greatest possible number of companies, the information was complemented with different complementary sources:

¹ PEI is a program directed to Mexican companies enrolled in the National Registry of Scientific and Technologic Institutions and Companies (RENIECYT), that perform activities of Research, Technologic Development, and Innovation (RTDI) in the country, individually or together with national public or private Higher Education Institutions (HEI) and/or National Public Research Centers and Institutions (CI). They are trying to incentivize, to a national level, investment of companies in activities and projects related to research, technological development, and innovation through the granting of complementary incentives, in such a way that these incentives have the greatest possible impact on the competitiveness of national economy (National Council of Science and Technology, 2019).

² The official figure is: \$ 964,191,525 Mexican pesos (MXN). 49.517.805,10 (USD)

- Company webpage, internet, radio, and television ads: the company explicitly mentions they make or sell nano enabled products.
- Specialized parks: webpage of the Nanotechnology Cluster of Nuevo Leon³ and the Government of the State of Nuevo Leon.⁴
- Transparency portals on the budget exercised by companies on nanotechnologies projects.
- Press releases, scientific and informative articles in academic magazines where there is proof the company participates in a nanotechnology project.

During the second stage, and according to the most sold or publicized nano enabled product, a sectoral economic classification was assigned to each company, taking Central Product Classification (CPC), of the United Nations (UN) (UN, 2021), in its 2.1 version as a starting point. CPC is a classification structure for assets and services based on a set of classification concepts, definitions, principles, and rules agreed internationally.

Then, an equivalency was established between CPC and the fourth revision of the International Standard Industrial Classification of All Economic Activities (ISIC, Rev.4) (UN, 2002). The main purpose of this classification is to offer a set of activity categories that can be used for the gathering and presentation of statistics according to productive economic activities (UN, 2002). By applying agreement between CPC-ISIC 4 (ONU, 2008, p. 45), it was possible to establish an equivalence of products with ISIC divisions, getting a simplified economic classification in just over twenty sectors. It was detected that are companies that go through more than one sector, as well as companies that can sell more than one nano enabled product. To solve this, it was determined to take the most representative, publicized, or sold product in the market and assign companies an economic activity that is closest to their general industrial activity.

With the end of tracking the source of production, information was gathered on the companies that have production inside national territory. Companies which production is considered “national”, have a venue in Mexico, and make their nanomaterials, intermediaries, and products within the country. The first criterium is explicit declaration of being a

³ At: <http://clusternano.com/index.php/nosotros>

⁴ At: <https://www.nl.gob.mx/campanas/cluster-de-nanotecnologia-de-nuevo-leon-ac>

company with operations within national territory, as well as the physical geographic location of a production plant. Also, it was proven that:

- Purchases are done and/or provided by companies that manufacture nanotechnologies within the country.
- They request synthesis, measurement, and material testing services from nanomaterial companies that manufacture in Mexico.
- They belong to a specialized technologic park (Nanotechnology Cluster of Nuevo Leon).

Conversely, companies that “import and commercialize”, do not have a physical venue in Mexico for production but they have, in most cases, a wholesale or retail sale office in specialized commerce; the company expresses being an importer of nanotechnological products for their sale in Mexico. In addition, there are marketers that sell their nano enabled products only through online orders. It was proven that it is manufactured in another country under warning from the original provider, as well as the location of the production headquarters outside the country.

4. Results

164 companies with nanotechnology products in the country were located. Almost two thirds of the total are concentrated in two states. Nuevo Leon has 33.5% and Mexico City 25.6% of the total. The remaining third is divided among other 14 states and an unidentified entity (table 1). The most dynamic metropolitan areas capture most of the companies. It must be mentioned that the Nanotechnology Cluster of Nuevo Leon, a scientific-technologic park specialized in R&D of these technologies is in Monterrey.

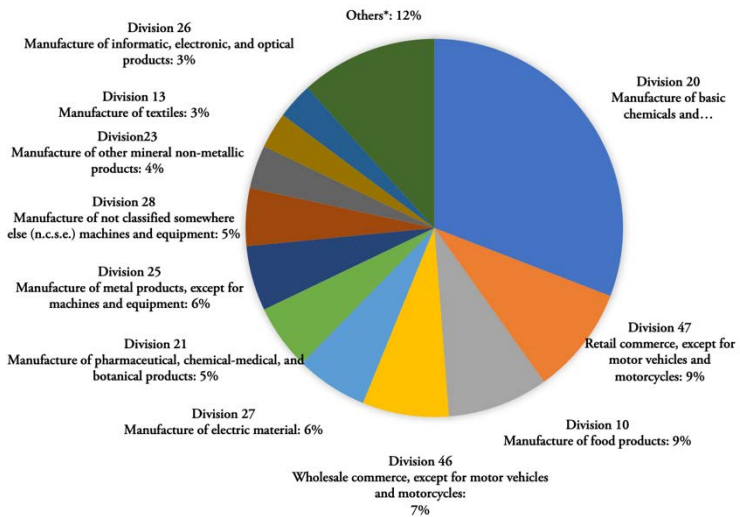
When performing the search different products were found. From basic chemicals and raw nanomaterials to nano enabled paints, electronics, food supplements, medicine, and makeup. The manufacturing industry also has presence of nanomaterials in the metal-mechanic and textile sectors. When analyzing economic classification, we found that most of the companies are in sector 20 of ISIC 4: manufacture of basic chemicals and chemical products, followed by retail commerce and manufacture of food products (graphic 1).

Table 1: Companies with Nano Enabled Products in Mexico by State

State	Companies
Nuevo Leon	55
Mexico City	42
State of México	11
Jalisco	9
Guanajuato	6
Baja California	5
Coahuila	4
Hidalgo	4
Others ⁵	28
TOTAL	164

Source: results obtained in research

Graphic 1: Economic-sectoral distribution of companies with nano enabled products in Mexico⁶



Source: results obtained in research

⁵ Veracruz (3), Durango (3), San Luis Potosi (3), Sinaloa (3), Chihuahua (3), Puebla (2), Michoacan (2), Sonora (2), Aguascalientes (2), Chiapas (1), Campeche (1), Queretaro (1), Yucatan (1), N.I. (1).

⁶ Others*: Division 01 Agricultural and animal production, hunting and related services (4); Division 19 Manufacture of coke and petroleum-refined products (4); Division 15 Manufacture of leather and related products (2); Division 17 Manufacture of paper and paper products (2); Division 22 Manufacture of rubber and plastic products (2); Division 32 Other manufactures (2); Division 14 Manufacture of clothing (1); Division 24 Manufacture of basic metals (1); Division 81 Services to construction and landscaping activities (1).

Most of the companies sell nanomaterials in pure state, to be applied to other productive chains. In addition, given the versatility of applications of nanotechnologies, these materials can be used later in different industrial processes that address more than one sector. Only one company in services was found, it is an on-site cleaning company that declared using nano enabled chemical products to perform their activities. With this concentration in the chemical and food sectors, as well as others that have direct contact with the consumer, concerns arise about the possible effects of innovative chemical products on health and environment. The creation of inventories of nano enabled companies and products allows us to know which products represent a potential risk.

Regarding the source of production, it was detected that 83% of the companies have national production, since they have a physical venue within the country, and the remaining 17% are importers and marketers of products for their sale in Mexico, whether by special orders or internet sales. One of the companies makes their sales only through their webpage and it was not possible to find their physical venue in Mexico nor in another country.

5. Conclusions

In developed countries, the growing use and development of nanomaterials has been along a public agenda or national initiative of nanotechnologies. In that sense, some regions and countries keep updated inventories of companies that manufacture, or market nano enabled products. National inventories are the first step in the implementation of a nanotechnologies public policy. Despite having allocated human and financial services to boost this technologic package, Mexico still does not have public information or registries of nanomaterials or products that are manufactured or marketed in the country. This work proposes an approach to systematizing and organizing information on companies with production or sale of nanomaterials in Mexico.

The results show that most of the companies are in the most active metropolitan areas of the country. Almost half of the companies offer finished nano enabled products and a third part of the total manufacture chemical products (Division 20 of ISIC 4). Also, 83% perform their production in a venue located within national territory.

Setting an economic-sectoral classification allows us to trace axes of scientific and industrial policies to determine strategic nanotechnologies R&D sectors. This exercise allows, in addition, to know the economic sectors and activities that have greater interest from the productive sector.

In terms of social responsibility, that Mexico manages to promote a mandatory registry of companies that work with nanotechnologies and their characteristics would be an important advance to establish public policies and to position in the international context in the face of potential problems that may affect the citizen's health and the environment.

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**ECONOMIC - SECTORAL DISTRIBUTION OF THE COMPANIES
WITH PRESENCE OF NANOTECHNOLOGIES IN MEXICO**

Edgar Arteaga Figueroa Armida García, Guillermo Foladori

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2

STRONG FISCAL POLICIES AGAIN AFTER COVID-19

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Abstract

The main economic current in the world between the 18th and 20th centuries has been the Classical economic understanding. The Great Depression that began in 1929 caused classical economics to receive serious criticism. In 1936, J. M. Keynes argued that the concept of the invisible hand is not a mechanism that stabilizes the markets, as classical economists claim. Keynes argued that without public intervention, the lack of demand and the resulting mass unemployment could not be resolved. Keynes' solution tools really worked and were implemented as a successful policy until the 1970s. In the 1980s, neoliberal policies became popular in the world. In this process, the minimal and regulatory state understanding has started to cause monetary policy instruments to be preferred more than fiscal policy instruments. However, the Mortgage Crisis, which started in the United States like the Great Depression in 1929 and turned into a global crisis, caused the "Keynesian Economic and Fiscal Policies" to come up again. The Covid-19 pandemic, on the other hand, has turned into a crisis with greater effects than previous pandemics in the world. While it is claimed that borders remain on the maps with globalization, restriction measures have made the production supply chain at the country level very important. In this period, fiscal policies were strongly implemented in order to prevent company bankruptcies and to prevent mass unemployment. In this study, the transformation of the Covid-19 pandemic into a global economic crisis, as well as the fact that fiscal policies have become a popular tool for governments, will be discussed with exemplary policies in G7 countries.

Key Words: Covid-19, Fiscal Policies, G7

JEL Codes: E62, E12, H51

1. Introduction

The classical economic understanding, which has been accepted for several centuries in the world, wanted the state to intervene in the economy at a minimum level. Until the beginning of the 20th century, the basic principles of this economic understanding have been an approach adopted by large economies. However, the "Great Depression",

which started in America in 1929 and spread to the world, caused the classical economic understanding to be questioned. In 1936, J. M. Keynes made serious criticisms of classical economics in his work "The General Theory of Employment, Interest and Money". The biggest problems of the 1929 crisis were unemployment, decline in demand and recession. Keynes rejected the view that economies would self-equilibrate in a state of disequilibrium. Keynes argued that the concept of the "invisible hand" does not exist. Keynes gave importance to policies that would reduce unemployment and revive aggregate demand. Free markets did not automatically provide full employment. In the face of this situation, waiting for the markets to come to balance automatically caused a great recession and unemployment that spread throughout the world.

Keynesian economics was based on the idea that the crisis could be overcome with public intervention. According to Keynes, public spending should increase first. Public expenditure would have a greater expansionary effect on the national product with the help of the multiplier effect. Classics emphasized only the fiscal purpose of taxes. However, Keynes argued that taxes did not have only a fiscal purpose, but that a revival in the economy could be achieved by using their economic, social and political purposes. Keynes stated that prolonged demand shortage will cause large unemployment rates. In such cases, if the state does not intervene in the economy, it is possible to experience a permanent unemployment problem. The state should provide economic revival by giving a budget deficit when necessary.

This understanding has been a guide in the 1929 Great Depression. The intervention of the state in the economy has increased throughout the world and the effects of the crisis have begun to decrease. Keynesian economic understanding has caused fiscal policies to become one of the important tools of governments. Until the 1970s, economic managements were shaped intensively within the framework of this understanding. However, the oil shocks in the 1970s and the stagflation problems that followed caused it to be questioned in the Keynesian understanding. Especially in the 1980s, financial liberalization and neoliberal policies were applied intensively. The Mortgage crisis, which started in the USA in 2008-2009 and gained a global dimension, caused fiscal policies to be heavily on the agenda of policy makers.

The Covid-19 epidemic, which was declared a pandemic by the World Health Organization in March 2020, has had effects in many areas from health to economy, from education to informatics. Households, governments and regions experienced major economic bottlenecks in this process. Many national and international companies faced the risk of

bankruptcy. The strict isolation measures taken due to health concerns caused a high rate of contraction on the economies. Policy makers have often resorted to fiscal policies as a lifeline in the face of this situation. It has been tried to overcome the economic bottleneck with the least destruction by means of public expenditures, taxes and incentive measures. In this study, the negative effects of the Covid-19 pandemic on economies and the fiscal policy measures applied to overcome the crisis will be discussed in detail. Fiscal policies have become a popular policy tool for policy makers in the process that started with the mortgage crisis and continued with Covid-19.

2. Covid-19 and Its Disruptive Effects

In a study conducted by Jonung and Roeger in 2006, they tried to predict how a pandemic after the 1918 Spanish flu could affect the EU-25 region. They estimated a 1.6% decline in GDP in the first year of a pandemic. In the other two years following the first year, they claimed that the effects of the economic contraction would diminish rapidly. They found that the GDP loss could vary between 2-4% in different scenarios. They predicted that the upcoming pandemic would cause a great recession. Jonung and Roeger tried to predict the macroeconomic effects of a pandemic that would emerge 14 years later with a model, when there were no symptoms.

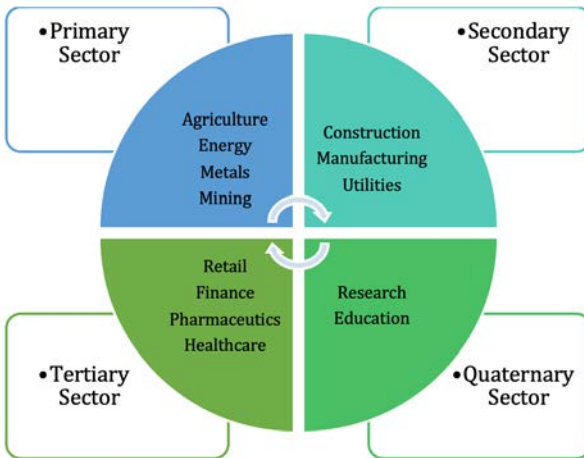
The spread of the Covid-19 pandemic has caused an unprecedented shock to the global economy. Both the spread of the virus and the measures taken to keep the number of hospitalized patients under control caused a serious stagnation in the global economy. When we say that it has completely decreased, the new waves that have emerged have expanded the scope of the measures taken. The spread of the recession caused by the pandemic is greater than any other factor. Uncoordinated measures between countries weaken the power to stop the virus. The purpose of the policies implemented by the countries in general is to prevent the increase in unemployment and to keep the closing and bankruptcy of companies at the lowest level (Kohlscheen, Mojon and Rees, 2020: 2-6).

Covid-19 has caused the illness and death of millions of people around the world. The fear of a global crisis and recession, which has been feared since the mortgage crisis, has become more evident. Restraint measures have resulted in layoffs in all sectors. School closures and remote working models have reduced demand for many goods and products. However, the inability to provide sufficient production level in the face of increasing demand for medical supplies has been one of the serious problems. The panic atmosphere spreading in the societies increased the demand for food and cleaning products and caused people to stock up on these goods. The

closure of hotels and restaurants caused a 20% drop in the prices of agricultural commodity products. Panic purchases, on the other hand, caused the prices of some of their products to increase rapidly. Uncoordinated measures taken by governments at the national level have caused disruptions in supply chains. One of the sectors affected by the pandemic is the financial sector. It was observed that there were sharp decreases in major stock markets. Accommodation and travel sectors were among the hardest-hit sectors. For example, hotel occupancy rates in China fell 89% in the early stages of the disease (Nicola et al., 2020).

Epidemics such as wars, economic bubbles and global recessions also increase uncertainty in economies. Uncertainty is a risk factor for both governments and companies. Because the long-lasting uncertainty in the economy may bring problems such as high unemployment, slowdown in economic growth and decrease in investments in the ongoing process. In addition, uncertainty can weaken the strength of monetary policies. Companies may delay new investments to avoid risk in an environment of uncertainty (Thaqeb, Algharabali and Alabdulghafour, 2020: 2792).

Figure 1. Sectors Most Affected by the Covid-19 Pandemic



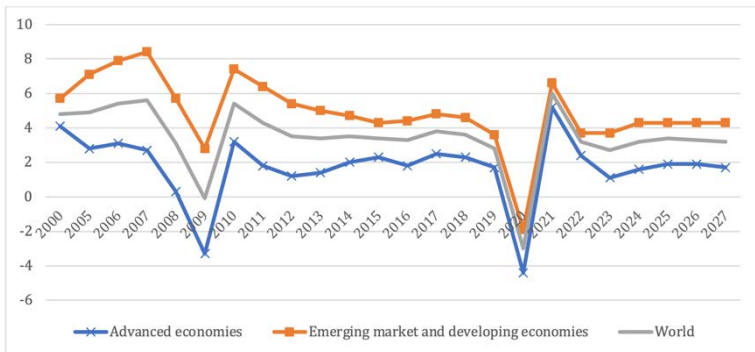
Source: Delardas, et al., 2022.

Figure 1 shows an aggregated view of the sectors most affected by the Covid-19 pandemic. Restrictions that reduced the number of seasonal workers caused disruption of planting and harvesting activities. The sharp increases in fertilizer and raw material prices increased the cost of agricultural activities. While agriculture in the European Union contracted by 1.4%, government policies in Asia led to growth in agriculture. There

were sharp fluctuations in oil and mineral prices. Precious metal prices such as gold and silver have reached the highest levels of the last 40 years. In the early stages of the pandemic, global manufacturing output fell by 20% due to uncertainties. The contraction in the service and industrial sectors caused a decrease in electricity demand. The extent of economic globalization has caused Covid-19 to affect countries more intensely. However, in this period of economic difficulties, a number of sectors and companies managed to grow and exit the process (Delerdas, et al., 2022).

The transition from the Covid-19 restriction measures to the distance education model in schools and the cancellation of crowded events were both effective in reducing the rate of increase of the pandemic and were observed to be less costly economically. However, even though the closure of workplaces and the restriction of international and national travels have reduced the rate of increase of the pandemic, it has caused great economic costs and losses. Most of the researches show that the economic losses are less than the others in the countries that took effective fiscal measures during Covid-19 (Deb, et al., 2021:30).

Figure 2. Real GDP Growth (Annual Percent Change)



Source: IMF, 2022a.

Figure 2 shows the real GDP growth rates after 2000. It is seen that the biggest breaks after 2000 were experienced in the Mortgage crisis and finally in the Covid-19 pandemic. The contraction experienced during the pandemic period was greater than the 2009 crisis. In 2020, the year the pandemic emerged, GDP shrank by 3% worldwide. In this period, while developed countries' economies contracted by 4.4%, emerging economies shrank by 1.9%. It can be said that the pandemic has revealed deeper economic effects in developed economies. The main reason for this is that developed economies have a significant share in global trade. The contractions in global trade due to the restrictions first affected these

economies negatively. According to the IMF's World Economic Outlook (IMF, 2022a) report, average GDP growth around the world will progress more stagnantly until 2027. The epidemic and restrictions caused difficulties in the supply of raw materials and products. The sharp declines in manufacturing activities resulted in contractions in the economies. The contraction in supply and the rise in pent-up demand increased consumer inflation in many countries. Especially in low-income countries, food prices increased more. This situation worsened the justice in income distribution (IMF, 2021).

3. Fiscal Policy Measures Against the Pandemic

The Covid-19 pandemic has recently caused an unprecedented loss of economic activity in the world. Countries have taken strong steps to limit the economic stagnation caused by the containment measures. The basis of economic policies is to prevent business bankruptcies and to provide income support to citizens. Governments in many countries have implemented their economic measures quickly and extensively. Comprehensive fiscal packages aimed to weaken the negative effects of the decline in economic activity on firms and households. With these packages, countries aimed to protect their production capacities. Although the scope and size of fiscal packages differ from country to country, major policy measures have been taken that have no precedent in recent history. With the fiscal policies, it is aimed to maintain the cash flows of the enterprises. Fiscal measures taken include extending the submission of tax returns and tax payment periods, accelerating tax returns, granting social security contributions and providing tax exemptions. Short-term work programs were supported to keep layoffs to a minimum. Governments have given wage subsidies to firms that practice short-time work. Income support to households was mostly provided in the form of direct income support instead of tax deductions. The scope of unemployment insurance was expanded to prevent income deprivation. Protecting the household income and preventing mass layoffs has been one of the underlying objectives of the implemented fiscal policies. Due to the drastic measures taken, tax revenues are expected to decrease significantly for a few years. Sustainable growth will be able to restore tax revenues over the years. Among the OECD and G20 countries, the most frequently used fiscal tool to ensure the cash flow of businesses has been the deferral of tax payments. In order to reduce the tax burden of businesses, social security contributions have been provided in many countries. In the first year of the pandemic, tourism and airline companies were exempted from some taxes. The fact that the enterprises continue to employ experienced workers even if it makes a loss will ensure that the production is increased rapidly after the crisis. Therefore, significant public income support has been given to businesses

that continue to employ workers through short time working programs. Additional payment periods are given to households who cannot pay their personal income tax and property tax on time. Social protection systems, which provide income support to households who lost their jobs, acted as automatic stabilizers and had positive effects on the exit from the crisis. Tax support may not be of much benefit to households who are most financially vulnerable during the pandemic period. Therefore, transfer expenditures have been made to this segment by governments to a large extent. An important step taken by governments has been to expand the scope of unemployment benefits. In many countries, corporate tax rates have been reduced and supportive measures have been taken for businesses. Taxes on essential medical equipment have been reduced in some countries to facilitate the fight against the pandemic itself (OECD, 2020).

As can be seen, countries have tried to prevent the deepening of the economic crisis by using different types of fiscal policies. However, some factors should be considered while implementing fiscal policies. The chances of success increase when effective fiscal policies are implemented in coordination with monetary policies. Disorganized and unplanned policies can cause different problems. If it is desired to benefit from expansionary fiscal policies at the desired level, the level of interest rates in crisis periods should be carefully determined. However, when the literature on economic crises is examined, there is a tendency that fiscal policies are more effective in times of crisis (Ustaoglu, 2020).

In a study (Deb, Furceri, Ostry, Tawk and Yang, 2021) fiscal policy measures implemented in 52 countries throughout 2020 were examined. It has been observed that the fiscal policy measures announced by the countries in response to the economic stagnation experienced during the pandemic period have positive effects on industrial production, manufacturing, unemployment, confidence indices and CDS rates. Fiscal policy has been found to be more effective, especially in developed economies and countries with low public debt. In the study, it is emphasized that the withdrawal times should not be rushed, since fiscal policy measures are of vital importance in the exit from the recession. In countries where public debt is high, monetary policy tools have also been found to be quite effective in order not to decrease economic activity.

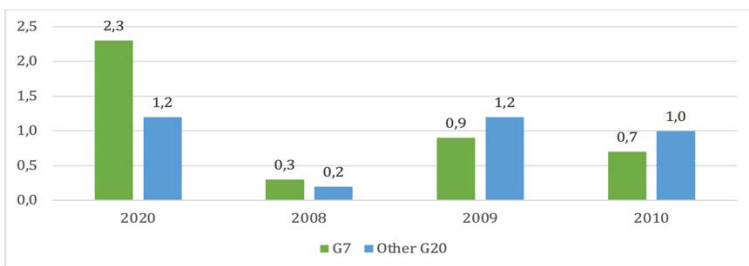
As can be seen, fiscal policies have been used by policy makers as a common tool during the Covid-19 pandemic. Of course, the success of fiscal policies occurs under certain conditions. Using fiscal policies in every country does not necessarily indicate that the result will be achieved. The effectiveness of fiscal policies in periods of economic crisis is closely related to the macroeconomic balances in the pre-crisis period. Fiscal policies have a

higher chance of success, especially in economies that can keep public gross debt stock and budget deficits at a sustainable level. The concept of “fiscal space” is an important way to achieve this. An area created in the public fiscal balances during the prosperity periods of the economies can be used to increase the economic activity rapidly during the recession period.

4. Fiscal Policies in the G7 Countries in the Time of Covid-19

In Figure 3, the ratios of fiscal policy measures to GDP in the G20 and G7 countries during the Covid-19 and 2008 global crisis are given. Fiscal policy measures play a key role here. According to the Fiscal Monitor (IMF, 2020) report published by the IMF in April 2020, income and expenditure measures of 3.5% of the G20's total GDP were taken in the first month of the pandemic. This rate is greater than the measures taken during the 2008 global crisis. The largest share among the measures taken in the G20 countries against Covid-19 belongs to the G7 countries. In this study, the data of this country group will be examined. The reason for resorting to such drastic and rapid fiscal policy measures is to contain the spread of the disease and to save households and firms from economic collapse. Prolonged demand contractions and large welfare losses, which are likely to occur as a result of a global health crisis, can be prevented by strong fiscal policies. In the early stages of the pandemic, the most important target of fiscal policies is health services. However, the increasing economic effects with the restriction measures have become the more important target of these policies. It can be said that strong fiscal policies applied in times of crisis will provide effective support to low-income households and companies at risk of bankruptcy. Broad-based fiscal stimulus measures could boost fiscal recovery. However, it should not be forgotten that if the fiscal policy instruments are implemented in an unplanned manner, there will be a possibility of rapid deterioration in the public fiscal balances.

Figure 3. Fiscal Measures Implemented in G20 Countries during Covid-19 and Global Crisis (percent of G20 GDP, April 2020)



Source: IMF, 2020.

United States: The first cases of Covid-19 in the United States were seen in January. In March and April, the epidemic spread rapidly. The US tried to spread the vaccine application rapidly. However, in the second quarter of 2020, the American economy contracted by 31.4%. It quickly took fiscal measures to reduce the economic damage of Covid-19 in America. The first package was announced with the “Coronavirus Preparedness and Response Supplemental Appropriations Act”. This package included virus testing, paid sick leave, food benefits, subsidies for unemployment insurance, subsidies to small businesses, suspension of student loan obligations. The size of this package was 1% of GDP. The “Coronavirus Aid, Relief and Economy Security Act (“CARES Act”)” was a more comprehensive regulation. It was a \$2.3 trillion package, equivalent to 11% of GDP. The scope of the law was as follows; (1) \$293 billion one-time tax cuts for individuals, (2) \$268 billion to expand unemployment insurance coverage, (3) \$25 billion food security for low-income citizens, (4) \$510 billion to prevent corporate bankruptcies, (5) \$349 billion to keep small businesses afloat, (6) \$150 billion for healthcare and hospitals, (7) \$49.9 billion for international aid. The “Paycheck Protection Program and Health Care Enhancement Act” included a \$483 billion package. This law was a package that provided substantial support to small businesses that did not lay off workers. Toward December, an aid package of \$868 billion (4.1% of GDP) was approved by President Trump. One of the targets of this package was unemployment payments of 300 dollars a week. On March 11, 2021, President Biden announced the \$1.84 billion (8.8% of GDP) "American Rescue Plan." The package included both support for public health interventions and unemployment benefit funds (IMF, 2022b).

In the USA, public resources have also been used significantly in the fight against Covid-19. In Table 1, preventive and supportive fiscal measures are listed in the USA in the first year after the World Health Organization declared Covid-19 as a pandemic in March. As can be seen in Table 1, large amounts of fiscal measures were taken, especially in the early stages of the pandemic.

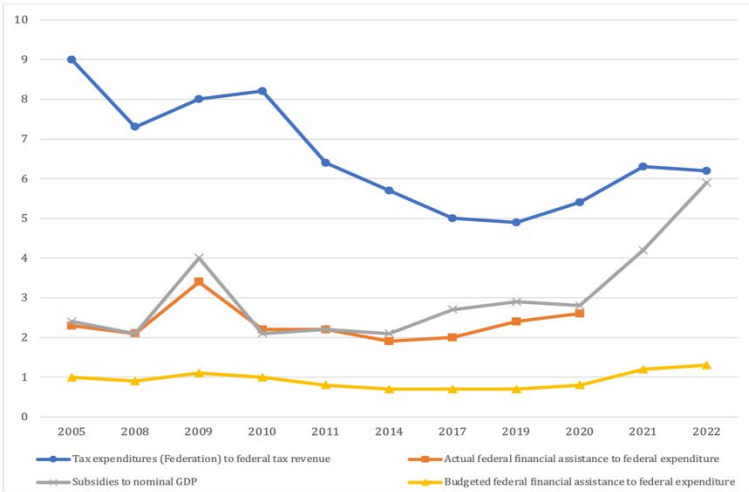
Table 1. Combating Covid-19 the Amount of Fiscal Measures Implemented in the First Year of the Pandemic in the USA.

<i>Date</i>	<i>Subject</i>	<i>Amount</i>
6 March 2020	Treatment, medication and public health measures	\$6.8 billion
18 March 2020	Medicare and Medicaid insurance programs	\$178.9 billion
27 March 2020	Tax benefits for hospital, disease control, vaccine development, Medicare, medical expenses	\$128.8 billion
23 April 2020	Hospital and virus tests	\$99.6 billion
21 December 2020	Vaccine supply, vaccine distribution, testing and treatment	\$65.4 billion
12 March 2021	Vaccine distribution, testing, treatment, other Covid-19 activities, worker-specific health insurance, Medicaid, Medicare	\$151.5 billion

Source: IMF, 2021b.

Germany: In Germany, the Federal Government has announced three additional budgets to both combat Covid-19 and contribute to the economic recovery: (i) March 2020: €156 billion (4.7% of GDP), (ii) June 2020: EUR 130 billion (3.9% of GDP), (iii) March 2021: € 60 billion (1.7% of GDP). The main content of the measures taken were as follows: (i) Health equipment expenses, hospital and R&D expenses, (ii) expansion of short-term work allowances to prevent layoffs, increased child benefits for low-income families, basic income support for self-employed members. (iii) interest-free tax deferrals, €50 billion grants for businesses most affected by Covid-19, €2 billion venture capital funds for start-ups, (iv) unemployment benefits and extension of parental assistance periods. Through the newly created “economic stabilization fund” (WSF) and “public development bank” in Germany, the government expanded the volume of collaterals amounting to 757 billion Euros (24% of GDP) for some companies, credit insurers and non-profit organizations. announced. During the pandemic period, support packages were announced not only by the federal government but also by local governments. These supports included 141 billion Euros of direct support and 70 billion Euros of state-level loan guarantees. As new waves of the pandemic emerge, the government has taken additional fiscal measures to support households and young workers. These measures included grants, subsidies for young workers, and public loan guarantees. With the spread of the effects of the pandemic to the following year, the additional budget for 2021 also included these measures (IMF, 2022b).

Figure 4. Subsidy Rates in Germany by Years



Source: German Federal Ministry of Finance, 2021.

As seen in Figure 4, subsidies provided by the federal government have increased during the Covid-19 period. In Germany, the ratio of subsidies to GDP was 0.8% and 1.2% in 2020 and 2021. This rate is expected to be around 1.3% in 2022. While the ratio of fiscal aids to federal public expenditures has been on a downward trend for many years (excluding the increase in 2009), it started to increase in 2020 with the effect of the pandemic. The Covid-19 pandemic caused a 3.3% decrease in GDP in this process. The amount of fiscal aid in the budget in 2021 and 2022 is calculated to be 24.3 billion Euros and 27.7 billion Euros. Tax expenditures, on the other hand, have tended to increase since the pandemic period.

United Kingdom: The Covid-19 pandemic has markedly increased public spending in the United Kingdom compared to previous years. The cost of fiscal policy measures taken until the first quarter of 2022 is estimated to be between £310 and £410 billion. This amount shows that the measures taken are approximately 4600-6100 pounds per person. The pandemic is estimated to have caused public spending to be £167 billion more than planned. Health expenditures, supports to ensure the continuity of businesses and household supports are the main reasons that increase public expenditures extra. The departments that increased spending the most are HMRC, the Health and Social Care Department, and the e Department for Business, Energy and Industrial Strategy. Tax and non-tax public revenues, which finance public expenditures, have decreased to a large extent as a result of the restriction measures. The gap between public revenues and expenditures caused the government to borrow £323 billion. While borrowing costs are low for now, public finances may become more vulnerable as costs rise. It is difficult to determine the exact amount of government spending in the fight against Covid-19. Because the pandemic directly and indirectly affects different segments of society and different business lines. For example, “The Office for Budget Responsibility” estimates the total cost of pandemic support packages to be £311 billion. “The National Audit Office” estimates the total cost to be £368 billion as of September 2021. According to the IMF's estimation, the total cost of the pandemic fiscal measures in the UK as of September 2021 is £407 billion (House of Commons Library, 2022).

In the UK, tax tools were quickly introduced to facilitate the fight against the pandemic. VAT and customs duty exemption of 2 billion pounds was provided in the import of critical medical supplies. Social security contributions of employees who were put on leave until August 2020 were subsidized. Income support was provided by the government for businesses that had to close. In order to increase youth employment, the cost of working 25 hours per week was subsidized for 6 months. In order to reduce

losses in the tourism sector, VAT has been reduced to 5% until the end of September 2021. Income taxes of the self-employed have been deferred for 9 months. The government provided grants and loans of £1 billion for companies to increase their R&D activities. The government has offered an 80% state guarantee to facilitate loan purchases of up to £200 million for companies with an annual turnover of £45 million or more. To facilitate the credit facilities of SMEs, 100% government guarantees were provided for loans between 2000 and 50,000 pounds (IMF, 2020).

Italy: The first step of the government against Covid-19 in Italy is the 25 billion Euro emergency package announced on 17 March 2020. The package includes €3.2 billion to strengthen the Italian healthcare system, €10.3 billion to prevent layoffs, €6.4 billion to support businesses with tax deferrals and electricity bill payments, and €5.1 billion to support loan supply. On April 6, 2020, additional government guarantees of € 400 billion (25% of GDP) were allowed with the “Liquidity Decree”. On May 15, 2020, the government adopted a fiscal measures package of 55 billion euros (3.5% of GDP). In addition to these aids, 14.5 billion Euros was allocated for households, 3.3 billion Euros for the health sector, 16 billion Euros for grants and tax deferrals for SMEs. The government adopted a 25 billion euro deficit increase on 8 August 2020. After that, the third support package was accepted. Income supports for households and workers, short-term work allowances, deferral of social security contributions for new job entrants, extension of tax payment periods for SMEs were included in the package. On October 27, 2020, the government aimed to provide rapid support to sectors affected by the pandemic with a package of 5.4 billion Euros. With this package, 460,000 SMEs and self-employed people were given grants and income support was provided to households. In May 2021, the government announced an additional support package of 72 billion Euros. With the additional package, it was aimed to minimize the losses of enterprises and to prevent layoffs (IMF, 2022b).

Although the Covid-19 pandemic is an unprecedented event in the world, Italy is the first and most severely affected country by this crisis. A study by Bartolomeo, D’Imperio and Felici on behalf of the Italian Ministry of Economy and Finance contains important information. According to the report, without the rapid fiscal measures taken in Italy, the GDP contraction would have been 13.4% instead of 8.9%. Public interventions have been vital for investments. The fiscal policy measures implemented by the government since March 2020 have yielded very positive results. Italy has experienced the most severe economic crisis of the last two centuries. However, the analysis shows that the process could have been more destructive if the government had not taken fiscal policy measures in

time. Increased public expenditures and deferred tax collections significantly reduced the sharp fall in income and consumption during the lockdown days. Fiscal measures had particularly supportive effects on investments. According to the scenarios made; If there were no fiscal measures, the decline in investments would have been 21.7% instead of 9.2% in 2020 (Bartolomeo, D'Imperio and Felici, 2021).

France: In France, four laws were passed in the period March-November 2020 to mitigate the effects of the crisis. These four laws included fiscal support of 180 billion euros (about 8% of GDP). A limit of EUR 327 billion (approximately 15% of GDP) is set aside to contribute to public guarantee packages on loans. The measures taken during the pandemic process in France have spread over a wide area. The insurance system for patients and caregivers has been modernized. Public expenditure on health supplies has been increased. Tax payments for companies are deferred. Dismissals were tried to be prevented with the short-time working allowance. Direct income support is provided for small businesses. Postponement of rent and tax payments has been provided for SMEs. Unemployment payments, which expired, continued during the periods when curfews were applied. Additional support was provided to sectors where the crisis was felt more, such as the automobile and aviation industry. The 2021 budget included the basic elements of the fiscal packages announced in 2020. The improvement plan included measures of approximately 100 billion Euros for two years. Approximately €40 billion of this plan is expected to be covered by the EU Recovery Fund (IMF, 2022b)

Timely and flexible fiscal measures were taken against the pandemic in France. The content of the fiscal packages has been adjusted in line with increasing expenditures and decreasing revenues. Although France has high debt levels, it has been able to have some fiscal space with the cheap financing support of the European Central Bank and the contributions of the Next Generation EU Recovery fund. This fiscal space has been used extensively for companies and individuals affected by Covid-19. The target of additional fiscal measures is shifting towards encouraging investment rather than employment support in 2022. The main target of the expenditures planned for 2021 and beyond is the policies aimed at increasing investments in ecological and digital transformation and preventing layoffs. Before the pandemic, the ratio of public deficits to GDP was 2.4%, the ratio of public debt to GDP was 99%, and GDP growth was expected to be 1.1% for 2020. However, with the effect of the pandemic, public deficits were 11%, public debt was 116% and GDP growth was -9.2%. It should not be forgotten that there has been an increasing trend in public debt in France for the last 40 years. The high

debt level limits the range of action to be taken in response to the crisis in France (IMF, 2021c).

Japan: Supplementary budgets have been approved in Japan to mitigate the economic effects of the pandemic. Unconditional cash transfers, unprecedented in Japanese public finance history, have been introduced for households. The “Special Cash Payments” program amounted to 12.880 billion Japanese Yen (JPY). Cash support of JPY 100,000 was provided to each person, including foreign nationals. Before Covid-19, child benefit in Japan was JPY 10,000 per child. A one-time addition of 10,000 JPY was made in the supplementary budget. The cost of temporary special assistance for families with children was JPY 165.4 billion. For those in distress, the government has provided loans of 35.9 billion with no interest or guarantor. Housing security assistance of JPY 2.7 billion was provided to citizens who did not lose their jobs but lost most of their income. Counseling support services have been increased in order not to worsen the situation of the poor. These services have been allocated JPY 1.8 billion. In Japan, local municipalities administer various public insurance programs. The government has provided subsidies to municipalities as Covid-19 has made it difficult for municipalities to collect premiums. With the "Employment Adjustment Subsidies", layoffs were tried to be prevented. These subsidies amount to approximately JPY 833 billion. However, due to the length of bureaucratic processes, many companies could not get help in the first stage of the crisis. The government has taken steps to simplify the application process. Various aid packages have been announced for parents who have to look after their children due to school closures. Assistance of JPY 2.318 billion was provided for small businesses that had to close. “The Ministry of Economy, Trade, and Industry” provided JPY 3.749 billion in loans and loan guarantees to businesses. The level of the first fiscal package announced in Japan against the pandemic was around 10% of GDP, and this figure was unprecedented. In addition to the rapid aging of the population in Japan, the increase in the total public debt causes serious concerns about the inability to ensure fiscal sustainability. However, the expansionary fiscal policies made during the Covid-19 period were largely supported (Ando, Furukawa, Nakata and Sumiya, 2020).

Huge government spending announced to save sectors and individuals affected by Covid-19 has rapidly increased budget deficits. At the end of the pandemic, the sustainability of budget deficits can be ensured with corporate tax, property tax and sales taxes to be collected on businesses that benefit from government subsidies (Yoshino, Miyamoto and Mumtaz, 2020).

While Japan was taking measures to combat Covid-19, it was also taking steps for the post-pandemic period. On December 8, 2020, the Government of Japan announced an additional package of JPY 73.6 (13% of 2019 GDP). While the aim of the package was to control the pandemic, it also aimed to encourage structural transformations, to encourage companies to digitize and to increase investments in green technologies in the post-Covid-19 period (IMF, 2022b).

Canada: Additional spending package was created in Canada in the early days of the pandemic. The total cost of the package was CAD 289.9 billion. The 253.6 billion portion of the package included; It included advanced employment insurance, wage subsidies, steps to prevent layoffs, and support for vulnerable groups such as students and the elderly. The 36.2 billion part of the package included loan amnesties for businesses and support to various sectors. Income tax payments are deferred until 30 September 2020. In addition, sales tax and customs taxes are also postponed. Liquidity mobility was ensured by providing loan facilities to small mining companies and the agricultural sector (IMF, 2021b).

The Canadian federal government's \$435.3 billion (CAD) (19.7% of GDP) public spending and tax package included the following measures: (i) healthcare system subsidies, vaccine development activities, testing expenses supply of medical supplies. (ii) wage subsidies, sick leave payments, unemployment benefits. (iii) tax deferrals and direct subsidies (IMF, 2022b).

Table 2 shows the federal and regional dimensions of the economic measures taken in Canada during the Covid-19 period. The values shown in the table are the support packages as of July 2020. Accordingly, 86% of the supports were provided by the federal government and 14% by local governments. Direct measures constitute an important part of the packages.

Table 2. Federal and Territorial Size of Covid-19 Measures in Canada

	Federal	Provincial and Territorial	Total
Impact (\$ billions)			
Direct	231.9	24.1	256.0
Tax, Customs Duty payment and Fee Deferrals	85.0	38.2	123.2
Liquidity	86.5	3.3	89.8
Total	403.4	65.6	469.0
Share of Spending (per cent)			
Direct	91	9	100
Tax, Customs Duty payment and Fee Deferrals	69	31	100
Liquidity	96	4	100
Total	86	14	100

Source: The Government of Canada, 2022.

Public revenues in Canada fell by 5.3% in the 2020-21 period. The pandemic has caused federal government spending to increase by 73%. The ratio of the federal deficit to GDP increased from 1.8% to 13.2%. It has been realized with an increase in health expenditures that has not been seen in the last thirty years. The most obvious fiscal effects of the pandemic in Canada are the rapid increase in public expenditures with the decline in public revenues. However, it can be said that fiscal transfers are effective in the rapid recovery of the states (Matteo, 2022).

5. Conclusion

Since the Great Depression of 1929, governments' intervention in economies with fiscal policy tools has been one of the frequently discussed issues. The period in which fiscal policies came to the fore the most in the last decades was the 2008-09 global crisis. But the Covid-19 pandemic has hit the global economy in an unprecedented way. At the top of the issues that worried the governments the most were the income losses that would be experienced by those who continued their lives with labor income, mass unemployment that could arise as a result of layoffs, and company bankruptcies. During the pandemic period, the life-saving role of fiscal policies has come to the fore again. The first aim that governments wanted to achieve with fiscal policy tools was to keep the health systems alive and to keep the death rates at the lowest possible level. However, after the pandemic, ensuring the continuity of economic functioning has become at least as important as health goals. During the pandemic period, it was observed that the largest fiscal expansion policies were realized in the G20 countries, including the G7 countries. These countries, which have large shares in the global economy, have experienced major contractions in their economies as a result of the restriction measures. The concept of fiscal space is one of the most understood topics during the pandemic period. The first condition to be able to implement strong fiscal policies in times of economic crisis is to establish a sound fiscal system in the pre-crisis period.

It can be said that the fiscal policy measures implemented in G7 countries to minimize the effects of the pandemic have similar characteristics. Expansionary fiscal policy measures were used intensively to prevent the worsening macroeconomic balances from getting worse. The main objectives of the policies were to compensate for the income losses of low-income citizens, to implement incentive and subsidy mechanisms to prevent layoffs, and to introduce tools such as tax and credit guarantees to prevent the bankruptcy of companies. Although the size of the support packages announced in the G7 countries differed from time to time, they ranged from 1% to 25%. It has been tried to ensure that households protect their income by providing direct income supports, tax deferrals, student

aids, patient care aids. Intensive tax relief has been provided to companies. Tax deferrals and government guarantees on loans were provided to companies that lost a significant part of their income as a result of the restriction measures.

In addition to the expansionary fiscal policies announced in the G7 countries, important monetary policy instruments were also used. The analysis of monetary policies may be the subject of another study. It can be said that the strong fiscal policies implemented saved the economies from a great depression. However, one of the most important negative effects of the pandemic on public finance balances is the serious difference between public expenditures and taxes. Governments, which use most of the fiscal spaces they created in the pre-pandemic period, need to quickly restore their budget balances. They need to produce policy solutions that will increase public revenues by gradually reducing public expenditures. If the G7 countries are delayed in ensuring fiscal sustainability, they may cause a new crisis in the global economy.

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3

ACCOMMODATION TAX IN THE COVID-19 PROCESS

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Abstract

Tourism is a very important economic sector both globally and locally. So much, as one of the cornerstones of permanent and inclusive economic growth, it provides real expectations. The sector generates a lot of foreign exchange and drives regional development. It directly supports many types of businesses and is the foundation of many local communities. Recent trends point to continued strong growth worldwide, prompting governments to optimize potential benefits. However, with the impact of Covid-19 all over the world, significant changes have occurred. In this context, accommodation tax has started to be discussed all over the world. Especially in the world where the whole world is closed to homes, all our habits have changed. In this case, the expectations of the governments from the accommodation tax will not be fully met. In addition, another significant issue is where and for what purpose the money obtained from this tax will be used. Turkey has not yet put into effect the tax in this regard. However, many debates arose before the tax came into effect. Accommodation tax collected in Europe is collected by municipalities and a large part of the income is used to improve the infrastructure of the city and promote the city. The accommodation tax to be collected by the central government in Turkey will not be used for the infrastructure investments of the city or the promotion of the country's tourism. In this study, the effects of accommodation tax in terms of selected countries and Turkey will be discussed in the context of theoretical foundations in the Covid-19 process, which affects the whole world.

Keywords: Accommodation Tax, Tourist Tax, Hotel Room Tax, Purposes of Taxation, Covid-19

JEL Codes: H20, K34, L83, Z32

1. Introduction

In the period when the classical economic understanding was valid, the idea that the state should only fulfill its basic duties was dominant, while the duties and responsibilities of the state expanded in order to meet the increasing social needs over time. The expansion of the state's jurisdiction has increased the need for public expenditures, while

increasing public expenditures have increased the need for tax revenues, which have the largest share in public revenues. In almost many countries, the majority of budget revenues consist of tax revenues. At this point, the effective functioning of the tax system is one of the sine qua non for achieving the desired goals and implementing the policies. An effective tax system, on the other hand, is possible with a properly functioning, fair, and equal taxation regime in which taxpayers comply voluntarily. However, it is very important that the states have adopted the paternalist approach. In this context, it is necessary to impose taxes in order to control the production or use of goods and services that cause negative externalities. This situation is called “pigouvian taxes”. Accommodation tax is also among the taxes that can be evaluated in this context. But there is a very delicate balance here.

With the transformation of the Covid-19 epidemic into a pandemic, countries have struggled with the pandemic with the legal arrangements they have made in order to minimize the negative effects it has created in commercial and social life. An example of this is the taxes levied at a fixed or proportional rate under various names such as city tax, tourism tax, accommodation tax from non-residential accommodation in many European Union (EU) countries, far east countries, and the United States of America (USA). A portion of these tax revenues obtained in the said countries is transferred to the local government. This money transferred to the local government is used to solve many problems that occur in cities. When taxing tourism differently from other goods and services is considered from a political point of view, the fact that tourists do not have a vote in the country or region where they are taxed makes it much easier to tax them. The shift of the tax burden to non-residents by using this political advantage causes the states to see taxes on tourism as income-generating taxes in principle. Therefore, taxation is not only about financing public expenditures, increasing welfare, and improving income distribution, but also diversifying income.

There are many studies (Andriani et al., 2022; Bonham and Gangnes, 1996; Borges et al., 2020; Combs and Elledge, 1979; Durbarry, 2008; Fontana and Lagutin, 2018; Fujii et al., 1985; Gago et al., 2009; Gooroochurn and Sinclair, 2005; Heffer-Flaata et al., 2021; Hughes, 1981; Mak and Nishimura, 1979; McLeod et al., 2018; Mills et al., 2019; Ponjan and Thirawat, 2016; Radvan, 2020; Sheng, 2017; Soehardi and Untari, 2020) in the foreign literature on the subject. However, some studies conducted in Turkey (Akçaoğlu, 2020; Aşçı Akıncı, 2020; Bozdoğanoglu, 2013; Cenkli, 2015; Cenkli and Şahin Duran, 2021; Çelikkaya, 2011; Göktaş and Polat, 2019; Gürel, 2014; Güzel and Yıldız, 2019; Ozkanca Andic, 2020; Saraçoğlu and Çaşkurlu, 2020; Serçek and

Börüteçene, 2022; Uçar and Ayrancı Bağrıçık, 2021; Yavan, 2020) although the tax practice has not been implemented yet, studies on the subject have been quite limited. With this study, it is aimed to contribute to the literature on this subject. Within the scope of the study, first of all, the conceptual perspective and theoretical foundations of the accommodation tax are discussed. Then, accommodation tax practices in selected countries and Turkey were evaluated.

2. Conceptual Perspective and Theoretical Basis of Accommodation Tax

In today's world, where globalization and rapid technological developments are experienced, there is undoubtedly an increase in the number of foreign trips made by people for both sightseeing and business purposes compared to previous years. Therefore, the revenues of the states from tourism have become very important. It has also brought with it many harms caused by globalization. This forced the states to determine new strategies. There was no tourism-specific accommodation tax before the 1960s, mainly to prevent negative externalities caused by tourism, to meet the costs and/or to implement practices that would contribute to the development of tourism (Heffer-Flaata et al., 2021: 749). The increase in the need for basic services such as transportation services, infrastructure services, security services, especially in places where a large number of tourists come, causes the need to internalize negative externalities. Recent trends point to continued strong growth worldwide, prompting governments to optimize potential benefits (OECD, 2020: 6).

The tourism sector is associated with a wide range of economic activities and is directly or indirectly related to different taxes in many sectors. Therefore, there are a number of tax applications that we expect to have a direct impact on tourism activities. Income and corporate tax, property tax, value added tax, airline transportation taxes, foreign entry-exit fees, and some other tourism-specific fees can be given as examples of these fiscal liabilities. In addition to these general taxes that affect the tourism sector, the accommodation tax, which is specifically focused on tourism, is collected from tourists in many countries of the world in order to minimize the losses of holidaymakers. This tax is also collected under different names and amounts on the grounds of taking some measures to support the sector such as infrastructure development and improving the urban environment. While the customers of the accommodation establishments that are the taxpayers are liable to pay such taxes, the accommodation establishment is responsible for collecting these taxes (European Commission, 2017: 19).

Accommodation taxes have taken their place in tax systems in many countries as a fixed or progressive tax applied to individuals' vacation and/or accommodation costs. The main reason for the increasing interest in accommodation taxes has been the increase and diversification of people's freedom of travel. On the one hand, developing technology and the increase in the number of global multinational companies, on the other hand, the increase in the awareness of countries to protect their cultural heritage has increased both business and holiday/tourism travels. The fact that travels for business and tourism purposes continue to increase day by day causes some countries to host tourists at levels exceeding their own population. Undoubtedly, tourism revenues are one of the most important sources of income for countries. However, some spreading external damages force countries to produce new policies on tourism. Therefore, the tourism sector, on the one hand, provides foreign currency inflow and income to the country, on the other hand, it creates some negative externalities. Especially in regions that receive heavy tourists, the demand for services such as transportation, infrastructure, cleaning, and security increases and the need to internalize negative externalities arises. These new service costs, which can be expressed as tourism costs, undoubtedly require some income sources to be allocated to these services. As a matter of fact, although many countries take different names to meet these new costs and to ensure sectoral development in tourism, they have generally introduced specific taxes under the heading of accommodation tax. Here, the main element of the tax is focused on the accommodation activity, which is an integral part of the travel, regardless of the purpose (Bozdoğanoglu, 2013: 132; Güzel and Yıldız, 2019: 13).

The construction of new hotels and infrastructure facilities causes the destruction of the natural fabric, and a series of problems such as environmental pollution, congestion in transportation infrastructure, and increase in living costs arise due to crowding (Rinaldi, 2012: 80). With the accommodation tax application, it is possible to internalize these externalities. On the other hand, if the said tax revenues are left to local governments, it is possible for people residing in touristic areas to benefit from the services to be provided with these tax revenues. Thus, on the one hand, tourists bear at least some of the external costs they cause, on the other hand, these tax revenues can be returned as a service to the resident population (Kılıçer, 2019: 58). Therefore, accommodation tax or similar taxes are applied both for the purpose of generating income and for eliminating or minimizing negative externalities arising from the tourism sector and touristic activities (Saraçoğlu and Çaşkurlu, 2020: 8). Accommodation tax allows the establishment of a simultaneous connection between public services and tax shares, depending on the understanding of taxation according to the principle of utilization (Musgrave, 1959: 62).

The tax in question is “tourism tax”, “tourist tax”, “accommodation tax”, “visitor tax”, “city tax”, “culture tax”, “hotel room tax” also called “bed tax”. In countries with mostly historical and touristic centers, it is defined as the “tourism tax” with the most comprehensive concept in order to finance the costs of the tourism services offered from the people who benefit from the services provided for accommodation or touristic purposes, and to develop the tourism infrastructure. The World Tourism Organization (UNWTO) has defined tourism taxes as an indirect tax that applies specifically to tourists and the tourism industry (OECD, 2014: 76).

The limits on the use of the income from the accommodation tax are expected to be clear. This issue is significant in terms of achieving the purpose of the tax and ensuring its legitimacy, fairness, and functionality. Therefore, taxpayers' reaction to tax and their non-resistance to tax will be ensured by the legitimacy of tax (Doğan, 2017:276). Accommodation taxes have become a significant source of income for many tourist destinations. While accommodation taxes are a way to shift the local tax burden towards non-residents, the travel industry claims that these taxes do significant harm to competitive levels (Aguilo et al., 2005: 359). In countries such as EU countries and the USA, these taxes are collected on a pro-rata basis or on a fixed basis, for temporary accommodation without the purpose of settling, and generally without distinction between domestic and foreigners (Bozdoğanolu, 2013: 132).

In EU countries, income from accommodation tax is left to local governments. Similarly, stays that are subject to sales tax instead of value added tax in the USA are subject to hotel room tax. However, unlike the EU, accommodation in campsites and caravans in the USA is not subject to sales tax, so they are not subject to hotel room tax. In the EU, holiday stays in caravans, campsites, and tents are subject to accommodation tax or tourism tax. Taxpayers are those who use accommodation facilities for short-term and temporary stays. Although the tax revenues presented to the authorized central or local administration vary according to the country or state, a significant portion of the revenue is transferred to the local administration where the tax is collected (Bozdoğanolu, 2013: 132). In such taxes, economic efficiency is achieved by including the environmental and crowding costs of regulatory taxes into the price of the tourism product package (Gago et al., 2006: 4). Local authorities and the tourism authority are always interested in the growth of tourism. However, the ability to increase the number of visitors, continuous improvement and therefore the need for adequate fiscal resources reserve the need for a regulatory tax. Local governments will be able to benefit greatly from the accommodation tax to promote tourism and thus increase revenues (Katalin, 2019: 311).

3. Accommodation Tax in Selected Countries

Tourism is a constantly growing economic sector in the world. To achieve sustainability in tourism, fiscal resources are required not only at the central or regional level, but also at the local, municipal level. Accommodation tax has a key role in the financing of tourism in many European countries. This tax allows local authorities to raise money to finance tourism management and repair potential damage caused by tourists to the public space and environment. Also, it usually stays low enough to not deter visitors. Referring to the "polluter pays" principle, Directive 2004/35/EC of the European Parliament, tourists are treated as temporary residents, thus contributing to the maintenance of the public space they visit and use (Katalin, 2019: 314).

It also often plays an important role in the local economy of many municipalities in Europe. Accommodation tax is applicable in 19 EU member states excluding Denmark, Estonia, Finland, Ireland, Sweden, Cyprus, Latvia, and Luxembourg. The tax is collected by the central government in Malta and Greece, and by local governments in other countries (European Commission, 2022). Accommodation taxes, which were applied mainly in popular touristic cities of EU countries at the beginning, are now being implemented in touristic cities in many countries of the world. This tax, which is a source of income for local governments, is expected to be used in the development and promotion of tourism activities of the region, as well as environmental and infrastructure problems (Katalin, 2019: 310). In Turkey, some legislative arrangements have been made, but these taxes have not yet been implemented.

In this part of the study, country samples are discussed. The main criterion in the selection of these countries is that they are the countries visited by the most tourists. Here, countries with a good rating compared to other countries are examined. In this context, the first country to be examined in order to see the implementation of the tax is France. Later in the study, Spain, USA, Italy, Germany, and Turkey were discussed.

3.1. France

France ranks first in the world in terms of tourist arrivals (Euroasia, 2022). Since 1910 in France, there has been a tax called "taxe de sejour" (Articles L2333-26 to L2333-47 of General Code of Territorial Communities), which we can translate into our language as "accommodation tax" or "visit tax". This tax is collected by the hotel, touristic facility managers at a rate between 1% and 5% of the accommodation costs of the customers per person and is paid to the municipalities. The aim of this tax is to cover the expenses of the cities caused by tourism, to increase the quality of touristic

services, to maintain and improve the facilities and public areas (Akçaoğlu, 2020: 390-391). As can be seen, the main purpose of this tax is to finance the expenses of the cities arising from tourism activities, to increase the quality of tourism services, and to ensure the use of touristic facilities and public areas.

Tourism includes a wide range of economic activities, so many taxes, such as value added tax, affect this economic sector. However, the obvious and most common direct accommodation tax is the “occupancy tax”. Occupancy taxes are charged on short stays in paid accommodation. It is usually charged per person, per night, or sometimes as a percentage of the room rate. These taxes are usually collected through accommodation providers, paid in person and cannot be included in the prepaid accommodation price. Each municipality usually decides how much tax they will receive and can often change annually. Children are exempt from tax (Katalin, 2019: 314).

Paris is one of the cities in France where a city tax is charged from tourists. If the reservation is made online, the tourist tax is paid when leaving the hotel, if it is purchased by other means, the tax is withheld at the time of purchase. Tourist tax in Paris also varies according to the hotel accommodation. This figure varies between 0.88 Euros and 3.3 Euros. For instance, someone staying in a 5-star hotel pays a city tax of 3.3 Euros (Güzel and Yıldız, 2019: 15). Ideally, natural resources are conserved with revenues from accommodation taxes. Tourism facilities are maintained. Because settlements with popular touristic destinations are areas that need permanent development. However, they can grow with tax incentives (Katalin, 2019: 320).

3.2. Spain

Spain, one of the leading tourism destinations in Europe, hosts an average of 250 million tourists annually and is among the countries with the highest tourism income among EU countries (Kılıçer, 2019: 60). The tax, which first came to the agenda in the form of "tourist tax" (tasa turistica) in July 2010 in Spain, was approved in May 2011 with the implementation of a 1% reduction in the value added tax applied in the tourism sector. Since 01.04.2012, tourist tax has been applied in all hotels in the Catalan region. The amount of the said tax varies between 0.75 Euros and 2.5 Euros depending on the regions and hotel categories (Bozdoğanoglu, 2013: 137).

Tourist tax in Spain is collected on the basis of the amount per person, taking into account the length of stay per night. The tax applies for the

first seven nights per person (Euronews, 2022). Tourist tax is only applied in Catalonia and the Balearic Islands. In the Balearic Islands, the government collects this tax as a form of environmental tax and for sustainable tourism projects. In Catalonia, the amount is between 0.45 Euros and 2.25 Euros per person, up to a maximum of 7 nights, and between 0.50 Euros and 4 Euros per person per night in the Balearic Islands (Aşçı Akıncı, 2020: 91). In Catalonia, this tax is also collected from daily tourists arriving by cruise ships in addition to the accommodation, while in the Balearic Islands, the local administration has structured the tax as a kind of environmental tax. The common feature of the taxes applied in both regions of the country is that their revenues are dedicated to sustainable tourism projects (Akçaoğlu, 2020: 391).

The tax in Spain varies according to the season. In high season, luxury hotels are charged 4 Euros per person per night, 3 Euros in mid-segment hotels, and 2 Euros in apartments and cruise ships. The amounts in question are applied by reducing them up to 75% from November to April (Euronews, 2022).

3.3. USA

Accommodation tax is a popular tax in the USA, and about 98% of its states are taxed. The accommodation tax rate across the USA differs by state, province, and municipality. State and local governments charge accommodation tax on short stays from hotels, motels, and other accommodations. Although the name of the tax may vary, the imposition of the accommodation tax is a significant source of revenue for states and local government. Accommodation taxes affect more than a hotel visitor because accommodation taxes can be used to finance tourism agencies and public meeting venues, such as convention centers in the USA. Accommodation taxes in the USA are of vital importance as they directly affect the development and growth of cities. All but 2 of the 50 states in the USA impose sales tax, accommodation tax, or both on temporary stays. Two states that do not impose a lodging tax in the USA are Alaska and California (Yavan, 2020: 194).

The accommodation tax, which is applied in many states of the USA, is known as hotel occupancy tax or hotel room tax in this country. Although the tax amounts applied in the states differ, the way of application is parallel. In New York, the definition of hotel includes apartments, hotels, motels, bungalows, and places that provide bed/breakfast service for short-term accommodation. If the rooms of a building are used for rentals up to 14 days or if there is a rental once or twice in a quarter, the building in

question will not be included in the scope of the hotel (Bozdoğanoglu, 2013: 153).

Tourism taxes have become a significant source of income for Hawaii and many other tourist destinations. Among the most lucrative is the hotel room tax. This has made the tax the third largest source of government revenue after consumption tax and income tax (Bonham and Gangnes, 1996: 1281). In Hawaii, a 4% transient accommodation tax is charged statewide in addition to the general excise tax. Transient accommodation tax, which is 4% in Hawaii, is collected as 4.5% on the island of Oahu, which is a state of Hawaii. Health institutions, school dormitories, non-governmental organizations, renters and tenants of military personnel living quarters, full-time students, and diplomats are exempt from transient accommodation tax (Kılıçer, 2019: 59).

When looking at the taxes levied by the states in addition to local accommodation and/or sales taxes, under the name of lodging tax, it is seen that only the fixed tax per room in Georgia and the proportional taxation in other states are taken as basis. In the proportional taxed states of Connecticut, Delaware, Maine, and New Hampshire, the accommodation tax rate ranges from 8-15%. However, these states do not charge sales tax on accommodation services and additional accommodation tax at the local level. In Hawaii, a 10.25% accommodation tax is charged, while at the local level there is no additional accommodation tax. Out of these states, the state-level lodging tax rate is lowest in Virginia at 0%, in Utah at 0.32%, and at 1% in Nebraska and Kentucky. Among the states that impose a sales tax and additional local lodging tax on lodging services, Michigan has the highest lodging tax rate at 6% (Delibaş, 2020: 108).

Other specific issues regarding accommodation taxes applied in cities belonging to various states in the USA are as follows. In Alabama, the city accommodation tax rate is increased by 5% in mountainous and lake areas. In Kansas, the accommodation tax is 5% only in areas designated as redevelopment areas by special law. Accommodation tax in Michigan varies from case to case. In congress hotels located in qualified local government regions, the tax rate is 3% for those with 81-160 rooms, and 6% for those with more than 160 rooms. For all other hotels, it is 1.5% for those with 81-160 rooms and 5% for those with more than 160 rooms. In Nevada, an accommodation tax of 1% to 2% is applied according to the population in the counties. In Oregon, the rate will be 1.5% after 01.07.2020. It is practiced seasonally in South Dakota, from June to September (Saraçoğlu and Çaşkurlu, 2020: 10).

Accommodation taxes collected in the USA are not used for purposes other than tourism. These taxes can only be used for projects that support tourism, with the decision made by the tourism board in the state. In other words, it is not allowed to close the budget deficit with these accommodation taxes. In addition, when the accommodation taxes collected locally are sent to the central authority, the majority of the income is sent back to the local government where the tax is collected. In short, the tax collected locally is spent locally. To give a few examples, a congress center was built in the city with these taxes, thus providing the opportunity to attract more tourist groups to the tourism resort. Tourists who are attracted to the city by conferences, congresses, and various organizations receive support from the hotels there and various sectors, so tourism revenues increase. Again with these taxes, the awareness of the city is increased by promoting the city in newspapers, magazines, and social media. At this point, the purpose of the accommodation tax collected within the scope of tourism activities in the USA is to be used as a contribution to tourism. Taxes are not collected to generate revenue for the central government. It is used to support activities that increase the tourism potential at the local level (Yavan, 2020: 195).

3.4. Italy

In Italy, tourist tax is applied with names such as tourism tax, tourist accommodation tax, visitor tax, city tax, and the amounts of the tax differ according to the hotel, room price and number of nights stayed, as in other countries. The tax is applied in fixed amounts throughout the country. The fixed amounts of the tax applied in all big or small cities of Italy differ according to the cities. Matters such as the accommodation situation, the season and the type of transportation preferred are very important. The scope of the tourist tax has been determined by Law No. 23, which was enacted by the central government in January 2011 (Fontana and Lagutin, 2018: 85). “*Tourist tax levied in Italy is spent for the following purposes (Göktaş and Polat, 2019: 151):*

- *Tourism and regional marketing,*
- *Urban decoration and maintenance,*
- *Investments in urban mobility,*
- *Implementing tourism, cultural initiatives and events, exhibitions and fairs in terms of fairs and workshops,*
- *Developing tourist information points,*

- *Co-financing of promotional activities to be conducted in cooperation with professional organizations or private persons,*
- *Employment opportunities for young people; projects and interventions aimed at the training of professional figures in the tourism sector”.*

The tourist tax (tassa di soggiorno) applied in Italy since 2011 has also been a reference in terms of similar taxes applied in other countries. The tax applied in general varies according to the nature of the hotel and the number of nights stayed. Exceptionally, the accommodation status, season, and mode of transportation in Venice on the islands and the mainland can also change the tax amount. When the value added tax applied to accommodation and restaurant services in Italy, parking fees and the fees charged by local governments for visit permits are taken into account, approximately 100 Euros of the standard 7-night Italy tour fee consists of taxes (Bozdoğanoglu, 2013: 138-139).

The regulation on the implementation of the relevant tax in the city of Venice states that “*Tax revenues will be used to finance the city’s interventions in tourism and promotion, including the support of accommodation facilities, as well as public services related to maintenance, cultural heritage and the environment*”. While the subject of the tax is overnight accommodation, the taxpayer is specified as the person who stays overnight. Exceptions and exemptions are also specified in the regulation. According to this (Güler, 2017: 22):

- Residents of Venice,
- Those under the age of ten,
- Those who want to stay in hostels and accommodation facilities belonging to the municipality of Venice,
- Those who are treated in hospitals within the borders of the municipality,
- Companions,
- Tour leaders in groups (minimum twenty-five participants) organized by travel agents (exemption applies to one guide for each bus driver and every twenty-five participants),
- Social volunteers serving in the city on the occasion of events organized by the City Council,
- Persons with disabilities who are foreign nationals (reported).

Accommodation tax is applied in almost all cities of Italy (approximately 1000 local government units charge this tax). It is assumed that the tax allocated to the development of tourism will be used for expenditures related to promoting tourism. Accommodation tax applies to accommodation in Italy up to 7 Euros per person per night (Katalin, 2019: 314). The Italian government has given local Italian authorities permission to promote tourism in the long term to protect cultural heritage, the environment, and finance public services. Venice has a tourist flow of over 130,000 per day. However, nearly 70% of the visitors are excursionists. Moreover, only 30% contribution is made to tourism revenues. In addition, a number of studies have been conducted in recent years addressing the negative economic effects of tourism in the city. For this reason, Venice has introduced a fee of 3 Euros, which increases to a maximum of 10 Euros over 3 years from 01.05.2019. The daily accommodation tax operates in the form of an entrance fee charged to daily arrivals. Instead of gates or turnstiles, labels of different colors represent payments. Residents, workers, and children under 6 are exempt from tax. Venice will use the revenue from this daily accommodation tax to offset the high fees Venice residents pay for services such as garbage collection, which are expensive due to the city's unique geography (Katalin, 2019: 318-319).

The amount of tax may be different in certain specific situations. In Rome, the tax varies between 3 Euros and 7 Euros per person per day (for stays up to 10 days). For instance, in Rome for 3 nights, 6 Euros will be paid for a two-star hotel, 8 Euros for a three-star hotel, 12 Euros for a four-star hotel, and 14 Euros for a five-star hotel. For 2 nights in Florence and Venice, a tax of 4 Euros for a two-star hotel, 6 Euros for a three-star hotel, 8 Euros for a four-star hotel, and 10 Euros for a five-star hotel is payable (Aşçı Akıncı, 2020: 90). In addition, there is a distinction between low and high season in Italy. But the low season here is very short. For instance, in Venice, the high season is between 1 February and 31 December, and the low season is between 1-31 January.

3.5. Germany

In Germany, this tax is levied as "culture tax" (Kulturförderabgabe) or "bed tax" (Bettensteuer). It is applied between 0.50 Euros and 5 Euros per night or between 5-7.5% of the accommodation cost (Bettensteuer, 2022). The tax varies according to the districts of the city. In addition, if the accommodation is made for business travel purposes, it will be exempt from tax. In some cities, this tax is calculated after adding the value added tax. Berlin, for instance, charges a city tax of 5% of the net price of the room rate, excluding value added tax and fees for services, and collection

of the tax is limited to 21 consecutive days. Culture and tourism tax in Hamburg goes up to 10 Euros (0.5-10.01 Euros). In Munich, there is no tourist tax. The tax is payable on overnight stays and the tax rate varies considerably by municipality. It varies between 0.15 Euros and 2.18 Euros per person per night (Katalin, 2019: 315).

A bed tax has been imposed in Aachen, Bremen, Hamburg, and Lübeck since 2012. In July 2011, a standard bed tax of 2.5 Euros per person came to the agenda in Munich. However, the implementation did not start as a result of the opposition of the German Tourism Association (Bozdoğanoglu, 2013: 135). Failure to pay the tax in practice in Germany causes exclusion from service. In some cities that provide spa services, these payments are a mandatory condition for the use of specific facilities or services. School groups are exempt from this tax (Euronews, 2022).

3.6. Turkey and Some Implications

Accommodation tax in Turkey is regulated by Article 9 of the Law No. 7194 dated 05.12.2019. However, the implementation of the tax will start from 01.01.2023. As the Covid-19 pandemic, which affected the whole world, started to affect our country at the beginning of March, the enforcement of the tax was postponed to 01.01.2021 within the scope of the economic measures taken. With the later regulation, it was postponed to 01.01.2022. However, it should be stated that it is a tax that has many examples in the world and has been on the agenda for a long time. Moreover, it is not alone in terms of accommodation tax. Six months before this tax entered our system, with the Law No. 7183 published in the Official Gazette dated 15.07.2019, another new fiscal obligation under the name of "tourism share" entered our system. It is necessary to briefly consider the share of tourism, which came into force on 01.10.2019, together with the accommodation tax, in order to understand the subject in a holistic way.

Tourism share is an extra-budgetary fund created for the promotion of the national tourism sector and the financing of tourism investments. This fund is subject to independent audit. Although the independent audit reports will be sent to the Turkish Court of Accounts (TCA), a separate TCA audit is not foreseen. The fund created with the share of tourism has not been brought in for the financing of tourism-affected local governments. However, there is no legal obstacle to the evaluation of some of the 15% of the funding sources in this way (Akçaoğlu, 2020: 396). Nevertheless, when we look at the accommodation tax, the subject of the tax is under whatever name such as hotel, motel, holiday village, hostel, apart hotel, guesthouse, camping, chalet, highland house, etc. are all other

services offered (such as eating, drinking, activity, entertainment services and the use of pool, sports, thermal, and similar areas). Therefore, this tax appears as an indirect tax that taxes the expenditures made due to the provision of services. The tax rate is 2% of the tax base. However, if the effective date of the Law had not been postponed, this rate would have been applied as 1% until 01.01.2021. The law gave the President the authority to increase the tax rate by one fold, to reduce it to half and to set different rates within these limits. There are two exceptions to the tax. These are:

- With the services provided in student dormitories, hostels, and camps,
- Provided mutually, the diplomatic representations of foreign states in Turkey, consulates and their members with diplomatic rights, and international organizations and their members who are granted tax exemption in accordance with international agreements are counted as services.

It can be said that a parallel mechanism has been introduced with the value added tax in terms of tax declaration and payment. This tax, unlike the special consumption tax, is not included in the value added tax base. The proportional application of the accommodation tax has beneficial results in terms of tax justice, tourism promotion, and development policies. Because the specific application of the tax will cause the tax burden to differ proportionally between those who stay in relatively more luxurious and expensive facilities and those who stay in more modest and cheap facilities, and those who prefer low-priced facilities will bear a higher tax burden.

First of all, when compared with European countries, it is seen that Turkey is late in bringing this tax to the agenda. It is possible to say that Turkey, as a significant tourism country, lags behind Europe and the USA in adopting public policies to internalize the destructive effects of tourism and ensure its sustainability. There are some differences with other countries in terms of taxation technique. The accommodation tax, which was designed as a central tax in Turkey, does not mention any social purpose in the justification of the Law, and there is no sign of any tax oriented towards a social purpose. As a matter of fact, the absence of any rate differentiation in terms of persons, regions, facilities, and the qualities of the facilities makes it almost impossible to establish tax justice. Including other activities other than accommodation, such as eating, drinking, activities, entertainment services, and the use of pools, sports, thermal and similar areas in the tax base increases the tax burden of the taxpayer and carries the risk of disrupting touristic activities. How the cost increase in tourism facilities will be shared between the final consumer and tourism

professionals will be determined by the flexibility of the demand for the sector. Contrary to world practices, the fact that the tax is collected by the central government and that local governments are not directly given a share from the tax creates an uncertainty in measuring the effects of the tax on tourism. In this case, there is no data on whether the tax will reach its expected purpose, and it is clearly seen that it is aimed at generating revenue for the central government, in other words, it is directed towards fiscal purposes (Cenikli and Şahin Duran, 2021: 106).

4. Conclusion

The prevalence of taxes on tourism increases consumer costs and reduces the competitiveness of the sector. Therefore, taxation of tourism as a sector with a high income generating potential requires careful design of the system. Accommodation tax is applied exceptionally at the national, mostly local level, with different names, especially in countries that host heavy visitors for tourism purposes. For instance, in France, the accommodation tax is collected in order to finance the expenses arising from the tourism activities of the cities, to increase the quality of services for tourism, to ensure and improve the use of touristic facilities and public areas, and revenue is recorded in the budgets of the municipalities. In many cities of Italy, which are visited by tourists, the tax is applied in a similar way. Nevertheless, revenues from this tax in Turkey are included in the general budget, not the budgets of local governments. Considering foreign country practices, the tax rate determined as 2% in Turkey is considered reasonable. However, this rate could have been determined differently by considering the tourism potential of regions, cities, and districts. In addition, this differentiation should vary according to the quality of the hotels.

Considering the practices of the selected countries, it is seen that the common features of the accommodation taxes are local taxes, they are generally collected at low rates over the accommodation prices in a way that does not disturb the resource distribution in the sector, and the rate is differentiated according to the quality of the facility, the touristic of the city and the seasons. Accommodation tax will be an additional source of income for cities, and this income will allow to increase the quality of service in the tourism sector and contribute to the development of the city. However, it is a significant issue that the imposition of this tax does not create a serious cost on the tourists and that it is left to the municipalities in order to use the income to be collected effectively. Although there are some differences in country practices as a method, there is a consensus that the revenues obtained thanks to this tax should be spent directly for the development of tourism and for the internalization of negative externalities caused by the tourism sector. Considering the fact that foreign tourists

coming to Turkey are looking for cheap holidays and the purchasing power of domestic tourists has decreased in recent years, it is clear that this tax imposed to increase budget revenues and the fund brought to finance the promotion of tourism may cause a decrease in tourism revenues. More importantly, it may put the tourism sector, which has just entered the recovery process, into trouble again. The postponement of the enforcement of this tax due to the Covid-19 pandemic can also be considered as an argument supporting this view. There is no doubt that accommodation taxes in Turkey will create centralization in revenues, even though it has not been put into effect due to the Covid-19 pandemic. While this centralization has a fiscal and economic quality in terms of disrupting the income balance, it will create political and administrative consequences against local governments due to the inadequacies in service delivery at the local level.

As a result, governments should be supported with tax incentives for the emergence and maintenance of quality tourism at the central and local level. In addition, fiscal resources in tourism and public services are important, and innovations should be followed. Considering all these, it is significant to design a tax that will provide a positive return to the sector and that will not deepen the inequalities between regions and individuals. Thus, it will be possible to maximize the non-fiscal purposes of the tax for all the countries covered in the study.

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4

THE EFFECTS OF COVID-19 ON LOAN EVALUATIONS¹

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Abstract

Banks, one of the leading financial institutions, play a crucial role in the financial markets. The main task of banks is to collect deposits and give loans. The Covid-19 epidemic has deeply affected every field of business as well as the banking sector. In this context, this study aims to analyze how loan demands are affected during the Covid-19 pandemic and the path banks follow in their credit evaluations. The study also aims to determine the evaluation processes of loans offered to corporate companies and to make a comparison among the banks in terms of credit evaluation. The study is carried out on private and public banks operating in the province of Rize, and face-to-face interviews are conducted with seven banks to show the effects of the pandemic on loan demands during the Covid-19 period. The results of the research show that banks differed compared to previous years when evaluating loan demands of businesses during the epidemic period. And, the findings indicate that there are different practices although the evaluations of each bank are similar.

Keywords: Banking Sector, Credits, Business, Covid-19

JEL Codes: G21, H81, M20, I18

1. Introduction

In almost all countries, banks play a major role in meeting individual or corporate demands. For this reason, it is economically important for banks to use their resources at the optimum level and to distribute resources fairly and correctly. At the same time, businesses that constitute

¹ This study is derived from the thesis entitled “*The effect of Covid-19 on banks evaluation of credits*” accepted by the Social Sciences Institute of Recep Tayyip Erdoğan University in 2021.

an important part of the economy meet their funding needs largely through banks.

Banks consider many factors when evaluating loan demands. To keep the credit risk at a minimum level, banks evaluate the suitability of the person or institutions requesting credit by conducting meticulous and detailed studies before giving the credit. Financial statements are one of the important tools when evaluating the credit demands of businesses. The financial statements reveal the financial situation of businesses and show the degree of suitability for credit. In addition, factors such as intelligence data and scoring scores of businesses are among the subjects that should be investigated by banks for the loan process to work without any problems.

This study aims to determine whether the epidemic conditions made any difference from previous years in the evaluation process of loan requests by banks. The fact that Covid-19 in the world is not an expected situation and how it caused a change in the operations of the banks, what has changed and the interpretations of the financial statements as a result of decisions taken by governments or institutions are aimed to clarify through this research conducted with the banks.

For the research, face-to-face interviews were conducted with employees and managers of seven deposit banks in the sector. As a result of the research, it can be stated that there has been a change in the evaluation criteria of banks' business loan requests during the Covid-19 process. In other words, it is thought that the approach of banks to the loan demands of businesses during the epidemic period has changed.

The research consists of five main parts. After the introduction section, the remainder of the paper proceeds as follows. Section 2 gives information about the bank's credit evaluation process. Section 3 provides a brief overview of the literature review explaining the credit evaluations within the scope of the Covid-19 pandemic. Section 4 presents the scope and aim of the study as well as the research methodology, empirical analysis and findings. Lastly, we conclude the research in Section 5.

2. Banks' Credit Evaluation Process

While evaluating loan requests, banks consider issues such as the financial situation of the company, the sector in which it is located, where the requested loan will be used, and business expectations in the period for which the loan is requested, in line with the banking regulations and policies. This process is called the credit evaluation process (Poyraz, 2010: 37).

The documents and information requested from the businesses in the crediting process vary according to the risk policies applied by the banks. When evaluating credit demands, banks consider issues such as the management and reputation of the business, along with objective indicators that reveal the financial status of the business such as equity, operating profit and solvency.

The path followed by banks in the lending process is as follows;

- The client's application to work with the bank
- Collecting information about the customer
- Quantitative and qualitative analysis of customer data
- Credit allocation proposal
- Document preparation
- Credit allocation
- Monitoring
- Payment

The bank undertakes the risk by entering into a credit relationship with the customers, and the customer bears the interest cost for this risk. Various factors are effective in the positive or negative (rejection) result of the loan decision by the bank. A negative decision can be made in the preliminary meeting, as well as after the analysis of the customer's financial data. In some cases, the delay of the payments due to the non-continuous income level of the customer causes legal follow-up.

Credit risk management ensures the success of the bank. Wrong decisions in the lending process increase the probability of non-repayment of the loans given. Failure to evaluate loan requests correctly causes the bank to face operating losses (Weber, 2012: 249).

While evaluating the loan demands of companies, profitability status and asset-liability composition are among the information that banks want to learn first. In addition, more specifically, the sales reports, which are indicators of the company's performance and future success potential, the market share, the situation and future of the sector in which the company operates, the company's plans, and the purpose for which the requested loan will be used are among the other information that banks want to learn. That is, the adequacy of the financial statements of the company alone is not the only factor for issuing a loan (Öker, 2007: 78). Since companies operating in different sectors have different characteristics from each other,

a standard credit elimination process is not in question in corporate loans. While it is quite easy to collect information about large-scale and well-known companies, it is difficult to collect information for those outside of such companies.

The fact that businesses have previously been customers of the bank or have used loans makes it much easier for banks to make inquiries. Since reliable information can be accessed more easily and shortly, the error rate in the evaluations is low. Because banks can recognize the financial mobility of former customers and have information about the behaviour of the debtor.

Credit collaterals are the biggest assurance and indicator at the stage of loan disbursement. Collateral may vary depending on the type of loan. For example, current income payroll is a type of collateral in personal loans. The characteristics of the collaterals are determined before the loan is allocated, contracts related to the collaterals are signed before the loan, and when necessary, tangible assets are received by the bank. One of the most important factors to be considered in a loan is the balance between the loan limit and the collateral received. One of the important points in this regard is to review the collaterals periodically. The bank should continue to monitor the status of the company until the end of the loan relationship and take necessary measures according to the changes in the situations that may affect the company (Temel, 2006: 150).

Banks have to consider some quantitative and qualitative factors while responding to the credit demands of customers. The equity and solvency of the institution can be said as the quantitative factors that reveal the financial situation of businesses. As qualitative factors, the managerial structure of the institution, its reputation, the sector in which the company is located and its place in the sector, the companies with which it has commercial relations and the awareness of its partners in the market can be listed (Girginer, 2008: 133). These data are evaluated by financial analysts. After that, banks decide for what purpose, in what amount, until what maturity, what type of loan will be given and what kind of collateral will be received in return for the loan.

The main reasons for the rejection of loan requests are examined under three main headings. These can be caused by the internal and external credit policies of the bank, the business requesting the loan, and legal reasons. These reasons vary from bank to bank, period to period, and strategy to strategy. Policies may change over time according to external and internal reasons. For example, it is thought that loan approval rates that are high in times of crisis may cause problems to increase, that is, the bankruptcy of loans. In such cases, policies that are left loose can be

solidified in times of crisis, causing more rejections. Credit policies are shaped by considering these advantages and disadvantages.

3. Literature Review

The Covid-19 epidemic has caused many financial and moral problems on a global scale. Following the rapid spread of the epidemic, the measures and shutdowns have revealed many economic issues that have greatly affected the world. In this difficult period, businesses have made extreme efforts to be able to survive and ensure their continuity. Pandemic restrictions made it difficult to access financial resources, and the changes in the economic conditions led to revisions in the loan evaluation processes of banks. Studies on loan evaluation criteria before and after the epidemic are discussed in this context.

Considering the research examples conducted in Turkey, it is seen that there are many studies on the effect of banks' business loan demands. Atan and Maden (2005) reported that morality, income level, historical credit score data recorded at the Credit Registration Bureau, guarantor, business status, personal information and property factors are the main determinants of the banks' evaluations. Kocameşe (2006) investigated the effect of credit rating on the evaluation of loan requests based on 11 companies in his study and revealed that the non-financial data of the companies as well as the financial data are effective in loan demand. Emphasizing the importance of financial analysis in credit evaluation, Destereci (2009) determined the necessity of the Turkish banking system for the growth of businesses. As a result of the study, it has been determined that the risks of businesses with long operating cycles are higher.

In the study conducted by Söylemez (2009), a scorecard model was established that predicts the results of a bank's credit interpretation by using data mining techniques in credit evaluation. According to this model, it can be predicted that banks should make a data-based assessment, of whether the customers are suitable for the loan and whether they can repay the loan. The status of giving loans to customers will be determined according to the result of this model.

In his study, Er (2010) compared two textile enterprises by making an application for the evaluation of loan demands. By applying financial analysis techniques to these businesses, he revealed the positive and negative aspects of the company and the result of which business the banks want to work with. In his study, Acer (2010), different from Er (2010), introduced financial analysis methods and also investigated balance sheet transfer and refinement policies. As a result of the changes made to the

financial statements, there were differences in various method analyzes. It has been reached that the banks do not use these transfer purification processes, and the banks that use them keep them secret.

The banking sector remains vulnerable due to non-performing loans and excessive transaction volume in times of economic recession. As in the previous epidemics, large-scale deposit withdrawals for individual treatments pose a problem for the banking sector (Goodell,2020:3-4). The banking sector, which has a strong structure, can reduce the effects of crises that may occur in the country's economy. On the other hand, the banking sector, which is not based on a solid foundation, can also be the cause of economic crises. Legoarde-Segot and Leoni (2013) demonstrate with a theoretical model that as the impact of a major pandemic in the world increases, the probability of collapse in the banking sector will increase. Furthermore, the problem of the suppression of loans provided to the poor in such a period will negatively affect the banks. In many sectors, the closure of workplaces, the slowdown or complete stoppage of production, the decrease in sales, and the forcing of employees to stay at home inevitably affect the rollover of debts and thus non-performing loans increase (Duran and Acar, 2020: 57). To alleviate the inevitable problems in the banking and finance sector, governments and central banks seek to provide various supports such as providing liquidity, deferring tax and loan debts of companies, and assistance to small and medium-sized enterprises.

Ersoy, Gürbüz and Fındıkçı (2020) focused on the effects of Covid-19 on the Turkish banking and finance sector and the measures that can be taken. In the study, the bank information for the periods of 10 weeks before and after the epidemic was discussed. The outputs of the measures taken against the epidemic in the banking sector were investigated. According to the study findings, domestic private and public banks and participation banks have implemented practices such as providing liquidity, extending the maturities of loans, extending loans and reducing follow-up rates to prevent the negative effects of Covid-19. Similarly, Arabacı and Yücel (2020) investigated the effect of the Covid-19 period on the banking sector in their study. The general effect of the Covid-19 epidemic on banks was emphasized and the general precautionary decisions were discussed.

Adıgüzel (2020) aimed to examine the macroeconomic analysis of the effects of the pandemic on the Turkish economy. As a result of his study, he determined that the effects have been seen since April 2020. It has been determined that Covid-19 has negative effects on production, employment, personal and business incomes, exports, current account deficit, budget deficit and the central government's total debt burden in

the Turkish economy. Moreover, it caused a recession and a loss of approximately 400-675 billion Turkish Lira in gross domestic product.

Ekren et al. (2020) conducted a study on the problems faced by businesses and solution proposals by applying an economic survey during the Covid-19 epidemic period. In the study, they determined that the five important problems that emerged in businesses during the Covid-19 period were demand contraction, financing problems, cost increase, qualified personnel and collection problems. It is observed that the impact of these problems exceeded expectations in the first quarter of 2020. Therefore, it can be said that Covid-19 has deepened the impact of existing problems.

When we look at the studies carried out in the world, it is possible to come across many studies on the effects of the pandemic on loan demands. Hasan et al. (2021) evaluated bank loans throughout the Covid-19 period. The study explores the impact on the pricing of syndicated loans during the pandemic. Their study results show that the firms incurred a loss of approximately US\$ 5.16 million in interest expenses, during the average loan term. Moreover, interventions in the monetary policy have eased pressures on credit spreads from borrowers rather than the lender. They emphasized that reducing the pressure caused by the formation of strong bank-firm relations and the exposure of the bank will be a strategy to reduce the negative impact of the pandemic. Li et al. (2020) explored the effects of the Covid-19 pandemic and government capital investments on the bank's optimum interest margin and efficiency gain/loss from shadow banking operations. The results show that the Covid-19 outbreak lowered the optimum bank interest margin, while public capital injections increased the margin. The findings of the study also present that both the epidemic and capital injections damaged the efficiency gains of shadow banking.

Long-term rating estimates have been revised negatively by many banks, especially for those with low profitability during the Covid-19 period. Despite a general price recovery at the end of April 2020, markets interpreted it as continuing to be cautious of long-term prospects in the banking sector, especially in the riskiest segments (Aldasoro et al., 2020).

Wu and Olson (2020) considered the impact of Covid-19 on the Chinese banking sector from three aspects, these are; short-term, long-term and systemic risks. Support for differentiated financial services for pandemic prevention and control is needed with increased credit support. Medium and small businesses should be supported by special lines of credit, lowering loan interest rates, deferring repayments and establishing long-term credit systems. At the same time, there is a need for faster digital

transformation to develop smart risk systems to keep the risk factor under control.

4.1. Scope and Aim of the Study

Due to the coronavirus, which is experienced today and whose effects continue in various ways, the banking sector, like many other sectors, has faced various uncertainties and risks. The measures and restrictions taken during this period were challenging for most business lines. For the banking sector, which is one of the cornerstones of the economy, there have been some changes in the decisions taken both internally and by the government. In this regard, this study aims to determine what these changes are in terms of evaluating the loan demands of the businesses, what flexibility has been made, the difference in the past periods, and the discrepancies between public and private banks. Additionally, the study aims to analyse the effects of the Covid-19 pandemic on loan demands and to determine the changes in the credit decisions of the banks.

The original empirical data of this research were made through in-depth face-to-face interviews with seven banks using a semi-structured interview form. Since the epidemic continued and the workload was very high during the study interview period, permission could not be obtained from some banks that were requested to participate in the research, and these banks were not included in the research. 5 out of the 8 private banks and 2 out of the 3 public banks gave a positive response. In this direction, a total of 7 banks, 2 public banks and 5 private banks operating in Rize city, are included in the research. The sample banks are all deposit banks and their names are not publicly shared to protect their privacy rights.

Interviews were held with commercial portfolio managers and bank authorities. The selection and adequacy of the number of people are based on the research of Creswell and Poth (2016) in the literature.

The limitations of the research include the fact that the interviews to be conducted are seen as a waste of time for bank personnel due to their workload, and concerns about bank secrecy. Before answering the interview questions, this restriction was tried to be lifted by informing the employees that it was for academic purposes only and that the confidentiality of the bank would be protected. Utmost care has been taken to keep the expression anonymous to comply with the principle of anonymity (Neuman, 2010: 206).

4.2. Research Method and Data Analysis

The study tries to determine how the banks evaluate the loan demands of businesses during the Covid-19 pandemic period and analyze whether there is any difference in these evaluations from previous periods.

Banks were selected as the sample in the city of Rize, where we live. In qualitative studies, researchers select their samples to identify information-rich cases that will allow them to examine a case in depth. In this study, a qualitative method was applied by using face-to-face interview techniques to obtain deeper information. Although the aim is not to generalize the results obtained from the sample to the population, the researcher's sampling methods are important in clarifying the subject and in developing a rationale for the readers (Mertens, 2019).

In-depth interviews, one of the qualitative research methods, were preferred in the study. At the same time, a descriptive analysis was made of the answers given to the interview questions. As a result of this study, the frequency of use of words and the answers given are converted into numerical data and then interpreted

It is a natural process that there are differences in the data analysis process in qualitative research, and data analysis is mainly used for descriptive analysis and content analysis (Marshall and Rossman, 2014) In this study, after the interviews with the participants, written and audio recordings are examined and the information from the same group is gathered under certain headings. These headings are explained and summarized

The identities of the participants are kept confidential, and the voice recordings were transferred to the computer as text repeatedly during the interviews. For the participants who did not accept the audio recording, the interviews were written and then arranged in a computer environment. The records are repeatedly read and analyzed. Codes such as Participant Bank 1, Participant Bank 2, etc. are preferred for the confidentiality of the participants. in this way, direct quotations related to the discourses of the participants are included.

At the same time, frequency and percentage results are obtained by coding the interview questions. Obtained results are tabulated and interpreted. As a result, it is not aimed to make any generalizations, and various comments are tried to be made based on the common and differing points in the answers given.

4.3. Findings

In the interviews conducted within the scope of qualitative research, some common and differentiating results are obtained. The findings are coded within the framework of the common opinions of the participants and evaluated under 14 themes.

First of all, the participants are asked what was the biggest difference between the pandemic period and previous years in terms of the banking sector. 33.33% of the responses with the highest rate is the inability to meet face-to-face with customers. In addition, uncertainty and the increase in the use of digital banking are also reported at a level of 22.22%. The flexible working of the personnel from home and the stagnation in the market are among the opinions of the participants.

Secondly, it is asked whether the pandemic period is an advantage or a disadvantage for the banking sector. The increase in the use of digital banking, the decrease in physical work in the bank and the high number of new customer acquisitions are among the opinions of the participants who stated that Covid-19 is advantageous. On the other hand, two participants stated the reasons for stagnation and uncertainty among the disadvantages and thus they perceive the pandemic to be disadvantageous for the banking sector. Also, it has been learned that there are differences between the views of public and private banks according to the views of the participants. However, similar points were found in all the opinions of the participants in the pandemic decisions taken by the banks. For example, hygiene and social distance rules, and the determination of a flexible working model from home for bank personnel are among the common views.

Participants are asked whether there is any change in the interpretation of the financial statements while giving the loan, and if so, in which items. While the majority of them express that there was no change, some of the participants state that there was a change. Five participants with a rate of 55.56% stated that there was no change in the interpretation of the financial statements. As the reason for this, one participant added the opinion not to undermine customers' credibility. In addition, there was a participant who expressed the opinion that there may be changes in the interpretations between the branch and the head office. Two participants, on the other hand, stated that there was a change in their interpretation of financial statements with a rate of 22.22%. Differences of opinion were encountered between public and private banks, and 2 public banks within the scope of the research did not express a common opinion among themselves.

The participants are asked whether their responsibility for monitoring the credit has increased, whether the way they have followed in the case of non-repayment of the credit has been more strict, or whether any initiative has been used in this process. The participant opinion that credit monitoring responsibility has increased is 60 %. Among the reasons for this is the uncertainty in the sector with a rate of 20 % and a lack of communication with customers with a rate of 10 %. Among the answers, one participant stated that the bank's credit monitoring responsibility has not changed. While public banks agreed with the answers given, 1 privately owned deposit bank expressed a different opinion.

Another question, the importance of business life span and the way of working with the bank was asked in the loan evaluation process. For all of the participants, the business life span has been important in the Covid-19 period, as it was in previous periods. Among the answers from the selected sample, there were opinions that the business score and the way of working with the bank maintain their importance as in the periods before the pandemic, as well as the importance of the business life span.

Participants are asked whether there is a difference between a 10- year customer and a new customer in this Covid-19 process. While four participants stated that there was a difference between 10-year customers and new customers with a rate of 40%, two participants stated that there was no difference with a rate of 20 %. Among the participants who argue that there is a difference between new and old customers, 20% of them state that the commercial history of the businesses in the bank should be taken into account and 10 % of them view the acquisition of new customers negatively. On the other hand, one participant, who states that there is no difference between new and old customers in terms of loan evaluations, expresses that the important criterion is the intelligence status of the businesses.

It is asked where the credit will be used has been ignored. The responses show that this was not ignored by all of the participants and they emphasize that it continues as in the period before the pandemic.

Participants are asked to what extent the bank's intelligence inquiry is significant when giving loans to businesses. It is emphasized that intelligence research is important for all participants. It is not found that any initiative is taken by the banks that are the subject of the intelligence research. The importance given to intelligence by all participants continues without taking initiative as before the Covid-19 period. It is determined that there is no change in intelligence applications.

It has been tried to determine what kind of approaches the banks follow in terms of payment status in the Covid-19 period after allocating and providing loans to closed businesses. It has been determined that the banks do not provide new loans in such cases and businesses are facilitated through debt postponements. 55 % of the participants' opinions state that there is no new loan disbursement for closed businesses. Accordingly, approximately 28 % of the responses show that existing loans were delayed. On the other hand, the opinion of the participants, who provide loans to closed businesses, has only a rate of 9 %. It is also observed that 2 public banks act together in this regard.

It is investigated in which direction the changes in the uncertainties during the epidemic period and the decisions taken during the prolongation of the process. It has been searched whether this process is in favour or against the customers. All of the participants declare that the changes and uncertainties were in favour of the customers.

The majority of the banks express that they give unsecured loans by laying down certain criteria. Additionally, opinions that unsecured loans are not provided are also common among the responses. During the pandemic period, the opinion that unsecured loans are used is around 47%. In this direction, 24% of the participants who have this opinion describe that the current situation of the businesses should be paid attention to. Moreover, 7.69% of the opinions indicate the importance of the intelligence of the branch and the head office. One participant who does not provide unsecured loans states that there is uncertainty in the market as the reason. On the contrary, there is no consensus among public banks regarding the use of unsecured loans.

The participants are asked whether there is any demand for changes or revisions in loan maturities. Six participants say that the operation before the epidemic period continues. The opinions of the participants who made renewals in the revision dates were also encountered. While 85.71% of the participants say that the revision maturities did not change, it is found that 14.29% of the participants state that the revision maturities have changed.

It is asked whether there are any changes in the score point criteria during the crediting process. While the majority of the participants state that it continues as before Covid-19 and thus there is no change, some of the participants emphasize that the branch interpretations are also taken into account. 45.45% of the participants' opinions show that there is no change in their score points. In this direction, they claim that uniformity in practices is influential in protecting the bank's reputation. While the change in scores has a rate of 18.18% among the opinions, they also argue

In the interviews, the view that business life span is an important factor that determines the way businesses work with the bank has emerged. Regarding whether there is a difference between 10-year customers and new customers in the Covid-19 period, it is urged that the old customers are given priority. It is seen that importance is given to the principle of transparency about where the loans will be used and how the customer will use the loan. It is also determined that intelligence research continued in the same way during the pandemic period.

It has been detected that the banks mostly resort to postponing the existing loans instead of providing new loans for closed businesses. In case the decisions taken during the epidemic process are in favour of the customers and the banks provide unsecured loans by considering the current situation, the cash cycle and the credit history of the businesses. The interviews held within the scope of the study also present that there is no change in the revision deadlines. When the modification in score scores is questioned, 5 participants indicate that there is no change, while 2 of them signify that there is a change.

5. Conclusion

This research is conducted to determine the effect of Covid-19 on the evaluation criteria of banks' loan requests. For this purpose, the findings obtained by conducting face-to-face interviews with banks are discussed.

According to the results of the analysis, it has been found that the banks, which are the subject of the research, follow a facilitating path compared to previous periods in terms of meeting customers' loan demands. In general, these facilitating factors of banks have been formed both due to government decisions and as a result of the decisions taken by each bank. It has been concluded that the advantages of the epidemic for banks are generally greater. This situation is an expected result due to the abundance of money in the market and publicly supported loan distributions. In the meetings held, issues such as hygiene, distance, and flexible working are important for all banks in their Covid-19 decisions in general. According to the findings obtained in the research, it is seen that there are changes in the opinions among the banks regarding the financial statement interpretation criteria. In this process, it has been determined that objective and subjective factors are taken into account by the banks.

It is understood that private and state-owned banks generally contribute to the prevention of the negative economic effects of the epidemic on the real sector and households through practices that can be summarized as

providing liquidity, reducing follow-up rates, extending the maturity of loans and restructuring the loans.

Due to the extension of the legal follow-up period, there is no increase in the rates of follow-up. However, as it is foreseen that the loans might be riskier due to the market recession, the loans are monitored more closely. It has been determined that there is diversity in the evaluation criteria of the banks' score points. While some banks made changes in their score points, some banks continued with their previous criteria due to reasons such as reputation.

Research findings have largely differentiated between new and old customers. However, it is seen that this distinction is taken into account more in private banks. In general, it is thought that new customer acquisition is not favoured in terms of risk since the market is in a recession period. Despite these, it has been observed that banks exhibit a more flexible attitude towards businesses that request loans. The significant decrease in the interest rate of commercial loans between the years 2019-2020 can be accepted as an indicator of this flexible attitude. It is thought that this approach is due to reasons such as the difficulties and uncertainty of the businesses during the epidemic period. Furthermore, in the decisions taken by the branches and general directorates, it has been concluded that private banks are more prominent than public banks in using initiative.

To sum up, this study investigates the effect of Covid-19 on the evaluation criteria of banks' loan requests. In future studies, on the other hand, more comprehensive findings can be obtained and an increase in the generalizability of the data can be achieved by making sector-based or regional-based comparisons.

In addition, research can be conducted on the risks, advantages and disadvantages of the Covid-19 process in developing the digital space in the banking sector. During the pandemic process, in-branch interpretations gained weight in addition to central management judgement in lending decisions. The effects of this on the banking sector can be investigated.

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5

ANALYZING THE FINANCIAL STRUCTURE OF BUSINESSES: A STUDY ON BIST ELECTRICITY COMPANIES WITH MAIRCA METHOD

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Abstract

The electricity sector is an energy sector that directly affects human life and has a very important place in the quality of life. It is currently unthinkable for our world and our country to remain in a state without energy. In this study, the financial performance measurements of 23 companies in the BIST Electricity Index between 2018 and 2020 were made with the MAIRCA method, which is one of the multi-criteria decision-making methods. According to the MAIRCA scores, it was concluded that İpek Doğal Enerji was the company with the best financial performance between 2018-2020, while Zorlu Enerji was the company with the lowest financial performance.

Keywords: Stock Market, MAIRCA, Financial Performance, BIST 100

JEL Codes: L25, E44, R32,

1. Introduction

With the economic and financial crises that have emerged with the globalization of the world, one of the most important factors for production and life is energy, and therefore the necessity of being close to energy has come to light once again.

The scarcity of energy resources, the use of energy as a means of production and life, and increasing demands make energy more valuable.

Energy is defined as "the capacity to do a job" in physics. Energy, which has many types such as potential, kinetic, hydraulic, chemical, nuclear, thermonuclear, electricity, covers a very wide area as a concept (Çelikdemir, 2021).

The concept of energy; in the most general sense, it is the ability of a system to do work. Energy, which is a basic input for the development of countries, is used for production and consumption purposes. The need for energy varies in parallel with the level of development of countries. As the level of development of a country increases, its need for energy also increases. Due to the increase in the industrialization of developing countries and the rate of increase in the country's population, the demand for energy increases in this direction (Ahmadzada, 2020).

Today, energy has taken its place as the most important need at the center of the lives of individuals and societies, whether they are producers or consumers, with technological, scientific, industrial developments and globalization. So much so that today, a life without energy is no longer imaginable (Çelikdemir, 2021).

Studies by the International Energy Agency (IEA) indicate that if current energy policies and energy supply choices continue, world primary energy demand will increase by 40% between 2007 and 2030. In order to ensure that this increase in demand can be met in a timely and secure manner, a global investment of 26 trillion dollars is projected to be made in the energy sector supply infrastructure by 2030, and 13.7 trillion dollars should be invested in the electricity sector alone for generation, transmission and distribution (İskenderoğlu, 2015).

Energy is an area of concern for the governments of developed countries, especially in the EU, which will become 70% dependent on foreign energy in the future. The world's over-reliance on oil and natural gas and the increase in oil prices have a negative impact on the world economy and on economies with high external dependence, such as the EU. A 10% increase in oil prices reduces global GDP by 0.5% (equivalent to €255 billion) (İskenderoğlu, 2015).

How stock prices have changed due to the increase in the level of debt utilization in Turkey, whether there is a relationship between the capital structures of enterprises and stock returns, whether shareholders have been able to generate additional returns to offset the risk they bear, and how this change is perceived by investors are important in terms of determining the relationship between enterprise value and financing decisions and explaining the perceptions and behaviors of investors (Yıldır, 2005).

Electricity, and therefore energy, is one of the most vital cornerstones of human existence. The sector in question has been chosen since it is thought that it would be important to measure the current financial performance

of electricity and energy companies, which are very important for sustaining our existence, sheltering and living.

Considering Turkey's dependence on foreign energy, the increase in the production capacity, income levels and supply of domestic companies has become important and strategic for both our country and companies.

In these days of energy wars in the world, the importance of access to energy, domestic production of energy and renewable energy is once again important when global warming is considered.

2. Literature

A review of the literature reveals that there have been many studies on energy and electricity firms in Turkey and internationally. Some of the studies are related to financial performance and some are related to borrowing ratios. The studies conducted in this field, the names of the researchers, the years of study and the research results are shown in the table.

Researcher	Year of Research	Results of the Research
Yıldırım, 2005	1996-2000	In his study, he examined the impact of changes in the financial structure of enterprises on stock returns and investors and how the increase in the level of debt utilization of enterprises is perceived by investors, and concluded that while investors' reactions to the announcement of an increase in the level of debt utilization are consistent with financial structure theories in some cases, they differ in some cases.
Ayrıçay and Türk, 2014	2004-2011	In his study, he analyzed the financial ratios of 56 manufacturing enterprises traded on BIST for the years 2004-2011 and concluded that acid test ratio, asset turnover ratio, market capitalization/book value and financial leverage ratios are significant, while there is no significant relationship between debt and return on assets ratios and firm value.
İskenderoğlu, Karadeniz and Ayyıldız, 2015	2009-2012	In his study, he analyzed the balance sheets and income statements of 79 energy companies in the Turkish energy sector and 79 energy companies in the European energy sector, and concluded that European energy companies performed better than Turkish energy companies in terms of indicators such as liquidity, financial structure, profitability and efficiency.
Eyüboğlu and Çelik, 2016	2008-2013	In his study, he analyzed the financial ratios of 13 energy companies traded on BIST by using Fuzzy AHP and Fuzzy TOPSIS method and concluded that Avrasya Enerji, Turcak and Aksu companies have the highest ranking.

**ANALYZING THE FINANCIAL STRUCTURE OF BUSINESSES:
A STUDY ON BIST ELECTRICITY COMPANIES WITH MIARCA METHOD**

Yunus Emre Kahraman

Bağcı and Yüksel Yiğiter, 2019	2008-2017	In his study, he used SD and WASPAS multi-criteria decision-making techniques by using 16 financial statement items to determine the financial performance of 15 energy companies operating in BIST for the years 2008-2017, and as a result of the study, he concluded that the enterprises with high performance vary each year, while the lowest performance is Akenerji.
Çiftçi and Yıldırım, 2020	2011-2019	In his study, he analyzed the financial performances of 6 enterprises traded on the BIST and included in his scope between 2011-2019 with the multi-criteria decision-making method, used 20 financial ratios in his calculation and used gray performance scores. As a result of the study, as a result of the gray entropy criteria, Aksa Energy was determined as the most ideal enterprise and Zorlu Energy was determined as the farthest enterprise from the ideal.
Karçioğlu, Yalçın and Gültekin, 2020	2013-2017	In his study, he analyzed the data of 8 energy companies traded on the BIST and included in the scope of his study for the years 2013-2017 according to the multi-criteria decision-making method, and as a result of the study, he found that Odaş Elektrik A.Ş. showed the best performance among the 8 energy companies, while Ayen Elektrik A.Ş. was the worst performance among the enterprises.
Beller Dikmen, 2021	2015-2019	In his study, he analyzed 8600 enterprises including sub-firms in the electric energy market in Turkey and concluded that contrary to generally accepted standards, firms have low liquidity ratios and the sector uses long-term bank loans to finance its assets.

Source: Created by the author.

2. Methodology

In this part of the study, information about the data of the research, the methodology used in the research and the findings obtained are given.

3.1. Data Set

In the study, the performance analysis of 20 firms registered in the Borsa Istanbul Electricity Index between 2018-2021 and whose data can be accessed was conducted with the MAIRCA method. Research data are secondary data. The data was accessed from the Public Disclosure Platform. The research sample is given in Table 1.

Table 1: Research Sample

Firms	Variables
Akenerji, Aksa Energy Production, Aksu Energy and Trade, Aydem Renewable Energy, Ayen Energy, Biotrend Investment, Çan2 Thermal, Consus Energy Management, Doğu Aras Energy Investments, Enerjisa Energy, Esenboğa Electricity, Galata Wind Energy, Kartal Renewable Energy, Margun Energy, Naturel Energy, Naturelgaz, ODAŞ Electricity, Pamel, Smart Solar Energy, Zorlu Energy	Short-term debt, Long-term debt, Shareholders' equity, Total assets, Total debt

Source: Created by the author.

According to Table 1, the 3-year financial performance of 23 enterprises in the BIST Electricity Index in the sample was analyzed. Three negative and two positive criteria were used to analyze borrowing and capital and asset status, respectively.

3.2. Method

Mairca method is the short form of the phrase "Multi Attributive Ideal-Real Comparative Analysis". The Mairca method, one of the new methods in the literature, is one of the multi-criteria decision-making methods used to compare alternatives. The Mairca method is a newly developed method that was introduced in the literature by Gigovic et al. (2016). In this method, the gap values of the criteria are actually tried to be determined. At the end of the method, while determining the most ideal among the alternatives, the alternative with the lowest total gap value is preferred (Pamucar et al. 2017: 58; Gigovic et al., 2016: 11).

The Mairca method consists of 7 steps (Pamucar et al., 2018: 1646-1648):

Stage 1: Creating the matrix for decision

The first step of the MAIRCA method is shown in (1). In this step, the first step is the decision metric.

$$X = \begin{bmatrix} x_{11} & x_{12} \cdots & x_{1n} \\ x_{21} & x_{22} \cdots & x_{2n} \\ \vdots & \vdots & \vdots \\ x_{m1} & x_{m2} \cdots & x_{mn} \end{bmatrix} \quad (1)$$

Step 2: Prioritize alternatives

Prioritization of alternatives in the MAIRCA method depends on the decision maker. If the state of the method is neutral, it means that there is no priority between the alternatives, and as a result of this state, the number of alternatives is first calculated as a ratio of m to the number of alternatives. The formula for this calculation appears in (2). In addition, the sum of all priorities for the issue must be equal to 1.

$$P_{Ai} = 1 / m \quad (2)$$

Step 3: Creating a theoretical rating matrix

At this stage, weights and also priorities are used to calculate the matrix. The matrix is formed by multiplying the weights with the previous weights,

and if the result is equal to the previous ones, the matrix consists of a single row. The theoretical rating matrix shown in (3).

$$\begin{matrix}
 w_1 & w_2 & \dots & w_n \\
 \begin{bmatrix}
 P_{A1 \cdot w_1} & P_{A1 \cdot w_2} & \dots & P_{A1 \cdot w_n} \\
 P_{A2 \cdot w_1} & P_{A2 \cdot w_2} & \dots & P_{A2 \cdot w_n} \\
 \vdots & \vdots & \ddots & \vdots \\
 P_{Am \cdot w_1} & P_{Am \cdot w_2} & \dots & P_{Am \cdot w_n}
 \end{bmatrix}
 \end{matrix} \quad (3)$$

Step 4: Creating the actual rating matrix

The actual rating matrix, which is another type of normalization process found in other methods, appears as the fourth stage. If this stage is positive, the formula numbered 4 is used, and if the criteria are negative, the formula numbered 5 is used and then the new matrix is created.

$$t_{rij} = t_{pij} \cdot \left(\frac{x_{ij}^- - x_{ij}^+}{x_{ij}^+ - x_{ij}^-} \right) \quad (4)$$

$$t_{rij} = t_{pij} \cdot \left(\frac{x_{ij}^+ - x_{ij}^-}{x_{ij}^- - x_{ij}^+} \right) \quad (5)$$

Step 5: Creating a total gap matrix

In the fifth stage, a new matrix is created by taking the difference between the matrices used in Stages 3 and 4 and this matrix is called the total gap matrix. The total gap matrix is found by subtracting the actual rating matrix from the theoretical rating matrix and is shown in matrix 5.

$$G = T_p - T_r = \begin{bmatrix}
 g_{11} & g_{12} & \dots & g_{1n} \\
 g_{21} & g_{22} & \dots & g_{2n} \\
 \vdots & \vdots & \ddots & \vdots \\
 g_{m1} & g_{m2} & \dots & g_{mn}
 \end{bmatrix} \quad (5)$$

Step 6: Calculation of the final criterion functions of the alternatives (Qi)

The gap matrix of the collection of alternatives is taken as a basis and scores are calculated by summing the rows of each alternative in the gap matrix. This process is shown in formula 6 below.

$$Q_i = \sum g_{ij} \quad (6)$$

Step 7: Identifying the best alternative

In step 7, the ranking is made according to the O_i scores shown in formula 7 above, the smallest result value is determined as the best alternative and the ranking is made from smallest to largest.

4. Results

In the study, the financial performance of 23 firms registered in the BIST Electricity Index was measured over a 3-year period between 2018 and 2020. MAIRCA scores are shown in Table 2.

Table 2: MAIRCA Scores (2018)

Firms / Variables	MAIRCA Scores	Ranking
İpek Natural Energy	0,014970761	1.
Galata Wind Energy	0,016745918	2.
Orge Energy Electricity	0,017246858	3.
Gersan Electric	0,017259784	4.
Biotrend Environment and Energy	0,017403812	5.
Natural Energy	0,017404476	6.
Aksu Energy	0,017406078	7.
Say Renewable Energy	0,017407803	8.
İsiklar Energy Construction Hol.	0,01741788	9.
Manas Energy Management	0,01742279	10.
Esenboga Electricity	0,017436203	11.
Margun Energy	0,017469634	12.
Kontrolmatik Technology Energy	0,017470831	13.
Kartal Renewable Energy	0,017505634	14.
Çan2 Thermal	0,017774658	15.
Doğu Aras Energy	0,017820768	16.
Odaş Electric	0,018640393	17.
Ayen Energy	0,018998111	18.
Aksa Energy	0,020310426	19.
Ak Energy	0,022724674	20.
Aydem Energy	0,022897591	21.
Enerjisa Energy	0,026086957	22.
Zorlu Energy	0,031064913	23.

In Table 2, the electricity company with the best financial performance is İpek Doğal Enerji, while Zorlu Enerji has the lowest financial performance.

Table 3: MAIRCA Scores (2019)

Firms / Variables	MAIRCA Scores	Ranking
İpek Natural Energy	0,014388636	1.
Galata Wind Energy	0,0166677	2.
Aksa Energy	0,016695093	3.
Aydem Energy	0,016723007	4.
Orge Energy Electricity	0,017204894	5.
Isiklar Energy Construction Hol.	0,017225591	6.
Doğu Aras Energy	0,017244453	7.
Gersan Electric	0,017373654	8.
Say Renewable Energy	0,01739665	9.
Aksu Energy	0,017410521	10.
Manas Energy Management	0,017417964	11.
Natural Energy	0,017433212	12.
Margun Energy	0,017441241	13.
Esenboga Electricity	0,017442088	14.
Kartal Renewable Energy	0,017452917	15.
Kontrolmatik Technology Energy	0,01746534	16.
Biotrend Environment and Energy	0,017524346	17.
Çan2 Thermal	0,018322792	18.
Ayen Energy	0,018372464	19.
Odaş Electric	0,018784353	20.
Ak Energy	0,022549451	21.
Enerjisa Energy	0,024517409	22.
Zorlu Energy	0,033463398	23.

In Table 3, the electricity company with the best financial performance is İpek Doğal Enerji, while Zorlu Enerji has the lowest financial performance.

Table 4: MAIRCA Scores (2020)

Firms / Variables	MAIRCA Scores	Ranking
İpek Natural Energy	0,013652519	1.
Aydem Energy	0,014178451	2.
Aksa Energy	0,015748258	3.
Galata Wind Energy	0,016471883	4.
Doğu Aras Energy	0,016734363	5.
Natural Energy	0,016887433	6.
Esenboga Electricity	0,016919826	7.
İşıklar Energy Construction Hol.	0,016940616	8.
Kartal Renewable Energy	0,016941008	9.
Orge Energy Electricity	0,017004766	10.
Margun Energy	0,017107271	11.
Kontrolmatik Technology Energy	0,017215232	12.
Manas Energy Management	0,01722786	13.
Gersan Electric	0,017239882	14.
Aksu Energy	0,017243523	15.
Say Renewable Energy	0,017282085	16.
Biotrend Environment and Energy	0,017505765	17.
Çan2 Thermal	0,017903903	18.
Ayen Energy	0,018296457	19.
Odaş Electric	0,018601408	20.
Ak Energy	0,023671751	21.
Enerjisa Energy	0,023916039	22.
Zorlu Energy	0,032592867	23.

In Table 4, the electricity company with the best financial performance is İpek Natural Enerji, while Zorlu Enerji has the lowest financial performance.

Conclusion and Recommendations

The electricity sector is an energy sector that directly affects human life and has a very important place in the quality of life. It is currently unthinkable for our world and our country to remain in a state without energy. In our study, an examination of the current situation of a sector that is so vital for humanity has been made.

The aim of the study is to measure the financial performance of 23 companies in the BIST Electricity Index between 2018-2020. In order to make this measurement, MAIRCA method, which is one of the multi-criteria decision-making methods, was preferred. Unlike many other methods, MAIRCA makes the ranking from small to large. Therefore, the company with the lowest MAIRCA score has the best performance.

According to MAIRCA scores, İpek Natural Enerji has the best financial performance in 2018, 2019 and 2020, while Zorlu Enerji has the lowest financial performance. These results can be interpreted in the context of the data set used. Generalizing this result may lead to erroneous interpretations. Therefore, the results of the study are evaluated in the context of the sample and data set used.

When the best performance of İpek Energy Company is examined and it is seen that İpek Energy Company is producing with natural energy sources, it is thought that it will be important for our country and our world to increase renewable energy sources that provide both added value and do not harm the environment negatively, and that future studies focusing on companies that produce with renewable energy will contribute to the literature.

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6

ANALYSIS OF A GAME THEORY: INVERTING SUPPLY CURVE IN THE AIRLINE TRANSPORTATION INDUSTRY

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Abstract

Airline transportation companies reduce ticket prices as the plane gets closer to take off. After a certain level of cost has been incurred for airing an aircraft, it is more rational to fill the seats with low fares rather than leaving them empty. This situation causes the supply curve of the airline transportation company to invert. The main purpose of this study is to analyze the inverting supply curve of the air transport company through the ultimatum bargaining model. The findings reveal that the interaction between the customer and the firm is highly influenced by the inverting supply curve.

Key Words: Airline Transportation Economics, Inverted Supply Curve, Game Theory

JEL Codes: D21, D80, C72, C78

1. Introduction

Increasing international trade and international tourism activities by the effect of globalization has a high effect on development of the transport economy. Journeys made by the desire to get to know different places and cultures and load transportation has a high effect on development of the transport economy.

The part of the transport economy that has developed at the highest level is the air transport economy. The demand for air transport is increasing

day by day. The level of development in air transport economy is also high in Turkey. Two main factors play a role in this development. The first of these factors is the low-cost airline model by government support. The second is the liberalization of the air transport economy in Turkey in 2003. Comfortable, safe and fast journeys by low fare tickets directly affect the market structure of the transportation economy. On the one hand, different expectations increasing in demand and on the other hand, the supply strategies developed to meet these expectations directly affect the market structure (Gerede,2005).

The main aim of this study is to analyze the inverted supply curve due to the decrease in ticket prices close to the aircraft take-off, by the ultimatum bargaining model. For this aim, the next chapter presents a literature review. Immediately after, the game is presented in the framework of the game theoretical model.

2. Literature Review

The basis of this study is based on price changes that affect the balance of the air transport market. There are many studies in the literature on the evaluation of the factors affecting the air transport demand (Aksoy, 2017; Park,2007; Yıldırım, 2015).

Customer satisfaction leads to an increase in demand. Therefore, studies focusing on customer satisfaction are also common in the literature based on the analysis of the air transport market. Okumuş and Asil (2007) examine the factors affecting customer satisfaction of domestic and foreign passengers in the airline transportation market. Aksoy (2017) establishes a relationship between the level of satisfaction of the operating personnel in the airline transportation economy and the level of profitability of the business. Çırpın and Kurt (2016) state that reliability is the factor that has the highest impact on customer satisfaction and expectations in the airline transportation market. Çelikkol et al. (2012) and Korkmaz et al. (2015) evaluate customer satisfaction in airline domestic flights. Korkmaz et al. (2015) reveal the effect of service quality in airline domestic routes on customer satisfaction and repeat purchasing behavior. Park(2007) focuses on customer perception of the factors affecting air transport demand in the Korean and Australian air transport markets. Chen and Chao (2015) evaluate the factors affecting demand in the air transport economies of China and Taiwan.

Customer complaints are a warning for businesses that the demand for goods and services will decrease and thus the sales of goods and services will be adversely affected. Chow (2014) states that the increase in the number

of damaged baggage in the Chinese airline transportation market increases customer complaints.

3. Model and Analysis

The main aim of this study is to analyze the inverting supply curve of the air transport company by the ultimatum bargaining model. Airline transportation companies must decrease the prices of plane tickets as soon as the plane takes off. The main reason for this is that it is more rational to fill a plane with a low fare than to have seats empty after a certain level of cost has been incurred for airing. This situation causes the supply curve of the air transport company to invert.

In order to apply the analysis more easily and comfortably, it is assumed that GÜMÜŞ A.Ş.¹ is a basic company involved in air transportation.

GÜMÜŞ A.Ş. wishes to sell its flight ticket at minimum P_{\min} price level. The buyer (customer) of the plane ticket wants to buy the plane ticket at

the maximum price level of P_{\max} . How much of the difference between these two extreme price levels will be added to the price level at which GÜMÜŞ A.Ş. wants to sell the flight ticket, and the selling price of the flight ticket will be determined depends on the ultimatum bargaining process between GÜMÜŞ A.Ş. and the customer². Two players negotiate by making offers and counteroffers to each other. The longer the negotiation process, the higher the time cost. In addition, it is assumed that the discount rate, which expresses the time cost of GÜMÜŞ A.Ş., is uncertain. It is assumed that this ratio takes two values: δ_{GD} and δ_{GY} ³ It is assumed that the customer's discount rate is $\delta_{müs}$.

The increase in the part of the residual price added to the price level of the airline ticket increases the benefit level of GÜMÜŞ A.Ş. and causes a decrease in the benefit level of the customer. It is assumed that the portion to be added to the minimum price level at which GÜMÜŞ A.Ş. wants to

¹ This name is purely imaginary.

² It is assumed that the difference between the minimum price level at which GÜMÜŞ A.Ş. wants to sell the flight ticket and the maximum price level at which the customer wants to buy the flight ticket is defined as the "residual price".

³ The customer does not know the information about whether there are empty seats on the plane or not. Therefore, the customer does not know the actual discount rate of GÜMÜŞ A.Ş. Only the customer believes that the real discount rate of GÜMÜŞ A.Ş. is

δ_{GD} with probability P . GÜMÜŞ A.Ş. knows its true discount rate.

**ANALYSIS OF A GAME THEORY: INVERTING SUPPLY CURVE
IN THE AIRLINE TRANSPORTATION INDUSTRY**

Hilal Yıldız, Ümran Gümüş, Şevket Alper Koç

sell the flight ticket in the t period of the total price is shown by $x_{t,r}$. It is assumed that the part of the total price that will not be added to the minimum price level that GÜMÜŞ A.Ş. wants to sell the flight ticket in the period t is denoted by $x_{t,A}$. In this case, the benefit of GÜMÜŞ A.Ş. will be as follows:

$$u_{GÜM} (x_{t,r}, x_{t,A}) = x_{t,r}$$

In this case, the benefit of the customer will be as follows:

$$u_{müş} (x_{t,r}, x_{t,A}) = x_{t,A}$$

It is assumed that the game starts by the customer proposing not to add up to that part of the price total in the first period. If GÜMÜŞ A.Ş. accepts

this offer, $1 - x_{1,A}$ part of the price total will now be added to the minimum price level at which GÜMÜŞ A.Ş. wants to sell the flight ticket.

Therefore, the price of the air ticket will be $p_{\min} + [p_{\max} - p_{\min}] (1 - x_{1,A})$

If the offer is rejected, the game will fall into the second period. In the second period, GÜMÜŞ A.Ş. now proposes to add $x_{2,r}$ part of the total

price. If the customer accepts the offer, the $x_{2,r}$ part of the price total will now be added to the minimum price level at which GÜMÜŞ A.Ş. wants to sell the flight ticket. Therefore, the price of the air ticket will be $p_{\min} + [p_{\max} - p_{\min}] x_{2,r}$.

If the bid is rejected, the game will fall into the third period. In the third period, the customer proposes to add $x_{3,A}$ part of the residual price total.

If GÜMÜŞ A.Ş. accepts the offer, $x_{3,A}$ part of the price total will now be added to the minimum price level at which GÜMÜŞ A.Ş. wants to sell the flight ticket. Therefore, the price of the plane ticket will be $p_{\min} + [p_{\max} - p_{\min}] x_{3,A}$. If the offer is rejected, both players will receive zero benefit level. Both players are aware of this situation.

Since the game is a perfectly well-informed dynamic game (except for the players' discount rates), the equilibrium of the game is determined by

backwards induction. In the third period of the negotiation, the customer bids.

If the customer submits a $0 \leq x_{3,A} < 1$ shaped offer, GÜMÜŞ A.Ş. must accept this offer in the third period. However, if the offer is $x_{3,A} = 1$ shaped, GÜMÜŞ A.Ş. is indifferent between accepting or rejecting the offer. GÜMÜŞ A.Ş. must accept the customer's offer very close to 1 in the third period. Therefore, the customer will receive approximately $\delta_{müs}^2$ and GÜMÜŞ A.Ş. approximately zero. Therefore, the offer of GÜMÜŞ A.Ş. in the second period must be in the form of $\delta_{müs}(1 - x_{2,r}) \geq \delta_{müs}^2$ and therefore $1 - x_{2,r} \geq \delta_{müs}$. Otherwise, the offer will be rejected. In this case, too, the game will fall into the third period. In the third period, GÜMÜŞ A.Ş. achieves zero benefit. Under the $x_{2,r} \leq 1 - \delta_{müs}$ constraint, the value $x_{2,r}^* = 1 - \delta_{müs}$ is the optimal offer of GÜMÜŞ A.Ş. in the second period. Therefore, in equilibrium, GÜMÜŞ A.Ş. will benefit $(\delta_{GD})(1 - \delta_{müs})$ with probability p and $(\delta_{GY})(1 - \delta_{müs})$ with probability $1 - p$ in the second period. Players know this situation. However, while GÜMÜŞ A.Ş. knows which of these two values is real value, the customer does not. Therefore, the customer's offer in the first period will be $x_{1,r}^* \leq p(1 - (\delta_{GD})(1 - \delta_{müs})) + (1 - p)(1 - (\delta_{GY})(1 - \delta_{müs}))$. Otherwise, GÜMÜŞ A.Ş. will reject the offer and the game will be dropped into the second period. Therefore, the bid value that will maximize the utility of customer will be $x_{1,r}^* = p(1 - (\delta_{GD})(1 - \delta_{müs})) + (1 - p)(1 - (\delta_{GY})(1 - \delta_{müs}))$. The subgame perfect equilibrium strategy profile will be:

Strategy of customer: 1st period, offer $x_{1,r}^* = p(1 - (\delta_{GD})(1 - \delta_{müs})) + (1 - p)(1 - (\delta_{GY})(1 - \delta_{müs}))$; 2nd period, accept if $1 - x_{2,r} \geq \delta_{müs}$ (and hence $x_{2,r} \leq 1 - \delta_{müs}$) otherwise rejects; 3rd period, offer $x_{3,A} \cong 1$

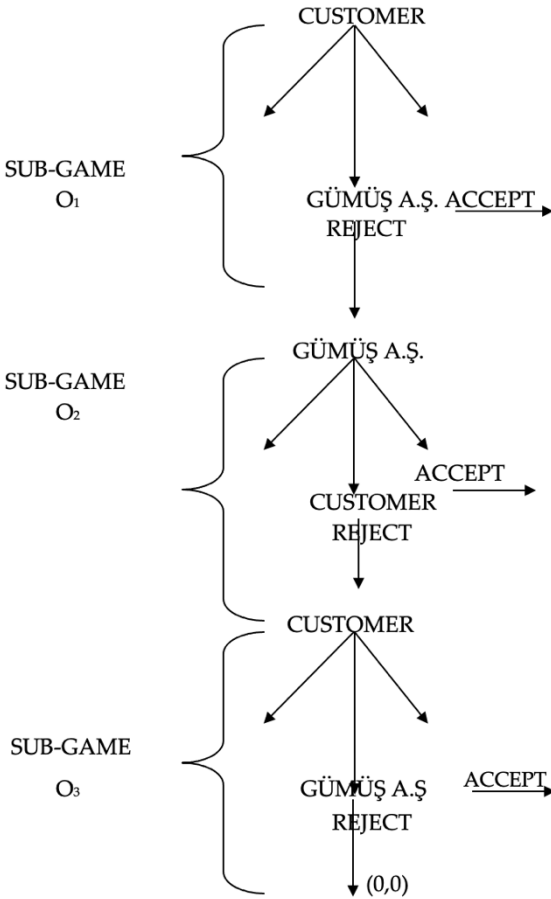
Strategy of Gümüş A.Ş.: 1st period, accept / reject; 2nd period, offer: $x_{2,r} = 1 - \delta_{müs}$; 3rd period, accept if $1 - x_{3,A}^* > 0$ (and hence $x_{3,H}^* < 1$) remains indifferent if $1 - x_{3,A}^* = 0$ (and hence $x_{3,A}^* = 1$) otherwise rejects.

**ANALYSIS OF A GAME THEORY: INVERTING SUPPLY CURVE
IN THE AIRLINE TRANSPORTATION INDUSTRY**

Hilal Yıldız, Ümran Gümüş, Şevket Alper Koç

The resulting strategy profile
 $x_{1,r}^* = p(1 - (\delta_{GD})(1 - \delta_{müs})) + (1 - p)(1 - (\delta_{GY})(1 - \delta_{müs}))$ and
 $1 - x_{1,r} \geq p(1 - (\delta_{GD})(1 - \delta_{müs})) + (1 - p)(1 - (\delta_{GY})(1 - \delta_{müs}))$ (and hence
 $x_{1,r}^* \leq p(1 - (\delta_{GD})(1 - \delta_{müs})) + (1 - p)(1 - (\delta_{GY})(1 - \delta_{müs}))$) is
the subgame perfect equilibrium that gives the bargaining deal.

Figure 1: Three-period Ultimatum Bargaining Model of Airfare



4. Conclusion

In the air transport economy, the supply curve is inverted. For customers to take advantage of this situation, they need to have perfect full knowledge of time and price. Otherwise, customers will not be able to benefit from the price decrease as uncertainty will occur. As a matter of fact, in the model, the customer does not know the discount rate of Silver because he does not know the number of empty seats. Therefore, he must act according to the expectations during the bargaining process. If the customer knew Silver's discount rate, he would have made a bid in the first period according to this information and would have been able to obtain a higher level of benefit.

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PART II

POLITICS, SOCIOLOGY AND
INTERNATIONAL RELATIONS

7

GLOBAL RISE OF PROGRESSIVISM OR A SYMPTOM OF THE CRISIS OF THE WEST?

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Abstract

The text deals with the meaning, historical roots, present and possible future of progressivism. It shows that the idea of progress reaches to the beginning of early modernity. However, the Progressive movement with a political impact existed in the period 1890-1920 and after its strength waned, the impact of its reform remained tangible until the 1970s and even after that it was never fully forgotten. During the last three decades, there has been a gradual comeback of progressivism. The new progressivism has been influenced by postmodern theory, which modified it. Economy (e.g. fair taxation) remains an important issue, and among the new ones belong climate change, gender and race. This political ideology asserts a strong influence in the West and has contributed to a visible social change.

Keywords: Progressivism, History, Politics, Theory

JEL Codes: Z13, D72, B30

1. Introduction

Although Noah Yuval Harari (2019, p. 26), in his seminal work about the 21st century, pointed out that there is no “grand narrative” leading our lives anymore which confirms the view articulated by Jean-François Lyotard (1984, p. xxiv) that a postmodern (or a late-modern) man started to doubt many of the “big stories” (metanarratives) brought by traditional religions or modern political ideologies, the more have been political ideologies in mutual conflict. According to some authors (Murray, 2022; Drulak, 2022a), the ideology that is uniting several doctrines is being gradually imposed as the hegemonic ideology (in Gramscian sense) in Anglophonic countries and in the Western Europe. The ideology may take on several forms; it is potentially able to be “re-dressed” as a liberal, leftist, or even conservative orientation. Mostly, it is being represented by a “magical” adjective

progressive or a noun progressivism. Some concepts may change their meaning over time, by each passing historical period. Some term given to a particularly significant concept might get “emptied from the inside” and the external shell of the concept can be latently carrying and having a different content.

The main aim of this paper is to map in what connections is the term progressivism used and how, in what ways, and from what theoretical positions, it is being approached, considered, or evaluated. Progressivism is widely discussed over the globe, although it may not be obvious at a first sight; sometimes under different terms, sometime under certain disguises, yet we may ask how can we grasp it from contemporary European perspective? What is progressivism in a contemporary globalized world?

2. Progressivism of the long siècle

Historically, the roots of progressivism lead back to the Age of Enlightenment when the result of the so-called Scientific Revolution bore the first fruits and enlightened despotic monarchs of the late 18th century started with sweeping state reforms (Mah, 2003, p. 157). The initial motivation on the side of those in power (i.e. governance) might not have been the development of civility in Europe than rather an improvement and strengthening of the imperial monarchies of the time (e.g. Austrian Empire, Prussian Kingdom, Russian Empire). However, the French philosopher Marquis de Condorcet, amidst the Enlightenment, hoped that with political progress slavery would be once abolished, woman’s emancipation would advance, and poverty alleviated.

Sociologist Robert Nisbet (2017) showed the idea of progress is as old as human civilization but only since the 18th and then 19th it started to take on the shape of a particular ideology. M. Levine (2018) says that originally “[p]rogressivism was imported from Europe and would result in a radical break from America’s heritage”, by which he means the disconnection from classical liberalism. As Douglas Murray puts it, on the European continent this political doctrine has been called social democracy – since those days of its first victories in the last quarter of the 19th century. However, American progressivism grew up from its own social roots which will be demonstrated on the following lines.

Progressivism of the 19th century kept on relying on science (Darwinism, new technologies like railway transportation) and the progress brought by this endeavour. The most significant example of the spread of this particular ideology is the progressive movement of the last decade of the 19th century in the USA. According to the consensus of contemporary

authors (Watson, 2020; Putnam, 2020; Nugent, 2010), this movement became the political power that brought sweeping reforms to American society (e.g. Theodor Roosevelt's presidency) between the years 1890-1920. The changes regarding social justice, political, economic, and foreign policy, were not realized without political struggle.

The emergence of the Progressive Era in American history has to be understood in the context of dire social inequalities that deepened during the Gilded Age. Contemporary revisionist historian Paul D. Moreno (2013 in Watson, 2020, 189) states that the "early progressivism which came to the fore from 1900 to 1913 under Republican administrations" ended a period of constitutional consensus. During this period, many conservative politicians agreed with implementation of necessary progressive reforms; that is, improvement of social justice was not the reason for disagreement with the progressives, but they were resolutely opposed to the progressivists' "attack" on the (American) Constitution.

What was, then, the point of disagreement? The philosophy of progressivism of the end of the long siècle considered an increase of the state power to be a necessity to break from the inequalities of the previous Gilded Age. At the same time, it deemed "the idea of a fixed, natural rights constitutionalism that sought to maintain limits on power" (Watson, 2020, 189) obsolete. According to Moreno (2013, 49 as cited in Watson, 2020, 189) who views progressivism from a critical opposing standpoint: "Progressivism shared a belief that the old constitutional system was inadequate, and that a significant empowerment of government (at whatever level) was needed. It shared the organic, evolutionary, and historicist features of post-Enlightenment, Romantic Western thought".

The most important proponents of this "old" or "classical" progressivism are the two U.S. presidents – Theodor Roosevelt and Woodrow Wilson. With his political program, Roosevelt called the American nation to build a "New Nationalism" (in his 1910 address) whose purpose was to move beyond the pursuit of private, materialistic goals (Yarbrough, 2014 in Watson, 2020, 198). Critical voices like Jean Yarbrough (2014, 270) interpret T. Roosevelt's politics as the one which ignored the 19th century political thinker's Alexis de Tocqueville's "warnings about tyranny of the majority and soft despotism." She considers these alleged characteristics to be a typical tendency of progressives and claims that T. Roosevelt and W. Wilson "sought to replace the old constitutional order of individual rights with a new one that would bow more effectively to popular will" (Yarbrough, 2014, 246–47). The critique of the progressives falling for statism is enfolding like a long red thread through the American conservative thought.

American sociologist Robert Putnam (2020, 225), unlike the revisionist conservative authors, sees the dawn of progressivism in America in a positive light:

The reformers responsible for turning the Gilded Age into the Progressive Era included immigrants and elites, women and men, blacks and whites, housewives and career politicians, unionists and capitalists, college graduates and factory workers, top-down bureaucrats and bottom-up activists, Republicans and Democrats, and nearly everyone in between. The movement was so diverse as to be barely coherent and was home to contradictory impulses, but together, the Americans who took up the nonpartisan mantle of “Progressives” ultimately put in place a stunningly diverse and sweeping set of reforms and innovations—many of which form the basis of American society as we know it today.

For R. Putnam (2020; 2000) the Progressive Era was both unique and necessary moment for making American society more just and better functioning which he has proven in his works based not on “motions of heart” but on rigorous sociological analysis. He argues that positive results of the Progressive Era (approx. 1890-1920) and the New Deal (the 1930s) kept the society socially progressing and Americans cooperating through the various association (which still is one of the core American values and social institutions) up until the late 1970s. After the “neoliberal” shift brought by the neoconservatives, which started with Ronald Reagan’s presidency, it is harder for the children from the last two generations to study at a university, to pay their “university debt” (the admission and tuition fees), and to find a suitable job, than it was for their parents.

Walter Nugent (2010, 124) points out both, the positive and the negatives, that were related to the Progressives in the period of a “high tide” of the Progressive Era. Nugent thinks that social change spurred by the reforms was tangible in how “great wealth, corporate or individual, had been reined in ... to a visible extent”, how “the structure of taxation had been modified, how the processes and ways governance (e.g. voting mechanisms and the rights of the electorate) had been democratized. The Progressives as a movement agreed on crucial principles and issues related to the belief that society is a social fact and that every human belongs to it. Moreover, they worked on base of a principle “that a common good affected everyone and should be sought in every available way” (Nugent, 2010, 126). They were against “rampant individualism” and the idea claiming, “Greed is good”. Progressives did not share the view of many conservatives or classical liberals that *laissez-faire* markets were the best and that they worked for the good of society under “natural laws”. We might have noticed the similarities between the Gilded Age rhetoric and the mantras of the neoliberal period of the last four decades.

On other hand, there was also a negative side to the ideological disunity and variance of opinions about certain issues, these being race, eugenics (domestic activism) and imperialism (foreign policies). While some progressive reformers actively fought racial and ethnic discrimination (e.g. Jane Addams, W. E. B. DuBois), president T. Roosevelt believed in the Anglo-Saxon superiority and president “Woodrow Wilson, Virginia native and son of Confederate sympathizers, was a flat-out segregationist and racist”. The eugenics movement of that period was promoting involuntary sterilization of disabled people, the chronically ill, sexual workers, and economically poorest people (Nugent, 2010, 125). The previously outlined facts can help us understand the militant anti-racism and political hyper-correctness of contemporary members or proponents of the “new progressives”. We may say that they are distancing themselves from the past. It is a kind of “historical distancing” from highly infectious ideas.

The year 1921 marked the end of the Progressive movement and “the Roaring Twenties” started to end up in the Great Depression and the following New Deal. Many Progressives could not accept the solutions brought by president Franklin Delano Roosevelt, but some “did become New Dealers, seeking in the very different context of the 1930s Depression to work toward a more just and generous society”. W. Nugent (2010, 1927) concludes that “[p]rogressivism’s original agenda and élan sputtered out by 1920”.

In summary, the Progressive Era is associated with Theodor Roosevelt becoming an American president in 1901. This historical period was accompanied by relatively egalitarian economic and political reform (Hak, 2021) which continued through the presidencies of William Howard Taft and Woodrow Wilson until the 1920s. With the coming of the Great Depression and the New Deal in the 1930s, as well as the civil rights legislation and War on Poverty in the 1960s, the egalitarian drift in American politics continued until the 1970s filled with several “oil crises”.

Robert Putnam and Shaylyn Romney Garrett in their book *The Upswing* (2020) present a thesis based on evidence that the current levels of economic and political polarization in the contemporary U.S.A. are not greatly different than they were in the 1890s, at the peak of the “Gilded Age.” Will this lead to the second Progressive Era and will it have a global impact?

3. New Progressivism

Hundred years later after the disappearance of the “élan progressive”, Christopher Caldwell (2016) observes that there has been the resurgence

of progressivism and return to the old meaning of the word. “Barack Obama has presided over a restoration of the meaning “progressivism” had a century ago. We now understand progressivism much as Woodrow Wilson and the first muckrakers (i.e. the journalists uncovering corruption) did: as the belief that politics must advance with science and accord with rationality” (Caldwell, 216, 209). Modern or new progressives themselves define progressivism as “grounded in the idea of progress—moving beyond the status quo to more equal and just social conditions consistent with original American democratic principles such as freedom, equality, and the common good” (Halpin & Williams, 2010 in Brooks, 2016, 141).

...[M]odern progressives generally share the belief that affirmative government action is often required to prevent the wealthy and powerful from trampling upon the poor and powerless. Progressives tend to believe that extreme inequality and highly concentrated power can distort democratic politics—and though they may differ from one another on precisely where, when, and how governments should intervene, they generally share the view that government should play an active role in assisting the very worst off and diluting excessive concentrations of power and privilege. This implies some underlying progressive commitment to universalist conceptions of human dignity, human rights, and the rule of law. (Brooks, 2016, 141)

Commitment to building a more just society and economy based on the principles of universal values of equality and dignity for every human being can only be respected and appreciated. Why, then, does progressivism have so many enemies? What are their arguments?

The issue with the new modern (“restored” or revived) progressivism is not that its proponents are seeking to improve society in radical ways, unlike conservatism, or that they are less individualistic and free-market-oriented than liberalism. The critics of progressivism (Murray, 2022; Drulák, 2022; Pluckrose & Lindsay, 2020), who care to articulate what the problem(s) might be, claim that: 1) Political methods the Progressives use are divisive and polarizing the society, 2) a part of its ideological base is not built upon scientific thought and values of the Enlightenment, but rooted in postmodern philosophy, and 3) the application of the universalist approach to human rights might potentially destroy “the West”, as we know it.

1) Critically thinking voices from the progressivist camp admit the first objection and explain that the politics is simply like that. We can see it on an example from the US partisan politics during the 2016 presidential elections, the Republicans were exposing compromising facts against Hillary Clinton (e.g. the infamous leak of her e-mails containing information related to the state’s security) and the Democrats were paying

back by finding “dirt” against Donald Trump. The real “post-truth era” problems appear when an accusation is not based on any fact and is fabricated.

National divides, cultural divides, ethnic divides, class divides, regional divides, religious divides and generational divides have all been important at different times and places. Political movements draw on these divides to build their support and define their purposes. Progressive movements are no different. It is wrong to imagine that there was ever a political culture based simply on interests, rationality, pragmatic calculation and compromise. Class politics had its own identity politics. (Gamble, 2018, pp. 61)

2) The issue of the shift from the Enlightenment perspective on science and from liberalism to the new rootedness in the postmodern Theory is described in detail by Helen Pluckrose and James Lindsay (2020) who argue that many popular approaches to questions of social justice – which is allegedly the main item on the progressivist agenda - are illiberal. Authors offer an alternative vision of re-building social justice and base it on a return to liberal principles. D. Murray (2022) labels the approach of supporters of progressive policies in the American society, consisting mostly of the members of Generation Z, as social justice warriorism and intersectionalism.

How did it happen? The 1960s in academia became a place of profound and radical change, which put in question even the basic principles of modern societies built on liberal ideas. Postmodernism emerged as a very sceptical theoretical approach in philosophy, literature and other humanities and soon enough it reached an ideological standing. This approach is highly critical of politics and its history and its proponents believe that everything is corrupted by politics and political power, even knowledge itself (Foucault, 1980, 107). Epistemologically, it postulates that reaching an objective truth or knowledge is impossible, and also not necessary. Everything seems to be tainted by our own social constructions, discourses, and performances. The large body of literature that started to grow faster since the 1990s is called Theory (*capitalized by* Pluckrose and Lindsay, 2020, 16; de Zengotita, 2019) and gradually it have been incorporated into the rhetoric of new progressivism. And vice versa, many university scholars became “progressive activists”. Therefore, we may argue that by the 2010s new progressivism was “postmodernized” and the Theory has transformed it into its new radical “Self”. The emerging issue with this is that postmodernism rejects the “grand narratives”, further the Enlightenment science and reason. Another factor might be differences in socialization of the Generation Z, but contemporary activists on university activist do not want to hear anyone with a different opinion and if they

face a person with adverse views, they tend to refuse to use logical reasoning, using emotions instead of argumentation (Burchill, 2021; Murray, 2022).

3) The last objection expressing the belief that progressivism leaning on post- approaches (postmodernism, part of which are postcolonial theory and poststructuralist theory) will cause a politico-economical chaos, and the destruction and following absence of its own identity, unique institutions and self-preservation mechanisms will lead to the destruction of the West as we know it (Murray, 2017; Murray, 2022). This objection is elaborated upon in the next section.

4. Globalization of Progressivism

Whereas in Turkey and in Russia the source of limiting the freedom of speech and enhancing the censorship is the conservative orientation of the governmental politics, in the EU and the USA, nowadays, the censoring power seems to be the liberal progressivism. To better understand the impact of contemporary progressivism, it may be beneficial to have a look at various critical reactions towards manifestations of this political ideology, which has been gradually gaining power in the USA and as well as in many countries of the EU during the last two decades.

American authors Pluckrose & Lindsay (2020, 12) sententiously summarize the situation when claim that “we have reached a point in history where the liberalism and modernity at the heart of Western civilization are at great risk on the level of the ideas that sustain them.” The sources of the threat are originating at least from two overwhelming pressures onto society, “one revolutionary and the other reactionary”. These two camps are at conflict with each other “over which illiberal direction” Western societies should go.

The reactionary pressure comes from far-right populist movements that pretend to be making the “last desperate stand for liberalism and democracy against a rising tide of progressivism and globalism.” The populism is on the rise around the world and it is increasingly anti-immigration, nativist, Islamophobic, and racist. On the revolutionary side, there are “[f]ar-left progressive social crusaders who present themselves as the sole and righteous champions of social and moral progress”. What is worse is that they “openly reject liberalism as a form of oppression.” This rejection is being expressed by “increasingly authoritarian means seeking to establish a thoroughly dogmatic fundamentalist ideology regarding how society ought to be ordered.” The authors consider this “culture war” to be so constant and strong that during the last two decades it has become a

large part of political — and increasingly of everyday social — life. Caldwell (216, 209) concurs by saying that “progressivism is the most powerful form of leftism and the least appealing...” as “...progressives often think of themselves as the foes of the moneyed class, but they do not appear that way to non-progressives. They look like the self-righteous and self-deluded part of the moneyed class.”

An international relations scholar Petr Drulák (2022) offers a similar analysis with more details about changes in the content of dominant ideologies. He considers liberalism an ideological doctrine that infiltrated both sides of the political spectrum. Firstly, the real threat for conservatism is not a vaguely conceived Left, but a liberalism that redefines the Right into a kind of liberal-conservative collage. Second, the same liberalism is also a dangerous for the Left because it transforms it into an elitist, asocial progressivism. Third, in the European Union both the Left and the Right transformed by liberalism have merged into a dominant ideology of the extremist centre. Drulák mentions among the internal influences that are etching Europe progressivism, green ideology, liberalism and rampant capitalism. He also answers the question of when it happened that all the aforementioned concepts, each of which originally meant something different, and were different from each other, suddenly merged and filled in the term that does not belong to them - liberalism.

The milestone for the shift is globalisation (Drulák, 2022; 2021). Before, the ideologies whether it was liberalism or socialism, that marked the 19th, the first half and part of the second half of the 20th century, always operated within nation states. The social order in Western Europe was based on finding a compromise between the conflicting ideologies of liberalism and socialism. The so-called social market economy that emerged in Germany and in the UK after WWII was based on a balance, and these ideologies still had their original content, however much they evolved over time and differed from what they were like in the 19th century. However, globalisation is reconfiguring all these relations in a fundamental way because it is directed against the nation state and it is oriented towards the economic ideal of a borderless world. Liberal globalisers would claim that borderless world can have substantial advantages, and it is ideologically justified by the fact that borders, national sovereignty, have led to wars and to hatred, and to fascism. Liberalism took progressivism on a tour around the world, but it is not a global hegemonic ideology (yet). Progressivism remains tied to the West.

According to P. Drulák (2022; 2021) the two important ideologies, socialism and liberalism, are beginning to merge because both are universalist in their own way. Liberalism emphasises the individual and his

freedom, socialism a kind of social justice, but both seek to transcend the nation and are internationalist. After 1989, some of the important activities that used to be done by the state were privatised or transferred to independent regulatory bodies and non-governmental organisations. This means that the state exists, but it does not influence anything. On the one hand, the right-wing liberalism (neoliberalism) has emerged and on the other hand the progressivist liberalism has appeared.

Progressivist liberalism is a form of cultural liberalism, which is associated with various cultural causes (transgender, climate change) and social movement (Woke, Black Lives Matter). It has its origins in elitist socialism which in the West of the 1970s left the utopian thesis of a classless society, and started to develop a new type of social utopias based on the ideal of continuous emancipation (sexual, racial, gender). This way, neo-Marxism merges with liberalism and together they take a hold of the Left. They are favourable to capitalism because for a corporation it is much easier to support gender and race diversity than to pay higher wages, shorten a workweek, or pay taxes properly (Drulák 2022).

Neither of these kinds of liberalism needs borders. It does not need nations, and it needs the state to the extent that it helps it in a particular campaign. For a big multinational company, the state is going to be an obstacle because by having borders and regulations it is more complicated to move goods, investments and people. Economic neoliberalism takes away these barriers. The state is also an obstacle from the point of view of cultural liberals (progressivists), who assume that people are all the same, they have the right to settle where they want to settle (the immigration issue), and they should all live in one way that corresponds to some kind of universal human rights (Drulák 2021).

French author and the EU politician Pascal Canfin (2021) confirms the thesis about a potential global impact of progressivism when states that the 30-years historical cycle of liberal globalization (1979-2009) ended with the great financial crisis of 2008. He believes that the solution, the new synthesis, will be “the globalization of progressivism”. Further, according to Chinese political scientist Wenli Zhu (2021) the direction that can be given by the American progressives is not only important for the American public but also for the future state of the international relations.

Progressive politics is not necessarily a magic formula that will resolve social and economic problems in the US today, nor is it the only way to break through the country's political deadlock. However, the fact that twenty-first century progressive politics in the US has been repeatedly frustrated and suppressed by significantly less refined policies reflects the

fatigue present in the American system and culture. In the global context, the unfavourable situation for progressive reforms in the US is thought-provoking. If world politics loses its direction or, even worse, turns in a wrong direction, it will be extremely difficult to build a peaceful and prosperous international order. In this sense, the challenges in American politics have universal significance. (Zhu, 2021, 94)

5. Conclusion

Progressivism has many facets, but both the original and the new Progressivism share its orientation towards social change and social justice within the playfield of democratic society with a market-oriented economy. On the one hand, progressivism can play a role of important intellectual avant-garde (“those being a step ahead”) in bringing new and long awaited reforms that would make the recent capitalist economy more just and socially balanced institution. Hopefully, the young radicals of the 2010s (e.g. Woke, Social Justice Movement) will similarly like the Baby-Boomers in the 1960s improve society by staying on the path of democracy. On the other hand, there is a real possibility that progressivism will be used by plutocratic elites as a smoke-screen for covert increase in governmental social control of citizens. New Progressives should neither sway too much to the Left, nor to the Right because both extremes of the political spectrum lead to the same outcome – totalitarianism.

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8

VIOLENCE IN MEXICO: DISCUSSION FROM THE PROCESS OF ACCUMULATION OF CRIMINAL CAPITAL

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Abstract

The objective of the chapter is to offer some elements to discuss and understand the galloping violence that Mexico has experienced since 2006. It is an investigation of theoretical-argumentative discussion. From the perspective of the political economy of development studies, it is argued that the violence experienced by the Mexican country is associated with the process of capital accumulation, where a sui generis economic sector is developed based on production, transfer, distribution, commercialization and consumption of illicit goods (drugs, mainly), where the agents involved (capital, State and society) play an equally exceptional role in the dispute over the extraordinary profits generated by said sector. In order for this economic sector to achieve the accumulation of sui generis surplus value, several functionality criteria are necessary: 1) exorbitant violence; 2) the extreme dispossession of material, natural and territorial resources; 3) the need to reinvest the surplus in legal activities (money laundering in sectors such as real estate, tourism or finance); 4) the interplay of the institutions involved: criminal capital, State and society; 5) the role of the United States in establishing national security policy in Latin America; and 6) the relationship of underdevelopment and dependence that Mexico establishes in the process of capital accumulation worldwide. It is proposed to overcome concepts such as organized crime and drug trafficking that limit the discussion of the subject to raise the concept of criminal capital as a particular and sui generis manifestation of accumulation. The problem of violence and criminal capital cannot be explained from the local level when there are mechanisms of interrelation between capitals at a global level, as well as the social relations between world agents dictate the fate of criminal activity.

Keywords: Violence, Criminal Capital, State, Extraordinary Profit, Sui generis Accumulation of Capital

JEL Codes: B14, B24, E29, F54, G32, H11, H56

1. Introduction

The discussion starts with the distinction between systemic violence and emerging violence (Márquez et al. 2012; García and Márquez, 2013). Emerging violence are those that engage in manifestations of social, mental, economic problems such as criminal acts, demonstrations or antisocial behaviors (González, 2015). In the words of Žižek, "subjective violence, the violence exercised by social agents, by evil individuals, by repressive apparatuses and fanatical crowds... the most visible" (Žižek, 2009, p.22). Therefore, emerging violence is the best known, the one that most attracts the attention of both the population and the media. And in Mexico, it is the violence that generates the most data, information and expectation, as a result of the intensification of the "war on drugs" sparked in 2006, where coercive and punitive action associated with organized crime, specifically drug trafficking and its diversified network of kidnapping, robbery, extortion, homicide, arms trafficking, human trafficking and money laundering activities, is the hegemonic (Márquez et al. 2012; García and Márquez, 2013; González, 2015).

The interest in the incidence of emerging violence is to extol the vitriol of criminal gangs or to question the government strategy of excessive use of military force, without considering that they are related to the development model (Márquez et al. 2012; García and Marquez, 2013). On the contrary, structural violence refers to the increase in economic, cultural, territorial, social, ethnic and political inequalities suffered by entire populations or peoples and which manifest themselves in growing exclusion, segregation, fragmentation and social vulnerability. With the implementation of neoliberalism and its structural adjustment programs, this type of structural or systemic violence has increased to extreme degrees (González, 2015). This violence cannot be attributable to specific individuals and their "evil" intentions, but rather the purely "objective" form of anonymous, systemic, social organization (Žižek, 2009).

Under these precepts, the objective of the work is to discuss, under the political economy of development studies, the galloping violence that Mexico has experienced since 2006 and that is associated with the process of capital accumulation. Criminal capital arises from the production, transfer, distribution, commercialization and consumption of illicit merchandise (mainly drugs) under the prohibition characteristic that makes it a *sui generis* economic sector with the support of society and the State.

To achieve the objective, it is essential to base two ideas: The first idea arises from the need to identify some historical and social determinations of violence within the framework of capitalist modernity and to warn that

some of the expressions or manifestations of violence are not anomalies in the way in which it has been developing societies and their relations between them within the framework of the world market, of the international division of labor, of the relations between nation States, but rather it is functional to the logic of capitalist development. Violence could be considered the reverse of the coin of capitalist modernity, but it has played a central role, for the conquest of territories, for the occupation of spaces, for the refunctionalization of populations and workers, for the domination of some deposits, natural resources, etc. It is functional, despite the fact that it can be instrumentalized through legal or illegal devices.

The other idea is that, nowadays, at the present time, the social relations that are established continue to gravitate around mercantile social relations and, despite the fact that they are regulated by contractual forms, by states of law or forms of liberal democracy, by postulates of the defense of human rights, for the observance of international organizations, etc. with different forms of control; and despite its iron control, social conflict is always latent, it continues to be a problem and, in the world, it is processed under these different forms of violence.

The chapter is divided into five sections. The first discusses violence from a socio-historical perspective, based on the capital accumulation process, from its origin. The second section discusses the construction of an explanatory framework on violence. Section three discusses the manifestation of violence in Mexico associated with the criminalization of the most vulnerable groups of criminal capital (production and distribution of drugs) by a coercive and punitive action of the Mexican military forces that align with the geostrategic strategies of United States. The fourth section analyzes the different proposed solutions to the problem that are currently being discussed in Mexico and, finally, the conclusions, in section five.

2. The Historical Construction of Violence

The first approach refers to the social and historical determinations of the criminal violence that emerges on the surface and that often remain in the presentation of some indicators, without knowing how to establish what are their structural causes. For this, it is necessary to build an overall vision. What is the type of capitalist development in Mexico? And how to name this context in historical, theoretical and conceptual terms? From the great historical configuration, I have worked on the concept of capitalist modernity to signify the great historical change that gives way to capitalist development itself, not only in economic terms, but also in political and cultural terms and their detachments. What is interesting about this great

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historical framework is located from the 16th to the 18th century approximately, where great transformation processes take place, but where processes are still in force, this does not mean that we are tied to the changes of the 18th century or 19th, but are processes of incessant transformation, hence the term modernity.

Modernity is an incessant updating process, it never ends, where one can be up-to-date in the knowledge of science, technology, political and cultural guidelines. For this reason, now is how to locate the great epochal change, especially located in Europe, of the decay of the old regime? The center of political power was focused on the fiefdoms, in the kingdoms, with the aristocracies and gave way to the republic. As well as the forms of dominant religious beliefs are modified towards the enlightenment and science. There is a passage from artisanal to industrial production (Dussel, 1980). They are an accumulation of changes that seem very remote, as if they were archaeological vestiges of social construction, but some elements can be found to decipher the problem of violence.

The first is the gestating process of social relations still in force, what was called original accumulation. The process of dispossession by dispossession of the peasants or artisans of their means of production and their means of subsistence, in order for the land and its natural resources to be capitalized, to become, in this case, cultivated territories for the supply of raw materials for the pregnant industry for cotton, for the textile industry. And those who were owners of those lands are released and become free workers to supply the manufacturing industry as a labor force (Marx, 1985). This process seems to have been encapsulated in time, but the reality is that the dispossession processes are still in force to this day. One of the authors who has highlighted it is David Harvey (2004), but within the plot of the last three centuries, the dispossession of land and natural resources, water, minerals, oil, etc. it does not end. The expansion of the territorial borders of capital is incessant.

Dispossession processes are carried out through violence, which can be legal or illegal. The dispossession is not only of territories, but of human, social, labor rights in order to reconvert the entire territory, its resources, population, workers, inputs, for capitalization. Hence, these processes take effect under other modalities but that violence, legal and illegal, associated with the dispossession processes, is a force or a method that sustains the material bases of expansion of capitalist development to this day, not under the same patterns from the 16th to the 18th centuries, but with much more sophisticated modalities.

At that historical moment, it was relevant beyond the European level where the current region that we designate as Latin America or other regions in which these forms of violence are assigned were configured. It was the dispossession process that coined English industrialization and emerged from the colonization of these transatlantic territories, through the looting of natural resources. Mechanisms that allowed the supply of raw materials to the large manufacturing centers in the process of expansion and from there the type of development and constitution of the institutions was determined, to a large extent, first as colonies and later than independent countries (Harvey, 2004).

Independent countries (Third World countries) are no longer colonies, even more subject to those unequal exchange relations in the world market. In the literature on development, they were conceived as exchange relations where Third World countries are suppliers of raw materials that were exchanged for manufactured products, produced by industrialized countries, in the world market (Mallorquín, 2005). It seems that these commercial production patterns were a thing of the past, but they are currently being reissued, through, for example, extractivism. The new extractivism is manifested in the presence, again, in the territories of Third World countries, of enclave economies, mining, agri-food or oil, as suppliers of raw materials under a pattern of unequal exchange. At the same time, these countries continue to import more sophisticated or more aggregated technologies, knowledge, machinery, or products (Veltmeyer and Petras, 2015).

Nuances must be made, for Mexico this pattern is not necessarily operating, it is more complex, but an important part of Latin America continues to maintain it. It is not colonialism or neocolonialism, because they are formally independent republics with their own governments, sovereign territories, but they have not managed to develop at the level of the great centers of development and, under these patterns of production and exchange, the force of violence continues to prevail to territorial dispossession and its reconfiguration as export enclaves of a new type.

Violence is materially sustained in the way in which developed economies are inserted in global sphere (Márquez, 2017a). And this will also have repercussions on the criminal economy: the patterns of insertion in global markets determine that certain territories are dedicated to the cultivation, transfer or transport of drugs or other types of illegal materials or merchandise for export and that they dominate the internal markets through violence.

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Colonialism was also accompanied at that time by slavery, which was the supply of forced laborers from Africa for mining or agricultural enclaves in the colonies for the supply of raw materials to the metropolis. As the independent republics are constituted, slave labor is abolished. In our days, there is a reconversion of the forms of what some call modern slave labor; that is to say, in labor-intensive workshops, such as maquiladoras, although, strictly speaking, they are not slave workers, but free workers, but they are subject to exhausting and lacerating forms of work. Today, there are very important changes in the forms of work, the more they cover up the forms of violence that guarantee the formation of large reservoirs of work available to the large agro-exporting, mining-extractivist or maquiladora capitals (Márquez, 2017; Márquez, 2017a). And this includes the criminal sector, which also has forced labor or coercive forms of work within it. Therefore, at present, there is a tangle of invisible slave labor relations.

In those centuries of reference, a kind of transatlantic violence also developed, between the seas, because it was the main means of communication and movement of goods and people. Through corsairs and pirates, they were sometimes confused with one another, since the monarchies granted certain liberties so that these sailors could attack, in the seas, the vessels that were transporting gold or species that were going to Europe or wherever they went, in order to weaken their political opponents. The kingdoms that disputed the territories or wealth, granted them permission to steal; they were illegal acts, but they were allowed. Violence was legalized. I bring this up because in the most contemporary forms of crime or criminal violence, sometimes it seems that they have a patent, when States allow certain territories to be administered or dominated by criminal groups that establish their domains and by themselves, they themselves exploit the population, territories and establish their own territorial demarcations and their commercial relations under the tutelage of the States (Márquez, 2017). Of course, I cannot establish a paragon of equality between one and another historical situation; but it seeks to make a historical reconstruction of how the experiences have been changing, but they are not news.

For centuries, it has been verified that the war between States or the overthrow of governments is due the conquest of territories and their resources. It is about removing adversaries to appropriate nerve centers for communications logistics, to appropriate oil and mining fields, etc. And as time goes by, it is more sophisticated, wars are not necessarily implemented by armies, which fight at the territorial level, inch by inch, but there is much more on the spectrum.

Wars move, now, even in the cybernetic or cognitive plane. They are more complex. They are wide-ranging wars, but they continue to maintain the intention of expanding the interests of big capital and the dominant States. The current wars are forms of violence, perhaps, subtler or more complex, more sophisticated but that express the violence, in the foreground, of the nation States. Within a territorial demarcation of the Nation State, the faculty of what, from the theory of law, is called legitimate violence to establish border control, an elaboration of legal frameworks with laws and regulations, the establishment of deprivation and delimitation of freedoms through institutions such as prison, the army, penalties, the designation of what is defined by crime and its penalties, civil and criminal codes, etc. (Márquez, 2017a) all this network that enters the national territory.

The State grants itself, through its armed forces, armies and police, the power to repress its social actors that, for certain legal and illegal reasons, is convenient for the dominant interests. The State not only exercises this legitimized or legalized violence, there are also many forms of state violence, illegal or covert through, for example, paramilitary groups or operational groups of the police or military forces that carry out counterinsurgency work or work to dismantle certain armed groups within the territorial commands that they thus dominate. It is observed, then, that the spectrum of violence is very complex and has been reconfigured, historically, as it has become more complex and sophisticated to this day (Márquez, 2017; Márquez, 2017a).

There are other forms of more intersubjective violence, at the interpersonal level, for example, within families, or violence within certain identity groups, for example, under religious conceptions, or sometimes confrontations between ethnic groups or disputes over land or territories, that they are more or less habitual; internal or internecine wars, which may or may not ascend to more elaborate forms such as violence by armed groups that have independence or separatist or autonomic ambitions or with some certain ideological or political ancestry, but, in each case, it is particular.

And finally, there are forms of violence that are intended to change the state of affairs. More have been tempered or diminished by the predominance of capital and the State, or by the moderation of the conflict through electoral democracy, of political processes, but even a few decades ago, they occurred as armed or guerrilla movements or movements of national liberation groups who sought to overthrow governments, rise to political power, and install their own version of a different political regime. Instead, there are social movements both in civil association organizations that seek to influence political parties or unions, etc. politically. The social

conflict is diluted or settled, politically, without necessarily overcoming the conflict.

3. Explanatory Framework of Violence

From this socio-historical perspective, how can an approach be made from research with a certain theoretical or explanatory framework? What conceptual apparatus, what assumptions or what explanations can be implemented to make a reconstruction of reality more immediate or more present? From the perspective of the political economy of development, it is considered that violence, and specifically criminal violence, knowing that the expressions of violence are multiple and diverse, is a problem of development, of capitalist development.

The main problem is that, through social work, a surplus or added value, or surplus value, is generated. That is the living substance that allows society to reproduce, however, there is a problem: how is this surplus value generated by social work distributed? This is the point of conflict because, in the distribution of the surplus, it is necessary to determine who are the owners of the means with which the surplus is produced, who are the workers, who are the ones who contribute the money capital, who are the owners of the land, who are the owners of the patents, anyway. There are different actors or agents or social subjects that participate in this process and that demand their part. If we recover what has been said before, the dispute over the territories, it is precisely for the appropriation of space, territory and its resources, it is with a view to being the main participants in the distributive process of surpluses that are later transformed into profits, interests, in income and taxes for the States and here, criminal capital will also claim its part.

The process of social reproduction has all these determinations of a set of agents or social classes that participate in the process of generating the surplus and its distribution. That is, from my point of view, the general problem of development that has ramifications in industry, in commerce, in the cultural industry, in tourism, in urban development, in education. And it is here where the central idea is obtained to understand how the question of violence is expressed in a more immediate way, among the most exposed here, and more specifically of criminal capital. It starts from the idea of not isolating criminal groups as if they were autonomous subjects; On the contrary, they are immersed in this general plot of accumulation, that is, where there are more participants (such as big capital), although they generally expose themselves only as those who call them cartels, or capos, as autonomous subjects.

Within criminality, there are certain patterns of capitalist development where economic surpluses are generated in a superlative way and that are transformed into extraordinary profits. In other words, large masses of money flows are disputed between those who participate in production, distribution, marketing, refinancing, laundering, etc. in order that, under various economic cycles (Money-Commodity-Money'), criminal capital gets involved. This is the first statement of the theoretical proposition.

For this, it is necessary to propose a series of concepts that allow us to understand the problem. The first concept is that of illegal merchandise. According to mercantile social relations, the object of producing goods so that they are carried out in the market, and when carried out, profits, interest, rent and taxes can be subtracted (Marx, 1985). In the criminal economy, with the peculiarity that it deals with illicit goods, and to summarize, drugs are identified, perhaps, as the most emblematic of the illicit goods. Of course, there are drugs that are legal and that are for medicinal, pharmaceutical use, and science and technology is permanently busy with it. But, here we are talking about illegal drugs that synthesize, in categorical terms, for illustrative purposes, the notion of illicit merchandise. There are other illegal goods that can, at times, be sources of higher income in certain circumstances and territories, such as arms trafficking, contraband trafficking, human trafficking, immigrant trafficking, extortion, as a host of crimes that can also be expressed as forms of merchandise.

Crime produces crimes, but in commercial terms, they are expressed as illicit merchandise. All merchandise, analytically, has a use and a price, that is, a use value and an exchange value (Marx, 1985). These analytical terms are useful and interesting, since there are many varieties of crimes and offenses that are expressed in merchandise; but by focusing on drugs as illicit merchandise, consumers give them a utility because they are psychoactive substances that can generate different states of mind (make euphoria, rest or even depression), and from that point of view, satisfy the needs of those who they consume them, despite the fact that this later leads to processes of dependency, illness, depression, suicide, death, etc. (Astorga, 2016).

The drug, therefore, is a commodity, even with inelastic demand. That is to say, that, regardless of whether it is a substance that generates pleasure, addiction and eventually, disease; it is useful and is realized as merchandise (Zaratiegui, 2002). But since they are highly valued merchandise in the markets, it has expansive effects not only in the large manufacturing or financial centers of the megacities, which are the main spaces for

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consumption, but they have diversified in all spaces, practically, on a planetary level.

The different varieties of drugs, from the most elementary, first generation, where they are simply grass, like marijuana, to those that require processing, like heroin, or those that are made of synthetic, laboratory material, like methamphetamine, have become more complex and have greater added value, technological content. However, both the simplest and the most complex have their markets, and the prices more or less remain the same. There are some studies that have detected that some drugs such as cocaine have fallen in value. In recent decades, its price has decreased or its consumption has become widespread, and it has been replaced by other drugs that are equally required, sought after, and that have great marketing advantages (Astorga, 2016). This is the fascination of an illicit merchandise and its high international demand. It is an export product. Márquez and Delgado (2011) argue that this phenomenon is the other commodity boom, when talking about the boom in export raw materials that is taking place today, even with a larger production scale and global reach, but among licit and illicit raw materials, the fabric of the export market is built.

Another concept that needs to be introduced to understand the role of criminal capital in capital accumulation is that of productive labor invested in this type of activity despite its harmful acts of death, violence, and social degradation. There is work in cultivation, processing, storage, transportation, distribution, marketing, etc. as corresponds to any other capitalist company, but with the peculiarity that it is done under the sphere of prohibitionist, of the punitive nature, of armed violence. They are dangerous forms of operation, which become a *sui generis* capitalism because they are not modulated by free competition. They are black markets, under the spectrum of prohibition, and of the penalty for those who are captured by State authorities, although this does not always happen (Márquez, 2016).

The criminal economy is *sui generis* work, because it is productive work, like that of a conventional company, but since it operates in the shadows, it requires a greater dose of unproductive work, that is, that work that does not directly add value to the merchandise but that it is necessary, so that, from its production, from its cultivation to its final delivery (in a London, New York, or Chicago neighborhood), a lot of work is required to monitor and safeguard the merchandise. Armed, security people are required, without considering, in addition, bribery, the co-participation of groups from the police, the army, customs, which are also co-participants in the transfer and distribution processes. All of this does not add more value to

the merchandise as such, but this work is essential for illicit drugs to become merchandise.

Drugs as illicit merchandise are added a high dose of unproductive work peculiar, *sui generis*, because if it is analyzed from the perspective of the law of free competition, it is an inefficient economy. Unproductive work gives it its distinctive bias and, at the same time, allows the prices of these merchandise to be higher than those of conventional merchandise. It is an inefficient economy, but this price increase is not artificial, as it generates a higher profit margin than conventional merchandise. If the export of marijuana did not have protection, its prices would be much lower and this would happen with other types of drugs. This *sui generis* process allows prices per drug unit to be higher and generates a higher profit margin; therefore, the flow of income is greater; and the ability to distribute this income between productive and unproductive workers, where the unproductive may be more important than the productive, is greater. This phenomenon gives it its peculiarity (Márquez, 2016).

If it is a peculiar capitalism, then what are some central economic agents? And how can they be conceptualized? The first would be that of criminal capital, to differentiate it from capital in general or a competitive private entrepreneur in industry, commerce, and services, in particular. It should be noted that this is not simply the drug trafficker as the common voice or the media portrays him. When talking about drug trafficking, only one part of the process is alluded to, which is transportation, transfer, and distribution. Sometimes the terms remain anchored and unquestioned. Like any production process, it requires its production stage, its distribution stage, its commercialization stage, its money reflux stage, in the financial, commercial, industrial, reinvestment circuits, etc. then it is convenient not to stay with the category of drug trafficking because it refers to the moment of transport, of transfer of the drug. Therefore, the need for the more general notion of criminal capital (Márquez, 2016).

And they are not drug cartels either, because once again they focus on this figure of the drug trafficker. The term cartel refers to an association of private or public companies that agree among themselves to distribute markets, to agree on production quotas and prices, under certain circumstances and historical conditions. Criminal competition refers to armed entities to destroy the competitor. That is its peculiarity: there is no free competition. In the criminal economy, competition is destroyed, annihilated, unless there are alliances, agreements, but eventually they are broken. Criminal groups do not operate, in a strict sense, as an economic cartel but as networks (Vázquez, 2021). And it is a more complex process when it is recognized that they do not operate as autonomous economic

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entities, but that they necessarily require the State or State instances, including their military support bases (Astorga, 2022), so that they can reproduce as capital, or as companies. Therefore, they are not autonomous entities.

Considering it as criminal capital, it is necessary to make a reconstruction of how all capital participates in different phases or cycles of the economic process, from production, distribution, marketing, consumption, like any economic cycle. As criminal capital, it is a fraction of the general capital, which can often come into conflict with the capitalist system in general, but is also highly intertwined with it (Márquez, 2016). It is not an anomaly of the system, it is a functional part of the process of social reproduction of general capitals, and, of course, it contains its contradictions.

The other term is the narco-State. Complex and complicated concept. Governments, parliamentarians or judicial powers resist this term, because it involves them. From an economic point of view, it is essential for criminal capital to have support from some instances of the State (Astorga, 2015). Otherwise, it cannot operate. For the generation of criminal capital, it is unavoidable to use the public infrastructure (the road, rail, naval, port, and airport networks) managed and provisioned by governments. It is also imperative that the armed or police forces provide protection and information so that drugs and other illicit merchandise can be moved or distributed. This is a widely known fact, but it is not recognized, and perhaps the narco-State concept is too heavy and dense, but it is vital. The functioning of criminal capital cannot be understood without it (Márquez, 2016).

Within the sphere of secrecy, of apparent prohibition, it is impossible for criminal capital to operate autonomously and detached from the networks of state power. One can think of the notion of the narco-State or redefine it to a more precise concept, but the State is present in this dynamic of accumulation. In Mexico, there are other forms of expression, such as narcopolitics (Granados, 2011), which explains the meddling of criminal capital in certain levels of government, in town halls, certain public positions, in political parties. What is relevant is that capital and the State are unique in criminal accumulation and are instances of material and institutional support for its deployment.

A final category of analysis is extraordinary profit. An extraordinary profit that is sought is permanent or as permanent as possible, and it is necessary to differentiate it from other forms of extraordinary profit (Marx, 1985). Extraordinary profit can be presented as differential land rent in the case of mining, the oil industry, where deposits or land are more fertile, or more

productive compared to less productive ones. They will obtain a higher profit margin in the market because the price is usually set based on the worst production conditions, so those with higher productivity can access a greater bag of income, which is an extraordinary profit. And it is modified over time, when technological improvements are introduced, the territories of medium and low production can reach the productivity levels of those with the highest productivity, the extraordinary profit disappears (Topalov, 1979; Lipietz, 1979; López *et al.*, 2014). It is not the case of criminal capital. It is not the case of criminal capital.

Another example of extraordinary profit can be found in the case of patents, of intellectual property, where innovation processes and new products are generated. They are the only ones in the market that can establish a certain price and that is very profitable for the producers because the mere fact of holding dominance over that innovation, over a brand, over a patent, generates for them, during a determined period, an income older than those without this protection (López *et al.*, 2014). There is an extraordinary profit, a kind of technological profit, technological rent, but it is not the case of illicit merchandise either. Other examples, but which are of shorter duration, are products that are not reproducible, such as paintings or works of art, which are once and for all, are sold at exorbitant prices, but their promoter or whoever sells them can obtain an extraordinary profit, but it is only once, because it is not a product that does not reproduce. That is where the explanation arises of why it is so valued, because it is the product of an artist with international renown, a unique piece in the market. This case is not discussed here either. And it is not the case of those products that are generated under the protection, for example, of denominations of origin, for beverages or for some territories, as well as some places of great tourism, which are also demarcations that claim to have a certain exclusivity and that, eventually, can access a large flow of visitors, and that generate profits (González, 2016).

The extraordinary profit from illicit merchandise comes from this *sui generis* condition of reproduction. The fact that illegal goods are in high demand in international markets and that they even present an inelastic demand, where regardless of whether prices rise, they will always have a constant demand, even rising because consumers require it. There is a kind of oversizing of their value, there is a bodily and psychological need to consume them, regardless of the price, from there they have a particular guarantee. There is linked the extraordinary profit that is also complemented because this type of merchandise is not about the sale of a single product, but revolves around them, various crimes (threats, kidnappings, property rights) or various illegal merchandise that complement the income streams.

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With these conceptualizations, a conceptual framework can be built to understand how these markets operate, how these producers operate and how this articulation or contradiction occurs between criminal capitals, between States and, also, between social bases of support; because they are not sectors totally disconnected from the populations and territories, but also have territorial bases and support. And this already prints a kind of complexity or more intricate social texture.

From there, it is possible to decipher how criminal violence operates within an expansive market that allows these extraordinary profits to be obtained. Deciphering how criminal capital operates, that it is a kind of fraction of capital in general, that it is not an autonomous entity or a waste of the logic of capitalist reproduction, but that it is a partner in it and that it can come into contradiction in the process general; although it also involves other fractions of capital, to the extent that illegal activities are always linked to legal activities, there is always a reinvestment of surpluses in the legalized, banking, financial, real estate sectors, in industries, in businesses, then, the flow of money enters and leaves all the legal and illegal capital accumulation circuits. It is very important to clarify.

Therefore, there is a co-participation of the State and its different government instances, in the legislative sphere, in the judicial sphere through judges, the prison system, police, etc. and that the material and institutional base for the possible logistical deployment is essential (Astorga, 2015). There is a social base of support anchored in the towns and territories. Not only because there is a kind of condescension of certain populations towards some criminal capital, but also because, on occasions, there are retributions from them towards these actors to maintain them as social bases. However, it is contradictory, because criminal groups usually act against the population. Just as there is a contradiction between the relationship of criminal capital with capital in general, there are also contradictions between criminal capital and civil society or society as a whole.

The criminal capital reproduction circuit is contradictory. The fact that the so-called criminal economy is one of the main export sectors and source of foreign currency, and one of the main occupational sectors in certain territorial demarcations that is so embedded in the social fabric (Márquez, 2016). It is an essential productive branch with an intricate division of labor *sui generis*. There are forms of productive work linked to the conformation of these illicit merchandise from growers, processors, laboratory workers, warehouse keepers, traffickers, vendors, armed personnel in surveillance, in protection, in rapport with public, police, judges, professionals, etc. personnel at the service of these criminal groups

such as accountants, lawyers, chemists, journalists. As it is such an expansive activity, spaces for reflection are generated such as in the academic field, literature, the cultural industry, the so-called narcoculture (Becerra, 2018; Ruiz-Flores, 2020). Without despising in the banking and financial field, because it is very important that the income streams are reinvested. That is a first component of this branch. This sector penetrates into all the pores of society.

Another paradoxical fact is that, in societies as backward and underdeveloped as ours, one of its characteristics is that it generates a very large sector of the unemployed, unemployed or very precarious workers, or informal workers, they may or may not eventually be recruited by some various instances of criminal capital. To the extent that this happens, it eventually helps or allows competition between the different groups of workers to lessen for access to jobs and, eventually, this can also be, to a certain extent, a containment factor in the deterioration of wages or salary conditions of certain groups.

Another of the functionalities is that it is a sector, as a productive branch, that allows the development of productive capacities, paradoxical as it may seem. As it is a highly profitable sector, the chemical industry, or other merchandise counterfeiting sectors, or the entertainment and communication industries, or the legislative field, in short, are getting involved and making these processes more and more sophisticated. The supply of technologies, of knowledge, of professional capacities, allow these licit labor and creative sectors to mobilize. It seems to be beneficial to the economy, but the harmful or destructive effect of these capitals is even more pervasive (Márquez, 2016; Márquez 2017a). Users, addicted to this type of drug, are likely to develop illnesses or eventually die or simply have a dependency relationship, from which they cannot get rid of, and without considering that many times, this type of consumer develops dysfunctional relationships in the family or community environment, or what some call antisocial behaviors are generated (Astorga, 2016).

But more pernicious is that this type of competition is violent and is armed when not controlled. The spiral of violence goes against the population or against criminal groups or against the government apparatus. Mexico is in a kind of internal civil war, possibly in an internal armed conflict, with pathological conditions that some even diagnosed as narco-terrorism. They are expressions so lacerating and destructive that they seem to dissolve all economic benefits or advantages. That is what gives the character so *sui generis* or so peculiar to this form of development, it is not a capitalist productive branch like many others, but it has these peculiarities, and it has this decadent and destructive spiral.

4. The Case of Mexico

The starting point arises by questioning how a connection is established between the pattern of development, of accumulation that persists in Mexico and within which is the place it occupies in the unfolding of the cycles of criminal capital linked to the State and to society in general. The pattern of accumulation is understood as the way in which capitalist development is expressed in general in Mexico, but linked to the world market and above all to the economic bloc of North America where there is a more immediate relationship but also a lot of dependency. Mexico operates as a kind of export platform for a multiplicity of merchandise, especially to North America, mainly to the United States and to a lesser extent to Canada.

Unlike many Latin American countries that have reissued this ancestral form of dependent development, as exporters of raw materials through extractivism; in Mexico, the link is more complex, because there is a very important manufactured component through assembly plants (the maquiladora industry). Not all countries have this component, except Brazil. In Mexico, the flow of export goods is highly technological but requires intensive labor through assembly plants for the export of automobiles, electrical products, aerospace, textiles, and other configurations. They have a high added value, although most of the added value is generated elsewhere. This form of export depends on a high import of technology, machinery, engineering teams, management, regardless of the use, in some cases, of robotics and artificial intelligence. The most advanced form of export of a merchandise with high added value through intensive work. In this contradiction of terms, Mexico operates as an export platform.

Other highly exported goods are raw materials such as oil, minerals, rare stones, gas, and agri-food, less and less, especially non-traditional highly commercial crops. Drugs is the other commodity, not exposed, but it is a merchandise with a large export flow that remunerates, to a large extent, foreign currency (Márquez, 2016). Another of Mexico's great high-export merchandise is human labor, migrants. Labor power is a commodity (free human labor) that is sold in the labor market.

Together, they present a panorama where the regions of the country are being reconfigured in geographical or spatial terms, as export enclaves for the supply of this type of merchandise; except in the case of migration, because it involves the entire country, although some regions have intense migration. In the case of produced goods, where the illegal ones, along with the legal ones, interrelate and reconfigure the territories and relationships

between the business, financial, banking, political and labor sectors (Kaplan, 2004).

In general terms, what are the current peculiarities of the pattern of development or accumulation in Mexico? How is it closely linked to the export process and the world market? The world market for Mexico is not the whole world, it is only the United States, where Mexico functions as an exporter of legal and illegal merchandise; both are the main sources of foreign exchange or of that surplus that is being reinvested. The function of criminal capital in conjunction with capital in general and the generation of such an exorbitant profit does not operate under the rational logic of business. The profit is not necessarily productively reinvested, but a part is reinvested to recompose the entire drug production process, with this high range of productive and unproductive work, expand markets, distribution channels, expand The controls of the transfer boards, etc. all that.

Another part of the surplus is channeled to the financial sector, to the banking sector, to be reinvested in financial products, in tax havens (Kaplan, 2004). This process is called money laundering, which can be reinvested in other formal, legal companies to circulate the money (Márquez, 2017). A third component is hoarded or wasted unproductively. Usually those who collect large legal and illegal fortunes have exorbitant consumption patterns and are collecting real estate, luxury cars, exotic species. The so-called narcoculture means a game of money, as a circuit of progressive black money. It is money generated in black markets with the need to expand and reproduce in other fields (Becerra, 2018; Ruiz-Flores, 2020).

5. Discussion on Proposed Solutions

The State has been designing different anti-criminal policies, so to speak, although they are not original and are not decided internally, but are under the spectrum of international relations. As stated by Mueller *et al.* (2021), there is a kind of interplay of geopolitical interests where anti-crime policy guidelines are dictated from outside and are assumed internally. Felipe Calderón, president of Mexico from 2006 to 2012, is blamed for the fact that the war against drugs is part of international commitments, especially with the United States. This has been rehearsed since before, since Nixon's drug war in Latin America, the Condor Operation, etc. It is not new, nor is it a recent creation.

They are punitive policies of the administration of certain criminal groups and their leaders, with financial support from the United States Drug

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Enforcement Administration (DEA), under extradition programs, which were accompanied by a series of changes in the penal codes. This policy has resonances in all areas (Vázquez, 2021). The current government of Andrés Manuel López Obrador apparently proposes a reconversion or a change in policies, but deep down many of the guidelines of the hemispheric war, or of North America on criminal matters, continue to prevail, where certification instances such as the DEA continues to gravitate, the North American Free Trade Agreement (NAFTA) regulates the flows of investment and trade, that is, of these exports, to which it alludes despite not saying anything specific about drugs.

The NAFTA has its counterpart in different interstate security agreements or national security under the United States concept that is adapted and applied in Mexico. At the time, it was expressed in the Merida Initiative, the Security and Prosperity Partnership of North America (SPP), immigration control policies, the Southern Border plan; all these policies are integrated. They cannot be analyzed separately, as if each one had their separate chapter without establishing communicating ties. They are geopolitical games that are reinforced to this day, and appear with the militarization of the country. Administrative, business, civil and police powers are conferred on the military sector, which are already taking over all levels of the State without containing or reversing the entire export boom of criminal capital. It continues to walk, it is still in force, with grotesque pictures of massacres, of daily violence that is being estimated every day in official and independent sources (Márquez, 2016; Vázquez, 2016).

In an analysis derived from a historical and structural approach, it cannot simply remain in the analysis of public policies or criminal policy or police policy, this is still on the surface of the problem. Analyzing through the political economy of criminal capital explains to everything that flows on the surface. Initially it was raised, at least in the government of López Obrador, although the transitional justice proposal (Ramos, 2020) was soon discarded, which was a kind of adaptation of what happened in Central America: the disarmament of armed groups, guerrillas, amnesty and their reinsertion into political, economic and social life. Despite the fact that it has not fully worked, the most advanced are the Peace Accords in Colombia and that idea was raised in Mexico and was immediately discarded.

From this arise proposals such as the construction of peace (Rojas, 2018; Rodríguez, 2018), without clearly saying what is meant by peace and how it is built. Or policies of more welfare cuts (Montero, 2012), that of creating workshops to involve young people in a healthy life, free of

violence, free of addictions, dedicated to artistic or sports creation. These proposals are important, but they do not root out the problem. There are also more punitive proposals such as the reinforcement of the police, or failing that, what is happening, the displacement of the police forces and their occupation by the military and naval forces. They are State armed forces that do not fulfill national security tasks, but public security tasks with all that this means.

If an analysis is going to be made from the economic and political circuits that support the deployment and expansion of criminal capital in conjunction with the State and society, in that density and that depth, the disassembly must be done, even if it is in terms theoretical, analytical and eventually purposeful. And thus, put in its proper dimension, what are the capacities and possibilities that other types of proposals have, indicate them in their context and in their own dimension.

6. Conclusion

Violence in Mexico has grown in quantity, quality and specificity. Criminal acts associated with homicides, kidnappings, threats, human trafficking, drug sales, etc. They have shot up since 2006 throughout the Mexican territory, when the Mexican government declared war on criminal groups associated with the production, transfer, distribution and sale of drugs. Although it is well known that the war against drugs is specified in the fight of military forces to destroy criminal groups, in reality, the problem is much more complex.

It is a process of capital accumulation associated with the production, distribution, sale and consumption of illicit merchandise (drugs) that generates, first, an orientation of capital, labor force and material resources for its realization. Therefore, legal capital is transferred to finance illegal activities with the support of economic, population and state sectors. This process of capital accumulation associated with criminal activity, therefore, is established in a *sui generis* situation because of its blurred line between illegality and legality, between prohibition and permission. Second, the achievement of the realization of illicit merchandise, the generation of extraordinary profit due to its *sui generis* character and the accumulation of capital, is based on violent acts.

Violence is the essential characteristic of the criminal capital accumulation process, be it for the appropriation of territories where the illicit merchandise is produced; either for the retention of the labor force for its production, transfer, distribution and sale; either to establish links with the illicit sectors (financial, real estate or tourism) for money laundering; to

control the dispossessed population or to use government management and infrastructure or confront the State's armed forces.

Finally, the identification of the social, historical, economic, geopolitical and cultural determinants of violence in Mexico express not only the functionality of criminal capital in the process of capital accumulation on a planetary level. Rather, they refer to a period of civilizational crisis of capitalist modernity where environmental and social degradation catapulted towards the loss of values associated with solidarity, community and good living. Mexico has entered a state of social and human decomposition where life no longer has any meaning given the generation and concentration of wealth. And unfortunately, according to what has been analyzed, it does not seem to find options or alternatives that change its future.

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9

NORTH BY NORTHEAST: IRAN LOOKING TOWARDS CENTRAL ASIA

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Abstract

Central Asia during the Soviet Union was a region closed off to the rest of the world. Even countries with historical, linguistic and cultural similarities were precluded from establishing and maintaining relations. After 1991 and the independence of the post-Soviet Central Asian states, Iran was one of the first countries to initiate diplomatic relations. Sharing the same faith and especially close linguistic ties with at least one of the Central Asian states, Tebran established a strong and deep relationship. Suffering from international sanctions and eager to access markets, Central Asia provided a good opportunity for Iran to lessen its international isolation. Iran has, therefore, become an influential actor in the region, striving to increase its influence whilst competing against the two regional hegemons, Russia and China.

Key Words: Iran, Central Asia, Foreign Policy, Caspian, Energy, Trade

JEL Codes: F02, F51, F53, O53, P28

1. Introduction

Iranians generally regard their country as a pivotal state in Western Asia and as an indispensable regional power in this part of the world. After the Second World War, Iran was, however, in the late 1940s and 1950s, in the grip of several major crises – Azerbaijan and the nationalisation of oil – which prevented the Iranian government from implementing a foreign policy that went beyond the management of urgent matters. After these crises, Iran abandoned its traditional neutrality and moved closer to Western powers while maintaining good neighbourly relations with Moscow.

It was during the 1970s that Iranian foreign policy experienced the most unexpected and contradictory changes. Indeed, after several years of strong economic growth and strengthening of its military capabilities, Iran, with

the Shah at the helm, strengthened its international position during the first years of the 1970s.

The new Islamic regime installed at the beginning of 1979 took the opposite foreign policy view compared to the previous one. The neighbouring countries adopted a defensive attitude towards the new power, except for Iraq, whose attitude was increasingly offensive in 1980 after the outbreak of the crisis between Iran and the United States. In September 1980, Saddam Hussein attacked Iran, and the Iran-Iraq war lasted eight years.

During these years, Iran's first objective was the isolation of Baghdad. Tehran managed to forge privileged ties with Damascus, maintained a chaotic alliance with Libya, shared its analyses with South Yemen and maintained close relations with Algeria. At the same time, the majority of Arab states supported Saddam Hussein. Thanks to these relations, however, Tehran acquired significant political influence on the eastern shores of the Mediterranean. With the close collaboration between the Iranians and the Palestinian Islamist movements – Hamas and Islamic Jihad – Tehran imposed itself as an indirect player in the Arab-Israeli conflict (El Hussein, 2010). The Iran-Iraq war pushed the Arab monarchies bordering the Persian Gulf to regroup around Saudi Arabia in a new structure.

The Islamic Republic during this time proved itself capable of flexibility and moderation to achieve its objectives:

- I. Lebanon transformed into a base of operations against support from Iraq
- II. Ensure the benevolence of Moscow entangled in Afghanistan
- III. Turkish neutrality called upon to access basic necessities
- IV. Israel to supply armaments

2. New Opportunities

The 1988 ceasefire put an end to the Iran-Iraq war. Iran was changing, the region too, quite profoundly at a time when the end of East-West rivalry ushered in a new phase in international relations.

In Iran, Hashemi Rafsanjani, strong in providing direction, embarked on reconstructing the national economy, putting revolutionary slogans on hold (Milani, 1993). Abroad, he chose to normalise his relations with certain neighbours, one of his main objectives being re-establishing

diplomatic relations with Saudi Arabia. Riyadh, leader of the Sunni world and main interlocutor of Iran in the strategic area of the Gulf, had been fiercely criticised by Ayatollah Khomeini, who had questioned their rights to the holy places of Islam and saw Saudi power as being under the influence of the United States utilised as the propagator of an “American Islam” (Hagood, 2010). The diplomatic talents of Rafsanjani and the neutrality of Tehran concerning the war in Kuwait eased the tensions and atmosphere between the two states (Leverett & Leverett, 2010). In March 1991, they re-established their diplomatic relations and cooperation. In the 1990s, relations with the Gulf monarchies improved, except for Bahrain (Wright, 2017).

Since the beginning of the 19th century, the proximity of Russia, after which the Soviet Union, constituted the most serious threat to the territorial integrity and independence of the country. After 1991, Iran had borders with new states, of more modest dimensions and without imperial ambitions. The disappearance of the iron curtain, which, for 70 years, had perceived Iranian territory as a geopolitical cul-de-sac, once again transformed Iran into a crossroads country, a pivotal civilisation. Tehran established diplomatic relations with its new neighbours in the Caucasus and Central Asia and revived economic and cultural exchanges while developing land, air and sea communications across the Caspian (Mohsenin, 2001). In 1996, a railway section connected the city of Khorasan, Mashhad, to the railroads of Turkmenistan (Rahdari, Gyasi-Agyei & Rodrigo-Comino, 2021). This opening symbolically confirmed the reunion of Iran and Central Asia while shedding light on Iran’s role in offering these landlocked states access to the sea.

However, Rafsanjani's openness towards neighbouring countries quickly neared its limits. Although Tehran's neutrality concerning the Kuwait war was appreciated in Washington, Iranian-American relations remained at a standstill, which weighed heavily upon Tehran's regional policy. Central Asia and the Caucasus cooperation remained below Iranian expectations (Yazdani, 2003). The infrastructure to assist Caspian hydrocarbon production, which began in the 1990s, avoided Iranian territory due to Washington's hostility. Despite Rafsanjani's pragmatic choices, the nature of the Iranian regime still upset its partners in the area: the elites of these new countries were secular.

In the Persian Gulf region, the United States applied, from 1993, a “dual containment” policy towards Iran and Iraq (Brzezinski, Scowcroft & Murphy, 1997). Added to Iran’s hostility towards Israel and the peace process was the question of constructing a nuclear power station by the Russians in Bushehr (Orlov & Vinnikov, 2005). In addition, the American

military reinforcement in the zone upset Iran, which recommended the withdrawal of foreign forces from the region. The American factor hindered rapprochement with the Arab monarchies. With Bahrain, relations became even more difficult because of the intifada of the Shiite population (1994-1999), behind which the Sunni administration suspected the interference of Tehran (Bahri, 2000). In Afghanistan, the chaos of the early 1990s prevented any effective policy. In 1992, Iran and European countries opened negotiations to normalise their relations (Dryburgh, 2008). This “critical dialogue” was brutally interrupted in 1997 when the Berlin Court of Appeal accused prominent Iranian leaders of being involved in an attack perpetrated in the German capital against their opponents (Struwe, 1998). The event related to another side of Rafsanjani’s policy: violent activities outside the country.

The coming to power in 1997 of Mohammad Khatami, who placed his mandate under the sign of “reformism”, relaxed the atmosphere between Iran and Europe (Rahmani & Azghandi, 2016). Western ambassadors returned to Tehran. Khatami quickly focused on improving relations between Iran and its Gulf neighbours: a policy welcomed by the monarchies. Saudi Arabian King was one of the first heads of state to congratulate him on his election (Qadir & Rehman, 2016). In November 1997, the Iranian Minister of Foreign Affairs made a highly publicised diplomatic tour of the Persian Gulf countries (Alam, 2000). The holding in December, and for the first time in Tehran, of the summit of the Organization of the Islamic Conference (OIC) made it possible to reaffirm the policy of rapprochement inaugurated by Rafsanjani (Ramazani, 1998).

Elsewhere, developments were less positive for Tehran. In 1998, the Taliban seized Mazar-e-Sharif and assassinated several Iranian diplomats stationed at the consulate (Bahgat, 2003). Relations, already tense and sensitive with the Taliban, deteriorated rapidly, and Tehran mobilised 70,000 soldiers on the Afghan border, with conflict being a distinct possibility (Hokayem, 2011). The mediation of the United Nations and Khatami’s will to appease the situation halted the escalation. In February 1999, talks between Iran and the Taliban removed the spectre of war but did not improve bilateral relations (Rubin, 1999). At the same time, Pakistani support for the Taliban and Islamabad’s desire to expand its influence in Afghanistan reinforced the mistrust between the neighbours (Roy, 2002). Relations with Turkey, which progressed under Rafsanjani when the Turkish Islamist parties were in power – with Necmettin Erbakan, Prime Minister from 1995 to 1997 – hardly progressed under Khatami, apart from the visit in July 2002 of Turkish President Sezer to Iran - and to Iranian Azerbaijan (Habibi, 2012). The proximity of Ankara and Washington, the difficulties linked to the Kurdish question and the

activities of the Kurdistan Workers' Party (PKK), the rivalry between the political models of the two States and finally, the alliance between Turkey and Israel weighed heavily on the bilateral relations between Iran and Turkey (Ebrahimi, Yusoff & Seyed Jalili, 2017).

3. September 11: Aftermath

Khatami wanted a dialogue with American society located within his "dialogue of civilisations" policy (Rubin, 2000). Moreover, his firm condemnation of the September 11 attacks – like many Iranians who showed solidarity with the American people – and the American decision to intervene in Afghanistan demonstrated that Washington and Tehran shared interests against the Taliban or Al-Qaeda (Parsi, 2006). Tehran actively participated in discussions on the future of Afghanistan, and a discreet collaboration began to emerge concerning military operations. The contacts established by Tehran with the anti-Taliban Northern Alliance were put to use (Akbarzadeh & Ibrahimi, 2020). However, this encouraging collaboration was not followed up. In January 2002, in his state of the Union address, President George W. Bush placed Iran on the "axis of evil" alongside North Korea and Iraq (Heradstveit & Bonham, 2007). In December 2002, information was disclosed on a uranium enrichment program carried out secretly by Iran for years (Aday & Livingston, 2009). The "Iranian nuclear crisis" thus began, which is still ongoing (Bahgat, 2013). It complicated Tehran's regional policy, particularly vis-à-vis its neighbours in the Persian Gulf, who were particularly concerned about the nuclear prospect. The replacement of Khatami by the conservative Ahmadinejad hardly reassured the international community (ALDosari, 2015).

Unlike the nuclear crisis, the American intervention in Iraq in March 2003 shed light on the regional horizon of Iran, which had already gotten rid of the Afghan Taliban since 2001. Iranian officials were primarily concerned about the encirclement of Iran by Western forces stationed on its eastern and western borders and in the Gulf area. However, the difficulties encountered on Iraqi territory reassured them somewhat. The Americans could not afford to open another front towards Iran. The overthrow of the Taliban and Saddam Hussein, therefore, offered new avenues for Iranian policy in these two countries, with which Iran had significant cultural and religious affinities. The fall of the Taliban also allowed Tehran to consider a new start with Pakistan (Yousafzai & Shah, 2022).

Iran had supporters and allies in ruling circles in Iraq, where the Shiite majority came to power for the first time. Directly or indirectly, the Islamic Republic was involved in the struggles between the Iraqi factions vying for

power. For Tehran, it became necessary to establish good relations with all the components of Iraqi society – Arabs, Kurds, Shiites, and Sunnis – while strengthening the groups that were closest to it. To establish its influence beyond the political, ideological, cultural and religious dimensions, the Islamic Republic relied on trade. In a few years, it became one of Baghdad's main trading partners and extensive cooperation developed in many sectors, including transport, electricity, industry, customs, reconstruction assistance, education, environment and justice (Ehteshami, 2003). Its influence in Iraq became substantial and seemed likely to grow with the American withdrawal. Tehran was, however, far from being able to claim exclusivity in this country: several obstacles made its position less secure than it seemed.

Most importantly, the installation in an Arab country of a regime led by Shiites worried most other Arab countries, which perceived this change as the rise of Iran and the formation of a "Shiite arc" (Sarabiev, 2020). This "arc" would extend to the east with the Hazaras of Afghanistan and the large Shiite community of Pakistan (amounting to 20% of the country's population), to the West with Iraq, Syria and the Lebanese Hezbollah towards the eastern Mediterranean, and towards the south and the Persian Gulf area with Bahrain and the Shiite minorities of Saudi Arabia (especially the province of Hasa, city of Qatif, and Khobar) and other oil monarchies (Parchizadeh, 2018). Due to the extreme diversity of situations, this arc never really formed, but the simple fact of imagining its existence helped a new fault line emerge. This factor weighed particularly heavily on Tehran's relations with its Arab neighbours in the Persian Gulf (RanjbarHeydari et al., 2016).

In Afghanistan, beyond the traditional links with the Shiite Hazaras and the Persian-speaking Tajiks, Iran developed, after September 11, close relations with the government of Hamid Karzai while condemning the intervention of NATO (Milani, 2010). In addition to substantial assistance for the reconstruction and development of political, economic and cultural relations, the Iranian government wanted to set up an axis of Persian-speaking countries in Central Asia, including Afghanistan and Tajikistan (Rahimi & Simbar, 2022). Several meetings brought together the presidents of the three countries during the 2010s, concluding with the signing of an agreement strengthening regional cooperation between the three partners in the transport and energy sectors with the exchange of oil, gas and water (Allouche, 2007).

At the local level, Tehran became interested in the region near Herat and the development of economic and transport links between Afghanistan and its port of Chabahar on the Arabian Sea (Amirthan, 2017). With the

Afghan authorities, the Iranians were also trying to coordinate policies to combat drug trafficking. At the regional level, they tried to strengthen their positions vis-à-vis Pakistani policy in this country by cooperating with India (Singh & Singh, 2019). If Iranian-Pakistani rivalry persisted in Afghanistan, the transformation of the Afghan context nevertheless allowed a warming of bilateral relations. Diplomatic contacts with Islamabad were renewed through a visit by Khatami in December 2002, as well as other contacts under Ahmadinejad (Alam, 2004). Progress was made on the Iran-Pakistan gas pipeline project, which had been under discussion since the 1990s, with the signing of an agreement in March 2010 (Mazhar, & Goraya, 2013). However, uncertainties remained concerning this project due to strong American pressure on Islamabad. The deterioration of relations between Pakistan and the United States following the killing of Osama Bin Laden could have contributed to a new rapprochement between Tehran and Islamabad but failed to materialise (Wolf, 2018). Along with strengthening its relations with its neighbour Afghanistan, Iran also pursued a policy of expelling Afghan refugees from its territory, a policy which Kabul did not appreciate (Kutty, 2014). Nevertheless, Tehran succeeded in establishing important links with its Afghan neighbour, even if certain choices made by Kabul – particularly the discussions around a security pact with Washington – were hardly appreciated.

Relations with Turkey also experienced unprecedented development since the Justice and Development Party - AKP - came to power, despite the installation of Ahmadinejad. Neighbourhood diplomacy, promoted by Turkey, offered the two States new prospects and bore fruit in the economic and energy fields and politics (Larrabee, 2010). Bilateral visits by senior officials increased in the first decade of power of the AKP. Bilateral trade increased tenfold between 2001 and 2010. By 2010, Tehran was Turkey's fifth-largest trading partner, and Ankara was Tehran's sixth-largest trading partner (Gürcan, 2020). From an energy point of view, Iran, already a major oil supplier to Turkey, became its second-largest gas supplier after Russia. Energy transmission infrastructure projects were announced (Shaffer, 2006). From the political point of view, much more important for Tehran, Ankara endeavoured to contribute to the search for a solution to the nuclear question. It offered opportunities to widen the room for diplomatic manoeuvres and to loosen the vice of sanctions (Habibi, 2012). The events of the "Arab Spring", however, upset these developments between the two partners (Barkey, 2012).

Elsewhere in its neighbourhood, positive developments were noted in the post-September 11 periods concerning the Caucasus, particularly in relations with Armenia and Georgia (Cornell, 2017). Nevertheless, while some progress was made in recent years in economic matters or transport

infrastructure with Azerbaijan, political relations remained problematic (Akbulaev & Bayramli, 2020). They became tense after 2011, with Baku accusing Tehran of financing Azerbaijani opposition groups and of engaging in subversive activities on its territory, while the Islamic Republic, for its part, denounced the rise of Israeli-Azerbaijani cooperation (Souleimanov, Ehrmann & Aliyev, 2014).

Iranian regional policy, on the whole, remained below realisable possibilities. Thus, in the economic field, despite its geographical proximity to Central Asia or the Caucasus, Iran played only a very marginal role in these areas. The Central Asian Republics and the Caucasus States represented an insignificant proportion in terms of total Iranian foreign trade (Wastnidge, 2017). In political matters, beyond the normalisation of relations – which was certainly positive for Tehran – there was no real closeness between the Iranian regime and its Central Asian or Caucasian partners (Mesbahi, 2004).

4. Regional Multilateralism

In addition to these bilateral developments, Tehran sought to strengthen its participation in regional international organisations and regional forums. In addition to the Organization of the Islamic Conference (OIC), Tehran actively participated in the Economic Cooperation Organization (ECO). This organisation brought together several neighbouring countries - Afghanistan, Pakistan, Turkey, Azerbaijan, and Turkmenistan - or those that were close - Kazakhstan, Kyrgyz Republic and Tajikistan - all belonging to Turkic and Iranian history and culture.

The OIC was revived in the early 1990s at the initiative of the Islamic Republic, and its secretariat was installed in the Iranian capital. Its 2009 summit in Tehran demonstrated Iran's desire to give it new impetus by involving partners from the Persian Gulf and the Levant. For example, the Iraqi president, the Emir of Qatar and the Syrian vice president were invited for the first time (Weitz, 2009). This dynamic was extended to the 11th ECO summit in Istanbul in December 2010, with new participation from Iraq, Syria and Qatar, Jordan, Lebanon and Northern Cyprus (Economic Cooperation Organisation, 2010). Iraq announced its intention to join the ECO at the end of the accession process (Iraq Business News, 2010). Developments in the Arab Spring and the tensions they introduced into relations between certain members, however, called into question this dynamic of enlargement. The process of deepening the ECO depended on the political will of its members: the tensions arising from the Arab Spring left their mark. Tehran's desire to extend the ECO to the Persian Gulf or the Levant could come up against opposition from Qatar

– initially rather favourable – or Turkey, which would show much less interest than before (Ehteshami, 2002).

In 2005, Iran acquired observer status with the Shanghai Cooperation Organization (SCO), which brought together Russia, China, four Central Asian Republics - Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan - as well as observers such as India, Pakistan and Mongolia (Yigit, 2012). With an economic and security vocation, this organisation also associated Afghanistan, Belarus, Turkey and Sri Lanka with its work. Tehran sought to become a full member, which it will in April 2023 (Tass, 2022). This goal had come up against the nuclear issue, with Moscow and Beijing desiring to welcome the Islamic Republic into the organisation when this matter had been resolved. At the time, Ahmadinejad, who had not taken part in the SCO summit in Tashkent in June 2010, denounced Washington's policy during the Astana summit in June 2011 (Akbarzadeh, 2015).

The Islamic Republic was also interested in the South Asian Association for Regional Cooperation (SAARC), with which it acquired observer status in 2008 (Khan, 2009). Tehran reiterated on several occasions its desire to become a full member. However, there needed to be a consensus among the organisation's members. Tehran enjoyed a favourable opinion from Sri Lanka, with which it had developed political and economic relations (Billah, 2019). Some members worried that Iran's entry could open the door to demands from Saudi Arabia and other Middle Eastern countries (Yu & Bai, 2017).

Finally, Tehran is also a member of regional forums associating it with nearby or more distant Middle Eastern and Asian partners, such as the Asia-Middle East Dialogue (AMED), which brings together 50 states from the Middle East and Asia (Hoover, 2011). During meetings in the 2000s, political, security, economic, social, educational, scientific, cultural and media issues were discussed. Iran is also a member of the D-8 (Developing 8) group, an arrangement created in 1997 to establish development cooperation (Safahieh & Sharifi Fard, 2020). It is also alongside Bangladesh, Egypt, Indonesia, Malaysia, Nigeria and other states members of the G15 group, whose objective is to facilitate national efforts in favour of development and economic progress (Sridharan, 1998). Tehran participates in the meetings of the Conference on Interaction and Confidence-Building Measures in Asia (CICA), a forum created at the initiative of Kazakhstan in 2002 and bringing together twenty Asian and Middle Eastern countries (Contessi, 2022). Tehran is also creating a summit of Persian-speaking states bringing together Iran, Tajikistan and Afghanistan (Clark, 2012).

Even if Iranian participation is sometimes cosmetic and if the results remain modest, Tehran's association with these organisations and these forums nevertheless constitute a significant achievement of its regional diplomacy. It relativises its isolation and reduces the ostracism of Westerners. Iran's association with these regional forums plays an important role in the regime's image, reinforcing its "normality" and a certain respectability. It contributes to the idea that Tehran has a problem with the West, particularly with the United States, but not the rest of the world. Hence the anti-imperialist and revolutionary image of the Tehran regime earned it a significant audience in the opinions of certain countries of the south - in the Arab world, in Latin America - but also with certain segments of the European political left (Moghadam, 2019). Finally, the use of multilateralism contributes to strengthening the image of Iran as a regional power.

5. Nuclear Issue and the Arab Spring

At the regional level, Iran's nuclear program raises great concern. Several sets of sanctions have been adopted against Tehran by the United Nations Security Council or unilaterally (Jacobson, 2008). The West, particularly Washington, is exerting strong pressure on Iran's neighbours to comply (Calabrese, 1998). Even the civilian Bushehr nuclear power plant, built with Russian assistance in a region with proven seismic activity, worries the neighbours to the south of the Gulf, who would, in the event of an accident, be on the front line (Dassa Kaye & Wehrey, 2007). Beyond this risk, the Iranian nuclear program risks contributing to a very dangerous nuclear arms race in one of the most sensitive areas of the international system.

This risk should not be dismissed lightly. Although, while deepening the imbalances between local powers. Tehran's persistence on the military nuclear path could lead the United States, some Western countries or Israel to strike Iranian facilities, opening a new war front in the Middle East (Spence & Ahmad, 2021). If Iran opted for a less risky policy and limited its ambitions to the potential capacity to build a nuclear bomb, it would be necessary to see how the neighbouring states would react to this "threshold policy" (Power, 1995).

Evaluating the past decade, the revolts in the Arab world since the beginning of 2011 introduced new uncertainties. In the wake of regime changes, some limited progress was achieved by Tehran in Tunisia, Egypt and Libya. However, these revolts also negatively affected the relations of the Islamic Republic with some of its neighbours (Chubin, 2012). This was particularly the case in the strategic area of the Persian Gulf. Relations

with the Gulf monarchies deteriorated considerably, due not only to the nuclear issue but also to positions taken by Tehran concerning the situation in Bahrain, Yemen and the developments in Syria (Hokayem, 2014). Relations with the small monarchies have noticeably refreshed, while Saudi Arabia has entered a cooling period that some call a new “cold war” (Salisbury, 2015). The support of Iraqi Shiite leader Moktada al-Sadr – close to Tehran – to Bahraini demonstrators, as well as the displacement of Ahmadinejad on the island of Abu Musa in the Persian Gulf in April 2012 – which was described as an “internal affair” by the Iranian authorities – have further deteriorated a degraded climate (Katzman, 2013). The Gulf Cooperation Council, for its part, condemned this visit, qualified it as an irresponsible provocation, and denounced it as a violation of the sovereignty of the United Arab Emirates (Akbarzadeh, 2016).

The progress made with Ankara was also undermined by the Arab Spring. The two countries were brought to position themselves, and each interpreted the changes according to their interests. This was particularly the case with Bahrain and Syria. In the latter case, for Tehran, Turkey played Washington’s game by harshly criticising the Syrian regime and supporting the opposition. Ankara’s position in favour of Bashar al-Assad’s resignation threatened the Tehran-Damascus axis, which is crucial for the regional policy of the Islamic regime in the Levant (Wastnidge, 2017). The Syrian collapse could ruin 30 years of effort. From Ankara’s viewpoint, the Iranian criticisms were considered unfair. Tehran’s unconditional support for Damascus was held responsible for Syrian intransigence and, ultimately, violence by the Alawite regime against the demonstrators. More generally, Turkey considered that the Islamic Republic had exploited Turkish neighbourhood diplomacy for its benefit, in particular, to increase its influence in the Middle East to the detriment of Ankara, to gain time and to circumvent the nuclear sanctions. The Arab Spring certainly dampened the exceptional rapprochement between the two countries. In the future, their regional ambitions may diverge concerning Iraq, Syria, the Arabian Peninsula and even Palestine.

In the Levant, the Arab Spring threatened Iranian regional policy. The Tehran-Damascus-Hezbollah-Hamas axis was challenged (Goodarzi, 2013). Tehran suffered a setback with the breakdown of privileged relations between Damascus and Hamas. Despite Haniyeh’s visit to the Iranian capital in February 2012 to consolidate Hamas’s ties with the Islamic Republic, the movement’s statements towards the Syrian regime did not sit well with the pursuit of friendly relations with Tehran, the main supporter of Bashar al-Assad (Brandenburg, 2010).

In the end, despite gains made following the collapse of the Soviet Union and the post-9/11 era, the theocratic nature of the regime, its anti-Americanism and the return of revolutionary rhetoric under Ahmadinejad considerably hampered the development of Iran's political and economic ties with its neighbours. The nuclear issue and the evolution of the situation in certain Arab countries came on top of these factors to limit Tehran's field of action and even to provoke backtracking, as evidenced by the degraded relations with the monarchies of the Persian Gulf and with Turkey. By limiting its capacity for initiative, these various factors continued to make Iran dependent on the goodwill of its neighbours.

6. Central Asia

Central Asia is generally presented as a distant space and almost mythological; hence it constitutes a special attraction for Westerners, consisting of a form of cultural miscegenation whose components are quite alien to Western societies. Central Asia is considered a space simultaneously "of" and "in" transition, where a plurality of forces and interests of regional and global actors converge. Similar to the rest of the world, Iran was forced to view Central Asia from a distance during the Soviet period. Following the dissolution of the USSR, Iranian elites looked with a sincere respect to this geographical area. The Soviet Union, unable to control its implosion, experienced ripple effects in its border republics, with its influence significantly waning and leading to declarations of independence one after the other, essentially opening up Pandora's box on the periphery of the Soviet Union.



Source: Press TV. (2017, April 17). Foreign Minister Zarif in Central Asia as Iran seeks to fire up economy. Retrieved December 21, 2022, from <http://www.payvand.com/news/17/apr/1085.html>

Certainly, colonisation is a trauma for the societies that suffer it, but decolonisation is also a trauma that is no less. Every independence process presupposes an amputation from a part of the established identity. A change in political culture is necessary, which has already begun in Central Asia but still has a long way to go. Within such a context, the profitability of bilateral relations of the Central Asian countries with Iran initially seemed win-win. The region consisted of more than 75 million Muslims, most Sunni, belonging to the two legal schools, quite tolerant, namely the Hanafi and the Salafi constituting one-fifth of the population of the former Soviet Union. The most pious Muslims were traditionally identified as Chechen and Dagestani. The former Soviet republics saw in the Persian country a key actor to alleviate economic dependence on Moscow, diversify their economy and, above all, satisfy the urgent need to find an outlet to the sea for their exports. In the case of Iran, it was an opportunity to surround an incipient emerging market willing to attract investments. The transition from a planned economy to a market economy and the associated changes in values generated great confusion. Iran venturing toward Central Asia was considered a way to avoid international sanctions imposed since the mid-to-late 1990s. From a post-Soviet perspective, Iran was a prospective ally that was commercially reliable, especially for the landlocked countries in need of an outlet to the sea.

Due to geographic, historical, cultural, religious and economic factors, Iran emerged as a significant actor in the region. With each state housing bordering ethnicities on its own territory, namely Uzbeks in Kyrgyzstan, and Tajiks in Uzbekistan, to name but two, complex balances had to be struck. All the Central Asian countries valued the strategic location of Iran, providing the possibility of access to the southern seas and an escape from the Russian straitjacket.

Iran understood the region was surrounded by four nuclear powers, namely, Russia, China, India and Pakistan, whilst also including a highly unstable Afghanistan and a simmering Uyghur tension potentially verging on separatism. Tehran's central aim merged around becoming the leading voice of Central Asia, using cultural ties shared by its membership in several regional institutions such as the Economic Cooperation Organization or the Shanghai Cooperation Organization for regional hegemonic purposes. From 1995 onwards, Iran followed a politics of moderation and an acceptance of a new regional status after the Second Gulf War, applying a pragmatic review of its relations with the Arab and Central Asian countries.

The dissolution of the Soviet Union suspended the treaties of territorial delimitation between Persia/Iran and the USSR signed in 1921 and 1940 on the Caspian Sea (Zonn, 2005). Until 1991, it had been treated as

primarily a legal issue subject to the joint authority of Tehran and Moscow; therefore, the emergence of the former Soviet republics caused a legal vacuum in maritime law. In the mid-1990s, Azerbaijan and Kazakhstan supported the need for a new United Nations Convention on the Law of the Sea, leading to the first inter-ministerial meeting in 1996, which would lead to two decades of disputes in the five countries involved Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan (Goriup, 1998).

The biggest stumbling block in the negotiations concerned the Iranian conception of the Caspian Sea as an interior lake (Zimnitskaya & Von Geldern, 2011). Such a historical Iranian claim dilated the negotiations in arduous meetings between the parties - 2002, 2007, 2010 and 2014 (Hafeznia, Pirdashti & Ahmadipour, 2016). For the Islamic Republic, managing to impose the idea that the Caspian Sea was an inland lake meant a resounding success for its economic interests since it implied the equitable distribution of the Caspian irrespective of the length of the coast for each country. Iran only had 724 km of the maritime exploitation of the Caspian Sea, with Kazakhstan being the country benefitting the most with 2,320 km (Gereben, 2013).

Finally, Iran agreed to the Caspian's definition as a sea, essentially against their interests (Pietkiewicz, 2021). In return, the Islamic Republic managed to secure the introduction into the text of the Convention that there would be no presence in the Caspian Sea of armed forces that did not belong to the parties (Labardini, 2020). The document's signature underlined eliminating the possibility of the presence of NATO troops on Iran's northern border. Its economy would be positively affected by the agreement, especially through the development of the International North-South Transportation Corridor (INSTC), a project which would include India, Russia, Afghanistan and Azerbaijan, creating a land corridor linking the large cities of Bombay, Tehran, Baku, Moscow and the commercial ports of Astrakhan, Bandar Abbas and Bandar Anzali in Iran (Georgiev & Hinov, 2022). The Baku Declaration was signed by Iran, Azerbaijan and Russia in September 2022, whereby a target of 30 million tons of cargo transit by 2030 was agreed to (Hajiyeva, 2022). In November 2022, a high-ranking Russian delegation visited Iran to discuss the expansion of transport links focusing primarily on the Rasht-Astara railway (Italian Trade & Investment Agency, 2022).

Kipling considered that the "Great Game" would be won by the side that could build the most powerful railway network. By the end of the millennium, railways – still the main freight transportation route – were being supplemented by energy pipelines (Hamm, 2013). The oil and gas

pipelines did not displace railways but added a new dimension regarding the importance and distribution of goods, especially gaseous or liquid.

The INSTC has been one of the most prominent Iranian solutions to Central Asia's regional integration problems. President Rohani desired to diversify exports to India and beyond, which witnessed in 2018 the signing of a Memorandum of Understanding reaffirming Iranian interest in the investment of Indian capital in the development of Iranian commercial ports in the Persian Gulf and the joint creation of a secure rial-rupee payment system to avoid US sanctions (Jianxue, 2019).

Tehran is exploring the ways and means of taking advantage of the Sino-Indian rivalry to establish itself as a key economic actor that can elevate its position in Central Asia and perhaps beyond. The implementation of the Belt and Road Initiative by China makes Iran the gateway for Chinese and Central Asian goods passing through the Central Asia-Southeast Asia Corridor, whilst on the other hand, the Indian project of the Chabahar Corridor, which involves an investment of 500 million dollars by New Delhi on Iranian ports, aims to build a transport network that unites the south of the country with Afghanistan, thus avoiding any Pakistani economic blockade (Hussain et al. 2020).

In order to achieve these regional projects, Iran needs to generate an environment of trust conducive to finalising financial investment agreements. Hence, the agreement on the Caspian Sea has been essential to lay the foundations of Iranian foreign policy towards Central Asia and the Caucasus. At the same time, the hope of signing a free trade agreement with the Eurasian Economic Union (EEU) progressed in October 2018, whereby more than 800 commodity items were subject to preferential tariffs (Hong Kong Trade Development Council, 2022). On December 9, 2022, Iran declared that negotiations concerning bilateral free trade covering more than 7,500 commodity items had been concluded, which presupposes that Iran will enjoy new import and export trade channels through its Central Asian neighbours, thus assisting Tehran to increasing non-oil exports amid US sanctions (Xinhua, 2022).

Trade was considered the spearhead. When geopolitical considerations were added, such as direct land access to Iran, the Iranian formula towards Central Asia became reminiscent of Bill Clinton's electoral campaign maxims at the time: "it's the economy, stupid". At a regional level, Iran is using its facet as a regional hub to convince its neighbours that cooperation in economic matters is beneficial for all parties concerned. Trade between the Islamic Republic of Iran and Central Asia looks set to grow, despite Iran's inability to rival China and the possibility that Tehran will end up

being pushed out of Central Asian markets if it fails to settle all its regional projects with the utmost readiness.

7. Kazakhstan and Tajikistan: Energy and Ethnicity

The states of Central Asia all have numerous internal particularities, especially concerning ethnic-religious tensions and conflicts. Such internal differences make it difficult to design a common foreign policy for all, which must be considered.

In the case of Kazakhstan, the relations have remained stable since independence. For Kazakhstan, Iran's status as a commercial partner is fundamental for lessening its dependence on Russia as a viable alternative route for its exports (HedayatiShahidani & Rahimi, 2021). A pathway to the Persian Gulf would not only facilitate trade in resources. However, it would expand the possibilities of Kazakh foreign policy, especially for a country whose size and economy allow it to be a potential leader within Central Asia. The Kazakhs play a vital role in producing global energy, specifically, as it owns 25 % of world uranium reserves (Aumalikova et al. 2020). It has also played an important role in defending the JCPOA nuclear agreement despite the definitive withdrawal by the United States in 2018 (Akorda, 2015).

Cooperative relations have allowed Kazakhstan to benefit from using Iranian ports to export its goods. Moreover, Kazakhstan considers Iran an important market for agricultural goods such as grain, zinc, silver or phosphate. Bilateral trade expanded in the early 2010s, but by the end of the decade, commercial volume had decreased considerably, imports focusing mainly on vegetables, the meat industry, and minerals - and exports to Kazakhstan concentrating on citrus fruits, the plastic industry, sulphides, and machinery. The bilateral relationship not only focused on economic exchanges but also contained a geopolitical component which was important for both countries. Iran and Kazakhstan, as actors in the "New Great Game", where the US, UK and NATO countries attempted to increase their influence over Central Asia to combat China and Russia (Bayramov, 2019). The Iranian option was seen as a route which provided a viable alternative for exporting Kazakh gas and petroleum, hedging or balancing the pressures exerted by Washington and Moscow (Travis Selmier II, 2020). Kazakhstan became interested in studying a project that would link itself with Turkmenistan and Iran through the island of Kharg in the Persian Gulf. It would entail an estimated daily oil flow of 1.5 million barrels (Lee & Kalyuzhnova, 2021).

The Tajik case is notably different, especially because of its ties with Iran regarding culture and religion. Iran considers Tajikistan part of a "Greater Iran" given that the Tajik ethnic group shares close historical ties with the Persian world; after the dissolution of the USSR, Iranian elites believed the Persian status of the Tajik people would push the country closer to their political orbit (Tadjbakhsh, 1994). Relations between Iran and Tajikistan have gone through several phases since 1991, including the Tajik civil war (1992-1997), the deployment of a soft power policy during the period of political-economic reconstruction of the country and, finally, a period of relative decline in Iranian influence. Nevertheless, the Tajiks do not oppose the plans for articulating a geopolitical and cultural axis that links Tehran with Dushanbe via Herat.

The Islamic Republic, at least initially, actively supported the Islamic Renaissance Party, which participated in the overthrow of Rahmon Nabyev (Rezvani, 2019). Subsequently, Tehran would reconsider its position and cooperate with Russia, being a key actor in the peace negotiations and sponsoring the supervision of an armistice by the United Nations. Tehran doubted the chances of success after the devastation of the civil war to occupy the power vacuum through investments in infrastructure and cooperation in academic and military matters. Iran, not surprisingly, was one of the first countries to recognise Tajik independence and to establish an embassy in Dushanbe, beginning a series of bilateral agreements that led to the creation of a branch of the Iranian Cultural Center, the Iranian Open University, which housed thousands of Tajik students and became one of the most successful projects of the Islamic Republic in the country (Rahimi & Simbar, 2022).

The arrival of Ahmadinejad to the fore signalled a deepening in military and economic cooperation. Several economic projects were initiated, such as the Sangtuda 2 hydroelectric plant (Karimi & Osuli Odlu, 2022). One can include the Anzob Tunnel, which connects Iran with Kazakhstan and Kyrgyzstan through Tajikistan (Rashid, Iqbal & Nawab, 2022). The Iranian investment in infrastructure was intended primarily to improve the flow and transportation of goods between the two countries. This improved trade and made it easier for Tehran to help its Northern Alliance allies during the Afghan war by supplying them with weapons through its Shiite allies in Tajikistan.

After 2014 with Iran focusing on achieving a nuclear agreement (JCPOA), its foreign policy preferences were redirected towards the Persian Gulf and the Levant, especially Syria, leading to its relationship with Dushanbe progressively declining. In the mid-2010s, Iranian exports to Tajikistan reached 250 million dollars, focused on plastics and petroleum derivatives,

but fell over the following years, which indicated a serious decline in bilateral trade relations (Ali & Mufti, 2022). The root of these developments stems from two fundamental events: the flight to Tajikistan of Bobak Zanjoni, an Iranian millionaire accused of money laundering in Tajik banks, and an invitation to the outlawed Islamic Renaissance Party of Tajikistan (IRPT) leader Muhiddin Kabiri to attend an international conference in Tehran in 2015 (Radio Free Europe Radio Liberty, 2015).

Both countries tried to improve the strained relations, though since 2019, attempts to redirect relations were encouraged by Moscow in its attempt to create an anti-NATO bloc in Central Asia. In turn, countries such as Turkey and Saudi Arabia continued to increase rapprochement between the Central Asian states and extend their influence. Dushanbe was reluctant not to disturb its possible multi-vector foreign policy adopted in the early 2000s. Iran's entry first as an observer in the Shanghai Cooperation Organization, supported by Russia and China, then as a full participant encouraged the member states to maintain cordial relations and cooperate further in economic matters. This new rapprochement may mean a new opportunity is on the horizon for Iran concerning its neighbouring country, with which it shares a common culture and close linguistic ties.

8. Uzbekistan: Regional Security Partner

Relations between Iran and Uzbekistan were focused for decades on maintaining security and stability in Central Asia, especially during the Tajik Civil War and the War in Afghanistan. Tashkent was viewed as a strategic pivot, especially given that it did not share any borders with Russia or China, only with the other Central Asian republics, which provided greater room for manoeuvre in terms of foreign policy. The Uzbeks possessing a sizeable army considered powerful by the standards of Central Asia, both in number and training and resources, took an active part in the institutions created by the SCO in matters of counterterrorism and the fight against drug trafficking, allowing the foreign policies of Iran and Uzbekistan to become quite complementary in the Central Asian region.

Tehran searched for security in Afghanistan, trying to preserve the rights of the Shia minorities in the country (Abbasian, 2022). Such an approach was shared by Uzbekistan, with both countries agreeing to pacify a country whose borders were permeable to extremist cells operating clandestinely. The rise to power of the Taliban in August 2021 strengthened the talk of closer military relations between the two countries. However, there have not yet been any meaningful long-term developments (Qasemi, 2022).

Tashkent successfully used the presence of terrorism, signifying a clear and present danger for the region's stability, to claim support for itself from the West. This had a dual benefit. It was, first, improving the country's image in the eyes of the West as a potential ally with converging national interests. Secondly, a path which could lead to either lessening Russian influence or completely escaping from the Russian orbit.

The rise of President Mirziyoyev in Uzbekistan in 2016 led to the consolidation of a multi-vector foreign policy, whereby equidistant positions concerning Russia and China and the West were considered vital, with re-establishing relations at the regional level standing paramount. Hence, Uzbekistan aligned itself with the bloc of Russia, China, India and Iran in the multilateral resolution of the conflicts that have arisen in the Middle East and Central Asia, especially in Syria, where it supported the Astana peace processes (Kamilov, 2020). In this regard, Iran and Uzbekistan understood the need to cooperate in the fight against Islamic extremism, especially since a large part of the fighters and militants of Daesh came from Central Asia (Tucker, 2022). Tehran and Tashkent participated in international fora searching for solutions to the trafficking of narcotics and organised crime which included the Conference on Interaction and Confidence Measures in Asia (CICA) or the 6+2 Delhi Policy Group, reinforcing the idea of the existence of common objectives between the two States (Umarov, 2021).

Iran's relations with Tashkent depend to a large extent on the international geopolitical climate and US actions. The JCPOA agreement considerably increased relations between the two, but the withdrawal of the United States from the agreement in 2018 meant a return to pragmatism in the relationship (Jovan, 2020). Both countries continued to work together within the framework of organisations such as the SCO through free trade agreements. Uzbekistan maintained cordial relations with Saudi Arabia, Qatar and the United Arab Emirates. It offered itself as a channel for projects in which Iran could participate, especially once the aforementioned Chabahar port macro-project is completed.

The importance of Iran in large Central Asian projects suggests that, although they continue to suffer constant international pressure primarily from the United States in terms of economic sanctions, its geographical position close to oriental markets and inevitable presence in the planned trade routes to Central Asia thanks to its Gulf ports, which remain the region's main export routes for raw materials makes it a vital actor. In turn, the Sino-Indian rivalry for the control of trade routes makes Tehran also essential in terms of Eastern confrontation, allowing it to be the focus of

attention of large-scale investments and projects by both New Delhi and Beijing.

Uzbekistan plays a great role in redirecting such projects towards creating a regional hub whose axis can be found in Iran. It is due to this fact that Tehran has tended to consider Uzbekistan as a key ally. Bilateral meetings between the two have periodically highlighted the aim of increasing the volume of trade between them, stressing primarily geopolitical proximity and spiritual commonalities being a good opportunity that can be used to increase the levels of economic relations between both countries.

The Uzbek Republic has traditionally been seen as the best partner for Iran in Central Asia since both countries share a geopolitical logic that allows them to maintain good relations that favour stability and security in Central Asia (Yuldasheva, 2020). The culmination of regional economic projects would not only be a victory for Tehran but also for the attempts to create a regional economic entity attractive to international markets by the former Soviet republics.

9. Turkmenistan and Kyrgyzstan: Petropolitics and Potential Trade

Despite the attempts of the Islamic Republic of Iran to create a cohesive regional space favourable for their interests, two countries can be termed as unfinished business for Tehran: The Republic of Turkmenistan and the Republic of Kyrgyzstan. The Turkmen case has the particularity that it is the only former Soviet republic that shares a maritime and land border with Iran, thus being the pathway that Tehran needs to access Central Asia. Iranian interest in Ashgabat goes beyond access to its Central Asian neighbours. Turkmenistan is the fourth country with the largest proven natural gas reserves globally, behind Russia, Qatar and Iran (Vepayev & Deniz, 2020). This allows the possibility of cooperation in energy matters, especially in gas projects that unite Turkmen gas with Iranian gas and give it an outlet to global markets. Turkmenistan, in turn, is an isolated country due to its policy of neutrality and the continuous eccentricities of its leaders, being a profitable market for Tehran to export consumer goods (Allamyradov, 2022).

The relations between Ashgabat and Tehran were positive from the mid-1990s until 2010. In this period, large projects were carried out between both countries, notably the case of the railway linking Bafq, Bandar Abbas, Mashad and Tajan inaugurated in 1996, allowing Turkmenistan to access the ports of Iran in the Persian Gulf (Atai & Azizi, 2012). In the 2000s,

Iran was Ashgabat's second-largest trading partner after Moscow (Pahlavi & Hojati, 2010).

During the 2010s, relations deteriorated considerably due to the deployment of the policy of Turkmenization and problems in the gas supply (Jardine, 2015). This led Iran in 2008 to threaten the Turkmen government for breach of contract, despite Ashgabat's claim that it had been a technical failure and not an action with political motivation (Dargin, 2008). This fact greatly undermined the confidence on the part of Tehran. The "permanent neutrality" policy prevents Turkmenistan from participating in any international military or security organisation, thus alienating it from Iranian interests (Sullivan, 2020). At the same time, the marginalisation of any ethnicity, not Turkmen, such as Uzbek and Kazakh and Kyrgyz minorities, makes it difficult for this country to have cordial relations with its neighbours and hinders the arrival of multilateral, regional solutions. Iran has seen its imports to its neighbour reduced, and the attractiveness of military cooperation is not a factor in facilitating an improvement in bilateral relations.

Both countries pursued rapprochement after the Caspian Sea negotiations, where Iran and Turkmenistan could maximise benefits. Iran provides its northern regions with gas and crude oil from Turkmenistan and, in exchange, agrees to allow the export of the same amount of crude and gas through its oil and gas pipelines to its ports of the Persian Gulf (Tarock, 1997). This agreement includes that the oil arrives through of port Iranian of Neka (in the Caspian Sea) and is distributed at the refineries in the north of the country, allowing Turkmenistan to assist with its exports without the need for third parties or large investments in new transnational oil and gas pipeline projects (Afrasiabi & Maleki, 2003).

Iran exchanges about 200,000 barrels daily through this system, allowing the same amount to flow into the Persian Gulf (Atai & Azizi, 2012). These savings in investments favours both countries, who have projected new lines of distribution concerning the company Iranian National Iranian Gas Company (NIGC) for building the line Korpeje–Kurt Kuy that joins the north of Iran with the gas fields of western Turkmenistan (Atai & Azizi, 2012). This agreement was a milestone since it became the first regional gas pipeline that did not require pipelines operated by Moscow. It has been touted as a complete political success for both countries; whilst other large projects have been outlined, cooperation has not progressed satisfactorily due to the lack of political interest on both sides. At the June 2022 Caspian Summit, which took place in Turkmenistan, the neighbouring states agreed to synchronise their clocks, and Russia sought allies in its search for diversifying gas transit routes. From this perspective, Tehran emerged as a

key player, given Moscow's desire to establish a route through the Caspian Sea to the south, which could potentially reach the Persian Gulf (Shlapentokh, 2022).

The relationship between Iran and Kyrgyzstan is probably the least developed of those that Tehran professes with the rest of the countries in the region. The Kyrgyz Republic is the farthest geographically from Tehran; therefore, common interests are too far apart to allow for deep rapprochement. On the other hand, Kyrgyzstan is the country most economically dependent on Moscow, and Russia maintains military influence through its presence in the Kant airbase (Sarı & Yiğit, 2006). This fact makes it difficult for the Islamic Republic of Iran to come together completely, reducing its relations to bilateral trade agreements, mainly concerning the export by Tehran of textiles and the import of grain and meat from Bishkek.

Despite this, the presence of both countries within the SCO and the OIC favour some regional projects. With the nuclear JCPOA agreement in 2015, Iran explored a plan to build a new railway line connecting Iran - Afghanistan - Tajikistan - Kyrgyzstan - China (Bhat, 2018). Iran, furthermore, agreed to develop a cooperation plan over ten years, starting with a package of investments from Tehran to Bishkek, advocating greater trade over the next few years (Ahmadi, 2016). Iranian firms have also participated in the construction sector in Kyrgyzstan, becoming partners in a projected highway that connects the main Central Asian capitals with China and Afghanistan to Iran (Garver, 2006).

The visit of President Rohani to Kyrgyzstan in 2019 led to the promise to increase the volume of trade between the two countries to \$100 million, demonstrating a new stage of political interest on the part of the two republics fomenting new commercial ties focusing on security (Pravesh, 2019). That same year, both countries agreed to sign a military and security cooperation agreement to combat illicit drug trafficking and extremism (Valentina, 2021). Kyrgyzstan is currently one of the countries most affected by the illegal trafficking of opiates and one of the epicentres of its distribution towards Russia and the European markets.

Undoubtedly, the Kyrgyz Republic can be seen as in a vacuum of Iranian foreign policy due to the lack of common interests. Bishkek belonged to the Russian sphere of influence due to sharing a similar Soviet culture and the widespread use of the Russian language by its elite; hence Iranian soft power was less effective. Turkmenistan and Kyrgyzstan do not have significant vectors of interest for Iran, but Tehran desires their rise, which could assist in its aim of becoming a regional power. One of the great

challenges that lie ahead for Iran is to find common ground with these two countries and promote, as far as possible, a common bloc together with its Russian and Chinese partners, establishing a bloc that promotes multilateralism and tries to ward off the United States and its perceived hegemonic interests in the Central Asian region which is very much a central aim of Iranian foreign policy.

10. Conclusion

The importance of geopolitics for Central Asia makes it a region remaining constant in the milieu of great powers. The Islamic Republic of Iran is considered a "middle power", that is, a country with sufficient material capabilities to dominate a subregion both economically and militarily, and therefore, considers that it has a certain right or capability to incorporate the countries of Central Asia to its area of influence (Conduit & Akbarzadeh, 2019). Their geographical location within the Silk Road and the Asian macro-projects led by China and India make the five former post-Soviet republics important markets in which to invest.

The agreement reached on the delimitation of the Caspian Sea has been a victory of sorts as it will ensure a ban on US troops in the vicinity. The Tehran-Moscow-Beijing axis has managed to take over, to a greater or lesser extent, the Central Asian markets. This can greatly benefit Iran, being able to participate beyond international sanctions (Nabipour, Yaghoobi & Khansari, 2021). The achievement of the INSTC project and the port of Chabahar can transform Iran into the epicentre of regional economic integration if Tehran fulfils its potential, being decisive in its political relations within the Eurasian continent. In turn, Iran's influence in the western part of Afghanistan and Tajikistan makes it a key element for regional security for Moscow and the international community in the face of the new Taliban government in Kabul.

The Islamic Republic still has many challenges ahead in Central Asia, and it does depend, in great measure, on how much relief Tehran can maintain in combatting the weight of economic sanctions on its financial and economic sectors. With the country experiencing worrying rates of inflation and oriented towards maintaining the successes of its allies in the Middle East, the objectives of its foreign policy in Central Asia need to be long-term (Trading Economics, 2022). The return of Islamic conservatism led by Raisi could drive away the Central Asians from Tehran, fearing the possibility of what Iran might attempt concerning the marginalised minorities present in their respective countries, all of which can transform itself into a serious reversal concerning Iranian interests in becoming a regional power very much relevant in Central Asia (Oxford Analytica,

2021). Given that Russian aggression in Ukraine continues with tragic consequences Tehran's future policy choices regarding Central Asia need to be carefully evaluated (Yigit, 2022).

Iran ponders the question of whether Central Asia can break the Russian-Chinese axis of convenience: a form of a cartel - in the sense that the withdrawal of Russia as a consequence of the war in Ukraine will generate a vacuum that can only really be filled by China, first in economic terms, by replacing Russia as the premier partner of the countries of the region; second, in political and symbolic terms, as a consequence of a reissue of the "peaceful rise" narrative at the local level. Chinese access to energy resources affects Russian interest in controlling the energy sector in the region. Furthermore, the success of the ambitious program for the Belt and Road Initiative indicates major consequences concerning the strategic envelopment of Russia, potentially making it dependent on China. The EEU is spearheaded by Russia, whereas China leads the BRI and the SCO to a certain extent. Iran is cognisant that although both countries have managed to coordinate their strategic interests in this region, they have emerged at opposite ends on different issues, unable to integrate the initiatives each promotes, thus, highlighting the convenience and transitory nature of the alliance they maintain.

Iran is aware that some of the problems that the Central Asian states pose, such as borders, water management, population, minorities, ethnic tensions, and environmental concerns, are quite significant and require a multidimensional approach that includes political, ethnological, economic, and social components. Issues such as drugs, which circulate in some areas of the region as a bargaining chip, are critical factors, especially if other problems include rampant corruption, very low public salaries and large sectors of the population below the poverty line. The Taliban and other terrorists have found in narcotics trafficking a free-flowing fountain from which to finance their activities, generating a very worrying symbiosis. Afghanistan has not provided an attractive example for the region, despite the hopes and efforts of the West. The departure of US troops and the return to power of the Taliban risks becoming an added element of destabilisation in what may be termed a Balkanized region.

The pragmatic attitude of Iran towards Central Asia focused on maximising the advantages conferred through geography. The existence and further deepening of Sino-Indian rivalry was a development that could be exploited to benefit Tehran to establish itself as the key actor or the key piece of the economic framework jigsaw that both powers sought separately and jointly. Iran desired to establish itself as the entry route for Chinese and Central Asian goods through the Central Asia - Southeast Asia

corridor. It was venturing to develop the Indian project for the Chabahar corridor. In order to achieve this and generate the necessary climate of confidence, Iran successfully reached agreements on the territorial distribution of the Caspian Sea.

In the final analysis, Iran cannot compete with Russia and China in terms of being a security provider nor as the engine that drives trade and commercial relations. However, Tehran can be an influential actor in terms of its cultural traits and established credentials as a reliable commercial partner providing access to the open seas, which are at a premium for landlocked countries in Central Asia. The region is particularly interesting for Iran as it provides a possible alternative to engage in a region which may offset its sanctions primarily orchestrated by the West and alleviate its isolation. The pathway for greater penetration into Central Asia lies undoubtedly in better and closer relations with Tajikistan. Given both states' historical and cultural affinity, Tehran will find it easiest to engage with Dushanbe. Despite disagreements about money laundering and support for opposition parties, the two countries have maintained cordial relations. Iran continues to engage in Tajik infrastructural developments such as the Anzob tunnel. Transport corridors remain an attractive venture that Central Asian countries are willing and eager to explore. Hence, deeper, longer-term relations between Tehran and Dushanbe promise a widening milieu for Iranian foreign policy in the region.

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10

ENFRAMING NEO-COLONIAL NARRATIVES AND PRACTICES IN REGIONAL INTEGRATION AND TRANSBORDER RELATIONS: A CASE STUDY OF THE INDONESIA - MALAYSIA - SINGAPORE GROWTH TRIANGLE (IMS-GT)¹

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Abstract

This article briefly discusses a case study of regional integration and transborder relations, namely the Indonesia-Malaysia-Singapore Growth Triangle (IMS-GT), to critically examine contemporary integration project as a phenomenon in which sovereignty, identity and boundary/territory are constructed and confirmed. Poststructuralist approaches reconsider regional communities as pre-given institutes, practices and actors, and inspire to focus on how these categories are constructed and implemented. Now, the question arises: what is the driving force behind regionalism—transnational trade or globalization, capitalism or geopolitics, regional economic consumption or competition? In developing such areas of inquiry, this study will show that a legacy of colonial practices continues to structure the discourse of integration and globalization, while Postcolonialism remains overwhelmingly textual, cultural or historical. Thus, the process of integration constitutes dominant political-economic forms of practice and governance, which are “haunted by national and colonial patterns of enframing.” The study is concerned with two important questions: what are the central theoretical dilemmas concerning the concept of regional integration, transborder relations and globalization; and how can critical geopolitics employ the integration project and constructive discourses to form a broader view of regional integration?

Key Words: Regional Integration, Power Relation, Globalization, Identity, Critical Geopolitics, Transborder, Discourse, Colonialism

¹ Views and opinions expressed herein are those of my own, and do not necessarily reflect the views or positions of the organization I serve. I dedicate this research study to Desmond Challenger, Associate Director, GOC- Public Safety Canada for his support, guidance and mentorship in my professional life.

1. Introduction

Regional integration has become a part of the postmodern geopolitical discourse and narratives, emphasizing how meanings and power are produced and activated through language, perception and ritual (performance). This article explores the implications of postmodern thought and criticism for the study of regional integration. It briefly examines a case study of regionalism,¹ namely the Indonesia-Malaysia-Singapore Growth Triangle (IMS-GT), to build an argument to explain contemporary regionalism as a phenomenon in which sovereignty, identity and boundary/territory are constructed and confirmed.

The study is concerned with two important questions: what are the central theoretical dilemmas concerning the concept of regional integration; and how can critical geopolitics employ the integration project and constructive discourses to form a broader view of regional integration? The paper addresses these concerns regarding regional integration or interstate relationship from three different perspectives:

first, in terms of how geopoliticians understand and explain the concept of regionalism within the context of contemporary international relations; second, in terms of how integration scholars might best study regionalism; and third, in terms of the possible ways in which regionalism has contributed, or might contribute to, critical geopolitics and international order more broadly.

2. Structure of the Study

This paper is organized into six sections. The first section presents a short literature review of the discourse analysis and power-knowledge nexus in order to better understand regional integration approaches within the framework of critical geopolitics. The second section analyses geopolitics, power-knowledge nexus and integration. The third section is devoted to IMS (GT) case study, analyzing the trajectory of regional integration, postmodernism, discourse and historical formulation. The fourth and fifth sections lay out a brief genealogical interpretation of regionalism, identity, neo-colonial narratives highlighting some issues pertinent to global and national geopolitics, as well as the power-knowledge nexus, and develop a theoretical approach to regional integration. The concluding section argues for further research on the regional integration debate.

3. Geopolitics, Power-Knowledge Nexus and Integration

Many geopolitical scholars invoke the work of Michel Foucault in support of a poststructuralist conceptualization of discourse, and his analysis represents an important contribution into the dynamic relationships between power, knowledge and discourse. Müller asserts that “theory-building in geopolitics has frequently employed Foucauldian ideas” by “taking up his idea of discourse as formative of social practice and of its being intricately tied up with power/knowledge nexus.”² Foucault offers a conceptual framework for understanding power, claiming that power and knowledge are mutually supportive in that they directly imply one another.³ As Dreyfus and Rainbow state: “Foucault’s account of power is not intended as a theory. Rather Foucault is proposing what he calls an analytic of power, which he opposes to theory.”⁴ In this context, regional integration may be viewed as a mode of theorizing or site of engagement rather than a definitive narrative or explanatory framework.

Foucauldian power is not defined as one party wielding power over another, but is more like a web or matrix in which we all circulate and exercise our powers. Foucault affirms that “power is neither given, nor exchanged, nor recovered, but rather exercised, and that it only exists in action.”⁵ Thus power is a constantly circulating exhibition and it emphasizes performance (i.e. power is performative). In this sense, in the field of integration, sovereignty represents power, and the sovereign power of a country depends mainly on the performative activities of a state’s head or its representatives, for example, diplomacy, negotiation, treaties and summits. It is also concerned with social practice and institutions which act as symbols and/or representations. Thus, the state, community, culture and economy are expressions of power “whose meaning is itself constructed through nexus.”⁶

Foucault’s interpretation of power is multidirectional and multidimensional such that it operates “from the top down and also from the bottom up,” and can also be understood as a “web of unequal relationships set by political technologies.”⁷ In this context, a comprehensive understanding of contemporary borderlands or transborder regionalism requires a combination of top-down and bottom up approaches. The influence of globalization and free-market economy plays a role in regional integration and provides an overarching framework where “local practice and processes influence how the larger-scale processes affect everyday life.”⁸ Thus a satisfactory explanation of border dynamics, interstate relations, transborder regionalism, and growth triangles requires an “analysis of how the recursive interactions between the global, national and local processes produce similarities and differences from one border area to another”⁹ necessarily affecting land, labour and capital.¹⁰ Foucault also

employs genealogy to analyze the power relations of the state. According to Foucault, “critical and genealogical descriptions are to alternate, support and compete with each other” where a genealogical approach affirms the idea that “all knowledge is situated in particular time and place and issues from a particular perspective. The subject of knowledge is situated in, and conditioned by, a political and historical context.”¹¹

4. A Case Study of Regional Integration: IMS-Growth Triangle

This paper employs a framework of case study to explain regional integration in an attempt to better understand the evolution, growth and functioning of regionalism. This case study analyzes, anticipates or looks forward to variation, such as discourse of exclusion and enclosure (in IMS-Growth Triangle). In this section, the study explains three different trends of integration—political, economic and cultural— in order to explore the impact of recent methodological debates on our understanding of regional integration in critical geopolitics. This paper is different in nature, focusing on a specific dimension of regionalism i.e., the IMS-Growth Triangle as transborder regionalism. This research study is mostly concerned with economic regionalism and mercantile clusters of transborder regions.

Now, the question arises: what is the driving force behind regionalism—capitalism or geopolitics, transnational trade or globalization, regional economic consumption or competition? In developing such areas of inquiry, this paper will show that a legacy of colonial practices continues to structure the discourse of integration, while Postcolonialism remains overwhelmingly textual, cultural or historical. Thus, the process of integration constitutes dominant political-economic forms of practice and governance, which are “haunted by national and colonial patterns of enframing.”¹²

5. IMS-Growth Triangle & Discourse of Integration: Neo-Colonial Narratives & Practices

This study analyses various dimensions of the IMS-Growth Triangle, which was established in ‘postcolonial speculations on neocolonial enframing’ (a phrase borrowed from Matthew Sparke, 2003), to understand the different issues concerning discourse and the power-knowledge nexus, and interrelationships between land and people to frame geographical imaginations and the performance of governance in the study of regionalism. As a global city Singapore, which Taylor (2004) terms a ‘regional command centre’, fosters deeper economic cooperation with its regional neighbours, incorporating proximate areas of Johor (Malaysia) and the Riau Islands of (Indonesia) for relatively cheap land and labour.¹³

The Growth Triangle not only consolidates mutual benefits and economic growth but it “rests upon and bolsters a number of power asymmetries: between capital and labour, states and subjects and citizens and migrants.”¹⁴

In order to study the IMS-GT, it requires to focus more attention to the effects of power-knowledge nexus by which states, institutions, firms and other powerful actors affect the trans-local interconnectivity. But how does knowledge work, who produces it, and who gets to define it? These are the questions that concern issues of identity and representation in the context of regional integration. Here, an analysis of “maps is particularly useful to unravel the dynamics of power, both political and economic.” Maps are “also helpful in understanding the non-material ‘interest’ involved in political action to include the issue of meaning or imagination in politics.”¹⁵ Significantly, the ancestral homes of the Orang Petalangan and the Orang Suku Laut of Indonesia, along with other indigenous and nomadic communities across the straits of Indonesia, Malaysia and Singapore are mostly affected.¹⁶ The cadastral maps of the Indonesian growth triangle initiators (administrators, policy makers and investors) ignore the centuries old traditional community maps (Dutch colonial cartographic knowledge) of local Riau inhabitants. Here, the administrative maps versus the community maps reflect differing spatial conceptualizations of Riau. The politics of mapping reproduces a particular order of knowledge, legitimizing territorial rule and control over resource management and resource access rights.

Following the Dutch colonial cartographic knowledge, the remapping of Riau epitomizes ‘the colonial present’ (borrowed from Derek Gregory, 2004) to design the triangle project to create a controlled environment for resource management, property registration, revenue generation, legal ownership documentation, and foreign investment and taxation. Foucault notes that the connective imperative between power and knowledge is historically constituted and intrinsically spatial.¹⁷ Such trends in mapping show a pattern of relations between local knowledge and administrative and capitalistic knowledge, specifically relating to geometries of power, knowledge and discourse. Here, the local maps contrast with the complex intricacies of the investment interests of the state, multinational corporations and agencies.

The discourse of mobility and enclosure in the Growth Triangle reminds us of Timothy Mitchel’s (1988) colonial analysis of Egyptian ‘enframing’ where “the acts of confinement, regulation, and supervision of the population dawned suddenly.”¹⁸ The triangle demarcated population from space, land and capital (*Figure 1*). The discourse of mapping and land use

policy has been used by successive colonial and postcolonial regimes as a strategy of power ‘exercised via species control and territory’.¹⁹



The discourse of exclusion erected an imaginative border within the multiple internal boundaries within the border zone, where the islanders of Bintan were excluded by the economic boundaries of the triangle, and from the tourist resort of Lagoi, for example.²⁰ The cost disparities discourse also affects the population, especially the working class of Indonesia and Malaysia, as the disparity between high costs of living in Singapore, the cheaper costs in Johor and extremely cheap costs in Batam. Sparke et al. mention that one unskilled worker in Singapore can make US\$ 350 per month, whereas one unskilled worker can make US\$150 and US\$90 in Johor and Batam respectively, and in addition, one skilled worker in Singapore can make US\$600 US per month while in Johor and Batam US\$ 400 and US\$200 respectively.²¹ Such severe exploitation of population and production, control and restriction over territory, land and movement, epitomizes the consequence of global financial flow as hundreds and thousands of indigenous and nomadic people across the straits of Singapore, Indonesia and Malaysia have certainly been dispossessed of their land and waterways though this internal “enframing”.

The populations of Bintan and Batam have found their presence and especially their access to resources increasingly marginalized and overwritten by new forms of land-use policy discourse propelled by the Indonesian state and bolstered by forms of globalization, integration and transborder realtions, i.e. the giant Growth Triangle.

6. Neocolonialism, Regional Integration and Identity

The section presents the study within the framework of postmodernism and critical geopolitics. Integration discourses exhibit a pattern of political goals and visions from a certain section of actors in international relations. Thus, the transborder/transnational or regional integration of the IMS-Growth Triangle epitomizes Bhabha's trauma and "hazardous bridge between colonialism and the question of identity."²² The older colonial and postcolonial borders between Malaysia and Singapore have caused tensions in the post-national re-scaling of governance and reterritorialization of resources across the border.²³ "Today's Triangle is superimposed on top of these colonial and postcolonial connections. As such, it is also superimposed on top of the social, cultural and ecological relations that were part of what united and divided the region historically."²⁴

Globalization or the free trade economy is also a factor in regional integration. Now the question arises: how does globalization work in regionalism or alternately how does regionalism work in globalization? Rumley has differentiated the role and nature of both globalization and regionalism, and according to him, globalization represents the following: top down, rigid/authoritarian, alienation/exclusion, insecurity/legitimacy and competitiveness while regionalism stands for bottom up, flexible/voluntaristic, community/inclusion, confidence building, combined authority and human. Regionalism has a multifaceted relationship with globalization which manifests in the free market economy and forms of hegemony.²⁵ For at least couple of decades, the speed of global markets has been exceeded the capacity of states and regional organizations to respond, and it is visible that the direction of the world has changed.

The process of identity formation is one of the major themes in critical geopolitics, and identity is also an integral part of boundary studies as well as regional integration projects. It has an interrelationship with state, territory, nation and violence. David Campbell's poststructuralist view (National Deconstruction, 1998) on the Bosnian War perfectly reflects a combination of identity, territory, state and nation to form a political community.²⁶ Thus, identities 'involve the drawing of boundaries between 'insiders' and outsiders', and require the constitution of 'others or 'scapegoats'.'²⁷ This is the central concept of what Laclau and Mouffe

(1985) call the construction of antagonistic relations.²⁸ Howarth and Stavrakais have rightly explained that “social antagonisms introduce an irreconcilable negativity in social relations. This is because they reveal the limit points in society in which social meaning is contested and can not be stabilised. Antagonisms are thus evidence of the frontiers of a social formation.”²⁹

Simon Dalby’s ‘Self’ and ‘Others’ explains how geopolitical reasoning defines security in terms of spatial exclusion and the threatening other. He asserts that “geopolitical discourse constructs worlds in terms of Self and Others, in terms of cartographically specifiable sections of political space, and in terms of military threats.”³⁰ Thus, Dalby suggests that an external ‘other’ (force) plays an integral part in the creation of a political identity, whether it is within a state or beyond the state. To summarize, identity “is an effect forged, on the one hand...giving it a sense of unity and, on the other, by exclusionary practices which attempt to secure the domestic identity through processes of spatial differentiations, and various diplomatic, military and defence practices.”³¹

Social antagonisms, in Laclau and Mouffe’s viewpoint, insist that an antagonism takes place in the presence of ‘the other’ which prevents one from being ‘total’ i.e. social agents are unable to attain their full identity.³² Thus the blockage of identity is constructed in antagonistic terms by social agents. This case study provides examples of an identity crisis concerning the concepts of ‘insider’ and ‘outsider’, ‘self’ and ‘other’ and ‘friend’ and ‘foe’ that outline different ways of thinking and systematising different relations to the concept of ‘the other’. Social antagonism, as Houtum et al., argue, “arises because of the inability of differently located social agents to achieve their respective identities.”³³

Thus, the clash exemplifies between the local residents and beneficiaries of the IMS-Growth Triangle across the borders of Indonesia, Malaysia and Singapore over erecting a map of ‘enclosure’ and an ‘imaginative wall’ to block freedom of movement and mobility rights to work.

7. Conclusion

This study has developed approaches to antagonism and articulation, i.e. inside and outside, “them” and “us”, hegemony and subjugation. In this context, the IMS growth triangle represents exclusion versus inclusion, dispossession versus ownership and inside versus outside through globalization and regional integration.

This paper has analyzed regional integration/transboundary regionalism and sought to contribute to further theoretical approaches to the concept of regional integration. It has examined the case of regional integration through the tenets of poststructuralism. The study has drawn on Foucault to move away from textual analysis towards the inclusion of social practices in the discourse analysis of regional integration. The integration discourse needs to engage with more varied forms of social production beyond texts and to concentrate on the everyday life of ordinary people. As such televisions, newspapers, films, novels, cartoons, etc. shape our everyday life and construct our political, cultural and social attitudes. Following the Derridean move, discourses are different from traditionally conceptualized structures in that they can be used to rethink structure and agency in order to look at linguistic elements and the processes of their constitution.

This paper has primarily discussed a process of regional integration and works as a foundation to conduct further research with a goal of formulating a comprehensive argument on regional integration. It is worthy to analyze the power-knowledge nexus in regional integration projects to inquire as to whether the inclusion of geopolitical discourses on boundary, identity and sovereignty are essential to garnering a more comprehensive understanding of the creation of political/imaginative regional communities.

Footnotes

1. The Cold War period experienced different kinds of regionalism ranging from supranational, security, environment to multilateralism, and "most regions were either political, or mercantile clusters of neighbouring countries that had a place in the larger international system" (Väyrynen, 2003:26). Examples of such groupings are the North Atlantic Treaty (NATO) and the Organization of African Unity (OAU) which were established for political and military motives. However, since the late 1980s, subregional and microregional organizations, for example, the Baltic Council of Ministers, the Visegrad Group, the Shanghai Group, and Mercosur were founded in 'a response to the fragmentation of great power blocks, especially in Eastern Europe and Central Asia, but it also reflects the need to react to pressures created by economic globalization through local means' (Väyrynen, 2003:26). For more see: Raimo Väyrynen, "Regionalism: Old and New," *International Studies Review*, Vol. (5), 2003, p.25-51.
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**ENFRAMING NEO-COLONIAL NARRATIVES AND PRACTICES IN REGIONAL
INTEGRATION AND TRANSBORDER RELATIONS: A CASE STUDY OF
THE INDONESIA – MALAYSIA - SINGAPORE GROWTH TRIANGLE (IMS-GT)**

Iqbal Shailo

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PART **III**

BUSINESS MANAGEMENT AND TOURISM

11

AN OVERVIEW OF QUALITY MANAGEMENT WITHIN THE SCOPE OF SUSTAINABILITY: AN IMPLEMENTATION FOR A HEALTH INSTITUTION

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Abstract

Building a corporate service institution and foundations, especially a hospital, requires cutting-edge sustainable technology as well as cutting-edge branding and management approaches and tactics. This study takes these criteria into account by employing Total Quality Management (TQM) in accordance with Sustainability and Re-engineering. The goal of this research is to supply patient happiness, which is the most essential customer. It is better to provide customer loyalty via the most competent operation. This strategy is commonly used to establish advertising techniques and facility location. Quality management (QM), comprehensive quality, operational management re-engineering, and systems for supporting decisions are also pillars of initiative development. The planned technique is initially applied to a particular hospital emergency department. Concerning this, the research institute was restructured via using the newly developed foundation. The most typically examined components have been effectiveness, time, expenditure, personnel management, and budget. TQM is essentially the practice of managing business operations and obligations necessary to sustain a certain level of performance. QM includes designing and implementing a comprehensive strategy, as well as designing and implementing process development and evaluation, as well as quality monitoring and evaluation advancement. Sustainable progression attempts to prevent the overexploitation of actual resources in management decision processes, guaranteeing that these are available in the long run. Based on these descriptions and ideas, the objective of this research is to additionally implement business requirements and a sustainable perspective to the establishment of this healthcare construction-facility, bringing in dramatic increases and advances for quality, process improvement, and revenue growth. As a consequence, it is designed to provide the best behavioral conditions for the patient. The construction is an example of re-engineering and TQM sustainability for a healthcare building. This efficient strategy could be applied to other Health, Quality, Sustainability, Total Quality Management, health institute- institution to address healthcare challenges with little modifications.

Keywords: Health, Quality, Re-engineering, Strategy, Sustainability, Quality Management.

JEL Codes: I10, L15, L1, Q56.

1. Introduction

It is evident that the concept quality does not have a defined and particular meaning. Everybody could determine quality in terms of their own ideas. A few examples of this concept would subsequently be provided. Designers consider the accompanying questions on quality and Quality Management (QM). Sustainability necessarily involves a balancing act between the ecological imperative of remaining within the earth's natural carrying capacity, the economic essential element of providing an adequate standard of living for all, and the social imperative of developing aspects of governance that encourage the principles people actually want to live through. Researchers believe that participatory procedures of community involvement that involve different participants thinking through the options and trade-offs confronting their community can best establish how that reconciling should indeed be done in each unique location or circumstance. In this sense, sustainability may be viewed as an emergent quality of a conversation about desirable futures influenced through some awareness of the ecological, social, and economic ramifications of various courses of action (Joint SDG research initiative report, 2020). Total Quality Management (TQM) in terms of Sustainability for Health Facility depends on a progression of strategic quality objectives that follow Quality Control (QC), Quality Assurance (QA), Quality Management (QM) and eventually Quality Responsibility (QR). The capacity to trace quality and safety in all aspects of products and services is being maximized thanks to cutting-edge connection and smart computing Technologies. In particular, the topic of service quality has received a lot of attention from researchers in a number of fields, including mobile payments, care coordination, telecommunication, online learning, travel and tourism, among others (Izogo and Ogba, 2015; Samen et al., 2013). Consumers, according to Tsoukatos and Mastrojianni (2010), evaluate service performance to their own assumptions, which are based on past experiences, recollections and word-of-mouth. This evaluation aids in determining how consumers evaluate the quality of the services. The influence of service quality aspects on customer loyalty at Malaysia Airlines was explored in this research. Due to restricted resources and business restrictions, this investigation exclusively includes participants from Malaysia Airlines; as a result, a comparison evaluation of data with other airline companies was not feasible; as a result, this research is deemed constrained. Furthermore, importance-performance map analysis (IPMA)

has been used to investigate the significance of several service quality aspects. Due to the results, airlines should prioritize all aspects of service quality, including a specific emphasis on people services and reputation, in order to improve consumer happiness. The conclusions of this investigation are likely to assist airlines comprehend the importance of many elements of service quality in increasing consumer happiness (Namukasa, 2013). Quality management systems (QMS) are necessary for the uniform and methodical implementation of quality development initiatives across smaller organizational divisions. Systems for managing the standard patient healthcare are described as a collection of interconnected tasks, techniques, and processes. In order to achieve improved patient experiences, quality development aims to increase the efficacy and effectiveness of intermediate (management focused) and proximal (patient-centered) care procedures. Measures of clinical efficacy, patient health, and patient-centeredness are all included in the definition of quality of healthcare achievements. QMS and methods for enhancing quality. Even though some measurements might indeed require assumptions on dispersion through evaluating inter-departmental deviations in quality assurance deployment, an evaluation of propagation and implementation has been commonly not particularly accomplished in the initiatives. For one indicator, sensitivity to modification was expressly stated (Lilford et al., 2010; Darzi, 2008; Wagner et al., 1999; Shortell et al., 1995). On behalf of the implementation of quality management systems, some studies just relied on questionnaire data when reporting on QMS, rather than attempting to establish composite metrics of QMS adoption. Other research looked at the fundamental structures of quality management systems. Focused on the overall limitation impacts were uncommon. TQM developed in Japan, thanks to the efforts of three men: W. Edwards Deming, J.M. Juran, and Philip Crosby. Then, in the late 1970s, it saw its initial implementations in the United States, where it quickly gained popularity. It has just recently gained acceptance in Europe, with the TQM-based European Quality Award established in 1992. It is defined by Jablonski (1991) as a cooperation method of conducting enterprise that depends on the skills and competencies of both workers and the management to consistently enhance quality and productivity utilizing teamwork. It is a requirement of human and organizational growth whose goal is to maximize market, supplier, investor, and employee engagement teamwork (Douglas and Judge, 2001; Wilkonson and Juran, 1996; George and Weimerskirch, 1994; Dean and Bowen, 1994).

2. Literature Review

2.1. Literature Review of Health Facilities

Improved performance in an era of strong competitiveness, quality is a vital component that may be effective for identifying and increasing an organization's effectiveness (Namukasa, 2013; Ong and Tan, 2010). Technological correctness of medical diagnoses and operations or compliance to professional requirements are the main criteria used to determine technical quality in the health care industry. According to Parasuraman et al. (1988), there are five aspects of service quality that are relevant to all service-providing facilities (Parasuraman, 1988). These measurements are: (i) Tangibles, including personnel presentation, infrastructural environment, and equipment. (ii) Reliability: The capacity to deliver the promised service with accuracy and dependability. (iii) Responsiveness: the capacity to assist clients and offer quick service. (iv) Assurance: The capacity of staff members to instill confidence and trust by their knowledge and civility. (v) Customer care that is considerate and personalized. The research of Short (1995) has examined numerous areas of possible conflict between hospitals and TQM. Before implementing TQM, hospital management should examine and make any required adjustments to the infrastructure, attitude, regulations, and style of management. TQM is described in his model as a managerial and leadership approach that: specifies quality in form of customer conceptions of both the substance and shipping of the service; analyzing systems for inconsistencies and difference rather than condemning people; advances long-term collaborations with external and internal providers; utilizes precise and reliable analytics to determine processes and way of measuring system advancement; includes staff who work in system development and assessment; and establishes effective collaboration (Bigelow and Arndt, 1995; Wakefield and Wakefield, 1993; Sinioris, 1990). Green (1991) distinguishes between QA and TQM in numerous ways. Consideration to high-priority field of clinical people caring; advancement and use of relevant procedure and outcome measures; assessment of the applicability and performance of clinical care; advancement of performance improvement education programs; development of health information systems; and understanding of the material pertaining to the theory and method of quality evaluation and improvement are all strong points that TQM could indeed construct on. Service Quality Measuring Scale (SERVQUAL) is a valuable instrument for consumers to utilize in analyzing Facility Management (FM) performance of service that is based on service quality concept. Nevertheless, as numerous academics have noted, the fundamental SERVQUAL measurements and service characteristics need be modified to match the structure of the service

industry (Ladhari, 2008). In the study of Lam (1997), SERVQUAL has been frequently used to assess service quality. The purpose of this study is to show how SERVQUAL may be used to measure patients' opinions of health care quality in Hong Kong. The research also investigates SERVQUAL's relevance, dependability, and criterion related, as well as its relevance to the Hong Kong health care industry. The findings show that SERVQUAL seems to be a stable and accurate instrument for assessing the quality of health care services. The studies of Sabry (2014) and Heuvel et al. (2005) demonstrate that a multidisciplinary team approach, along with Six Sigma training, is essential for successfully integrating Six Sigma and Lean Six Sigma (LSS). The implementation challenges appear to be mostly connected to hospital organization (political hierarchy) and infrastructure. The facilities and organizational structure (administrative dominance) of the hospitals remain the most important obstacles to integration. Through affecting everyone involved in the process being assessed, the researchers' assessment of these instances exemplifies unequivocally how Six Sigma and LSS can offer practical solutions for enhancing the quality and procedures in healthcare service surroundings while also bringing about a cultural change in an organization (Honda et al., 2018).

2.2. Total Quality Management (TQM) and Re-engineering - Merging TQM and Re-engineering

Cooperation, employee participation and involvement, cross-functionality, process optimization and evaluation, supplier relationships, and benchmarking are all concepts that Total Quality Management (TQM) has developed. TQM has emphasized the importance of a *complete* view of the organization in its methodology to issue management. TQM has also had an impact on organizational environment and principles through making organizations aware of the requirement for improvement (Total Quality Management, 2022; Douglas and Judge , 2001; George and Weimerskirch, 1994). Reengineering entails tossing out any preconceived conceptions of how system is implemented and determining how it may be performed best presently. It is necessary to understand client demands before creating procedures and arranging employees to satisfy specific objectives. Competitiveness in international marketplace is the cause of combining TQM and Re-engineering as a strategy. Whenever a procedure is reengineered for the initial period, it is rebuilt to meet the demands of temporal transition. Nevertheless, because the outside surroundings change rapidly, the redesign develops insensitive to the demands of its surroundings over time. Following this, additional adjustments are required for adapting reasons, and it is clear that TQM is better suited for modification. The extenuation of subsequent alterations is often smaller than that of the original modification. This demonstrates that, until an

unexpected shift happens in the environment, the subsequent alterations are not as drastic (Total Quality Management, 2022; Similarity and Difference Between Reengineering and Total Quality Management, 2022; Burdett, 1994). The whole quality revolution's perspective is fundamentally progressive; it utilizes a set of organized problem-solving methodologies which objective is to identify severely limited challenges within current operations so that targeted remedies may be applied to them. Some important definition of these concepts due to key points for a successful TQM Implementation are highlighted as below (Hammer and Stanton, 1995);

- a. *Whatever can the various conceptions of TQM inform everybody:* To begin with, TQM engages all personnel at all stages and in all departments. The second, and most crucial, TQM idea is customer centric. Third, the continual improvement method is quite important;
- b. *Essential Requirements for a Sustainable TQM Deployment:* It has been discovered that world-class TQM implementations have the following characteristics. These are;
 - i. *Consumer Satisfaction:* According to Dean and Bowen (1994), the most crucial prerequisite for long-term organizational performance is customer happiness, and this satisfaction necessitates that the whole company be focused on customer demands (Dean and Bowen, 1994). For overall customer concept, George and Weimerskirch (1994) use the term *customer preoccupation*. They feel that having a fixation is required for objectives. It boosts investment rewards; customer devotion contributes to completely pleased consumers, which boosts economic dominance and financial rewards.
 - ii. *Total Engagement and Consistent Cooperation:* At every level, quality affects everyone. Employees are not allowed to claim that Quality does not apply to me. Corporate management would encourage staff employees to participate in training programs and keep them accountable for TQM application. Everyone should be subject to a robust program of training and personality and the adoption and implementation of leadership is necessary. Implementing contemporary training and education approaches should be done.
- c. *Ongoing/Sustainable Development - Systematic Support.* In his fourteen principles, Deeming argues that each operation must be perpetually enhanced. To enhance every aspect of firm operations, to raise

standards of quality and productivity, and to steadily cut costs, issues should be regularly looked for. the following are necessary components for improvements that will last forever (George and Weimerskirch, 1994; Dean and Bowen, 1994). The Four Objective truths of Quality Management should be understood and followed by the organization. which are (George and Weimerskirch, 1994; Dean and Bowen, 1994); (i) Rather than being good, quality is compliance to the customer's agreed-upon standards. (ii) Prevention rather than inspection and/or evaluation, (iii) The idea of Zero Defects in place of acceptable quality standards, (iv) The price of non-conformance is used as a quality indicator.

- d. The Facilitators-Strategy and Policy Management: The facilitators are worried about how outcomes are being obtained. Information on the following is needed for the enablement considerations. These are; (i) How the business addresses each need. Each criterion is covered by a number of distinct categories, and details regarding each of these regions should be succinct and accurate. (ii) The amount to which this strategy has been used, both horizontally to all areas and activities and vertically to all organizational” levels.

The company's past and present successes are taken into account while determining the result criterion. Information regarding is needed for the outcome criterion. These are;

- The primary criteria by which the business evaluates its performance. - Information is needed for each key parameter. In an ideal world, this would take the shape of patterns across a five-year period.
- Support for the relevance levels of the factors supplied is needed for each outcome criteria. There are some other facilitators for management integrated quality. These are defined as below;

**Leading the charge:* How the leadership team and all other managers encourage and support Total Quality as the organization's core method for ongoing improvement. The proof of a constant Total Quality environment is required, the praise and recognition of the performance and achievements of people and groups, the availability of enough resources and help to achieve Total Quality, and participation with clients and suppliers

* *Strategy*: How the business determines, communicates, executes, reviews, and improves its policy and strategy while incorporating the idea of total quality. Evidence includes:

The foundation for business strategies, developed using information pertinent to total quality, focused on the idea of total quality, transmitted, frequently evaluated, and developed.

* *Management of Individuals*: How the organization utilizes the full capacity of its workforce to continually enhance its operations. Evidence includes;

- -People Management experiences ongoing progress. -Through hiring, training, and advancing its employees' careers, the organization maintains and develops essential capabilities.
- -With worker input, the company's productivity goals are set and regularly assessed.
- -The business encourages all of its employees to participate in continuous development and gives them the freedom to take the necessary action.

* *Materials- Resources*: On the basis of the idea of total quality, it is necessary to provide evidence of how the firm consistently improves its operations:- Monetary resources for knowledge, -Material resources and technological application.

e. *Evaluation of a TQM Application*: There are several approaches to define TQM and to represent the essential elements of a functional TQM implementation. On the other side, it appears crucial for businesses to compare themselves to competitors on an equal foundation, which should be specified to include the TQM philosophies (George and Weimerskirch, 1994; Dean and Bowen, 1994). The strategy that has to be used is provided in Table 1.

Table 1: TQM Application Criteria

<p>The Facilitators: -Management -Strategy and Policy -Individuals Authority -Sources -Approaches</p>	<p>The End Results: -Consumer Satisfaction -People's Contentment -Searching for Society -Advertising Success</p>
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Source: modified from George and Weimerskirch, 1994; Dean and Bowen, 1994.

- f. *Customer Satisfaction and Processes*: (i) *Methods- Processes*: Establishing, evaluating, and, if required, renewing or changing the value-adding operations to sustain development

Evidence is required to support the definition of critical procedures that are crucial to the company's performance, in addition to all other information, the organization handles the procedures in a methodical manner. These are; -Performance measurement results are utilized in the analysis of the operations. -The revised processes stimulate workers' inventiveness and behaviors. -The business examines its outcomes after implementing process modifications. (ii) *Customer Contentment - Customer Satisfaction*: Direct and indirect consumers' perceptions of the business, its goods, and services are what matter. It is necessary to have proof that the business is successful in meeting consumer requirements and desires. (iii) *Satisfaction of the Public*: There must be proof that the business is successful in meeting the requirements and expectations of its customers.

**Social Effects*: Exactly how the community as a whole view the organization. This covers opinions on the company's stance on environmental protection, human rights, and the preservation of world resources. There must be proof that the business is successful in meeting the demands and expectations of the general public.

- g. *Business Results*: Business Performance is the issue of this concept. The company's achievement compares to its projected company accomplishment. It is necessary to provide proof that the firm is continuing to be successful in meeting all of its stakeholders' financial and other business aims and objectives, as well as their requirements and expectation.

3.3. Materials and Method

3.3.1. TQM and Re-Engineering Application in Medical Health Facility (MHF)

Medical Health Facility (MHF) would be constructed in the Istanbul region in general. It discusses the predicted eventual requirement for healthcare care, how the MHF would be organized to address this requirement, and how it would acquire patients. Governmental research includes considerable detail about the prevalence of medicine in Turkey and the Istanbul Metropolitan. Unfortunately, these numbers only provide a portion of the thought the entire situation. The Istanbul Metropolitan, Turkey's business and manufacturing core, is a significantly industrialized

location according to conventional measure. As a result, the medical center would be established in the Istanbul Location.

MHF 's Mission: Medical Health Facility (MHF) offers its consumers services such as evaluation, medication, and universal healthcare.

MHF 's Vision: The aim of MHF is to deliver consistent health-care services. MHF can do this through gaining their confidence and cooperation, placing a high value on their contentment, and assisting patients who go to Turkey for radiation therapy via presenting them with high health-care services.

3.2. Objectives of Medical Health Facility (MHF)

Customer happiness is critical in Facilities Management (FM). Customers at hospitals include patients, medical personnel, non-medical workers, and other stakeholders. Patients are the most important clients among them. Patients nowadays are better informed and more knowledgeable than previous generations due to the abundance of information available to them, indicating the importance of patients' perceptions of service quality (Andaleeb, 1998). Patients demand high-quality medical treatment as well as personalized service. Furthermore, because they lack competence in the technical aspects of healthcare, people are more inclined to rate hospital services based on their real-life experience with catering, cleaning, and similar services rather than medical treatment (Barrett and Baldry, 2009). As a result, a patient-centered approach to FM in hospitals is critical to improving overall patient happiness. Despite the fact that giving medical treatment to patients is their primary business, hospitals' service quality is evaluated subjectively by patients owing to their lack of medical competence (Lim and Tang, 2000).

3.3. Purpose of Medical Health Facility (MHF)

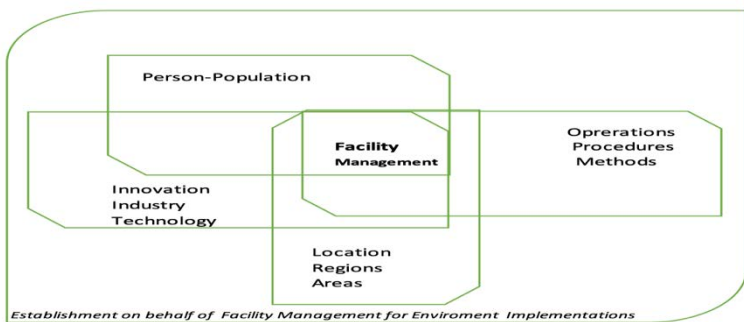
The most challenging hurdle to overcome in adopting TQM in hospitals might well be form of organization. Hospitals have always been arranged in a holistic framework. It is particularly problematic because it does not support the mental shift required to implement TQM principles because it necessitates a chain of command that extends mostly through management levels with differing thresholds of authority; management has been developed to have total control and influence; and it creates turf-oriented boundary lines around operations. Some of aspects where the professional and TQM approaches connect are lists as following: simultaneous performance evaluation, participating professional status, stern planning Flexible scheduling, Benchmarking, Performance review in

the past, Objectives for performance and procedure, Reactions to grievances, quality control ongoing development, Participants goals anticipated. According to this issue, objective of A Health Facility for Total Quality Management in terms of Sustainability are highlighted the following these items: *Financial* -Profitability, return in investments (ROI), and return on expenditures; *Marketing* - Marketing concentration, market niche expansion, and service offerings; Consumer Contentment; Employee Contentment-Quality Awareness; Social-Responsibilities.

3.4 Quality Values of MHF

In terms of the evolution of the Facility management (FM) discipline, four generations are distinguished: (1) FM is viewed as an overhead item that should be controlled for lowest possible cost as opposed to best possible value. (2) In respect to each business unit within the organization, FM is viewed as an integrated continuous process. (3) Resource management with a focus on controlling supply chain concerns related to FM responsibilities is how FM is viewed. (4) In order to guarantee that the organizational structure, work processes, and supportive physical environment are in line with the organization's strategic objective and quality indicators of FM, FM is viewed as a component of strategic management and facility management (Pathirage et al., 2008; Lim and Tang, 2000).

Figure 1: A Fundamentals structure of Facility Management (adapted-modified from International Facility Management Association (IFMA) Source: www.ifma.org



Due to this evolution of the FM discipline, A Fundamentals structure of FM is presented as Figure 1. This is modified -adapted from IFMA International Facility Management Association (IFMA).

3.5. Quality Strategy of Medical Health Facility (MHF)

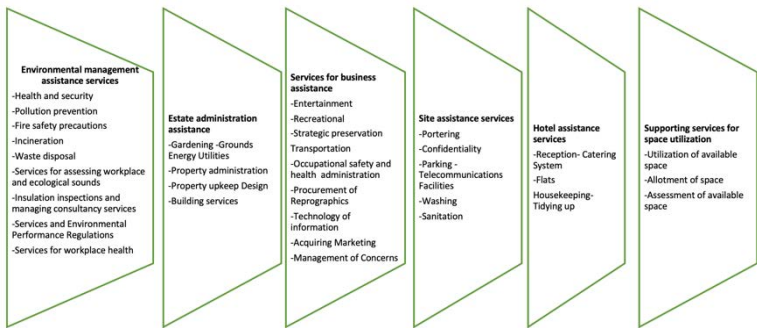
The quality policy of this facility is presented as below (Joint Commission, 2017; opinion-ideas from author); a-MHF would use the most recent information and technology to quickly arrive at the correct diagnosis and provide the best care possible. b- MHF would continue to provide high-quality services while treating each patient with respect, consideration, and courtesy. c- During this time period, MHF would continue to improve in order to raise the quality of its services in response to advancements in medicine and changes in the service industry. d- The pleasure of the staff and patients would always be our primary goals. All MHF workers would treat every patient with the goal of unequivocal client satisfaction in mind.

3.6. Policy and Strategy

To form the policy and strategy of Medical Health Facility (MHF) employees and patients will be taken into consideration, and the information provided by the determination of needs and expectations analysis of satisfaction level; evaluation of recommendations and complaints, are the most important resources. For the analysis of satisfaction levels from provided services and determination of needs and expectation, quality committee make a report from usage of MHF Patient and Employee Questionnaires. The information supplied through the assessment of requirements and aspirations analysis of contentment status; appraisal of suggestions and complaints, are the most essential components in forming the strategy and direction of MHF patients and employees. MHF Patient and Staff Interview concerns could be used by the quality committee to analyze overall satisfaction from supplied services and to determine requirements and expectations. For the aim of framework creation, the Enhancement of organizational would appoint an interview committee-experts to supply the expansion of questionnaires at all service processes and the central assessment of data. The progress of the design phase of the Patient and Employee Questionnaires would be submitted to the Quality Committee on a regular basis, and any necessary adjustments would be made. Employee engagement in questionnaire creation will be aided by the transmission of written recommendations from each unit in the hospital to the expert team, which is focused on the draft given. The findings of the interview would be examined using a particular statistical tool and provided to all healthcare institutions (Information-interviews of experts of Healthcare Facilities, 2022; Barrett and Baldry, 2009; Okoroh et al., 2001; ideas-opinion by author). Table 2 provides a comprehensive list of general services coverage (modified by author from Andaleeb, 1998; International Facility Management Association (IFMA) www.ifma.org). Even though the profession is connected to quality of service in the FM setting, only small extensive research has been conducted to investigate the

relationship (Yusoff et al., 2008). For the purpose of evaluating patient and staff suggestions and concerns, the Quality Board shall utilize the Patient Request-Complaint Evaluation Process and the Employee Request-Complaint Evaluation System. Employee Request-Complaint Evaluation System would be critical in describing the issues experienced by patients and their families while receiving care at MHF, resolving these issues, and preventing them from recurring. Employee Request-Complaint Evaluation System could be beneficial in determining employee unhappiness with services and organizations, as well as in determining alternatives to staff concerns MHF (Information-interviews, 2022; Joint Commission International, 2017; Al-Assaf, 1998; Çoruh, 1995; Al-Assaf and Schmele, 1993).

Table 2: Building Facility Organization



Source: modified form Barrett and Baldry, 2009; Okoroh et al., 2001; Information-interviews of experts of Healthcare Facilities, 2022.

Customer-focused provider assessment and thorough monitoring of the newest scientific and technology advancements would be two of the most essential components in providing adequately qualified procedures of health organizations. MHF can strive to deliver these two elements, which are highlighted in the quality guideline. consistently and to maintain leadership in the health sector Investment plans could broaden the range of services offered to consumers through MHF (Information-interviews, 2022; Joint Commission, 2017; Al-Assaf, 1998; Çoruh, 1995; Al-Assaf and Schmele, 1993).

3.7. People Management

The majority of output in the health industry is generated via indirect ties between staff and clients. This industry attribute defines staff performance as the primary determinant of production quality. However, employee

performance and its impact on service quality are critical, particularly in several health-care professions. Approaches and technologies that leverage employees' technical knowledge, talents, and creativity to offer services at the highest possible rate, with a focusing on essential features in MHF as below (information-interviews of experts of Healthcare Facilities, 2022; Joint Commission, 2017; Al-Assaf, 1998; Çoruh, 1995; Al-Assaf and Schmele, 1993); (i) Unconditional patient pleasure and a culture centered on continual progress(ii) Employee motivation. Continual/internal service education (iii) Full-time employment policy. (iv) The majority of private health organizations, particularly those that employ physicians, operate on a part-time basis.

This arrangement demands clinicians to engage in two separate physical contexts and not provide appropriate health care that requires continuity. Customer and staff pleasure would be described as complementary ideas in MHF's Total Quality Management. Patient Request-Complaint Evaluation Process would be used to assess employee satisfaction, offer a perceptions of service quality, and get suggestions for enhancing organizational service quality (Information-interviews, 2022; Al-Assaf and Schmele, 1993). All MHF personnel could use documented position descriptions that cover tasks, interest regions, as well as essential skills and traits. The framework of Assessment Criteria could include a frequent examination of job descriptions and the implementation of necessary adjustments in response to new demands. Excluding the specialization of the personnel's specific department, it is anticipated that professional knowledge and skills would be able to increase on a constant basis. Inside service education programs and research opportunities will help to foster these attributes. Each department in the hospital could establish goals based on three fundamental ideas, each with its own board member:

- (i) Spending plan Goals
- (ii) Desired Outcomes
- (iii) MHF Quality Measurement System Goals.

The Quality Indicator Initiative could be used to develop the MHF Quality Indicator System. This concept primarily includes criteria for medical and nursery operations, thus measures for other administrative and managerial departments can be constructed and added to the system. Doctors in hospitals are likely to encounter certain preventative inquiries at the start of TQM deployment MCF. These inquiries could be summarized in the following points: What are the applications of TQM? What impact will TQM have on my profession and career? TQM may be correct in principle, but will it be effective in practice? Would the masses squander their time arguing pointlessly around a table? Could TQM be

beneficial in medicine when it has been used in such a diverse context as the industrial sector? Are there any parallels between patient care and vehicle production? This mechanism is not necessary. More nurses, less executives, and more current apparatus are a major emphasis. This might necessitate the application of the four essential requirements listed as below (information-interviews of experts of Healthcare Facilities, 2022; Joint Commission, 2017; Al-Assaf, 1998; Çoruh, 1995; Al-Assaf and Schmele, 1993):

- a. *Administration's commitment to the TQM Philosophy:* Organizational leaders would demonstrate their commitment to the ideology not just in words, however also in actions. Doctors and surgeons in clinical applications would provide direct service. As a result, they would carefully analyze the steps that would increase the quality. Actions aimed at improving the quality of a given education will be highlighted, and the implementation of these education institutions would be supplied at a later point in time. Eventually, the acceleration provided through education would be replaced with intimidating.
- b. *Doctors' determination to be leaders:* Assistance for TQM application would vary depending on the job satisfaction of doctors. Full-time doctors, in particular, would be more capable of TQM implementations than doctors with offices. They will initially see advances in health organizations through the workplace environment and economics. Doctors of diagnostic and treatment clinics that align their advancements with hospital growth would be regarded as the application's leaders. Secondary leaders would be anesthetists, hospital-based other doctors, and administration practitioners. The leadership of these associations would take TQM training and spread TQM ideology.
- c. *Highlighting the variations between the approaches used in TQM, quality control, and quality assurance:* The efficacy of individuals who band together around an objective through real systems would be provided by TQM, which will be discussed with the physicians. It will be emphasized that this mindset seeks to enhance procedures while still delivering high-quality services rather than focusing on flaws like measuring and controlling quality.
- d. *Operation of initiatives to address doctors' earlier issues:* The Physicians Satisfaction Questionnaire-Interview' report would be used to discover which subjects the doctors prioritize. These

could focus on transportation, cafeteria, support programs, and organization structures. Three main tactics are outlined below that shall be required to properly facilitate clinician engagement in TQM. These are presented as below (information-interviews of experts of Healthcare Facilities, 2022; Joint Commission, 2017; modified-adapted from Al-Assaf, 1998; Al-Assaf and Schmele, 1993; opinions-ideas from author);

- i. *(i)*Stress the need of including all staff in TQM adoption and implementation: Clinicians would be involved these in the program from the start; - It can be stipulated that the clinicians with the highest regard in the hospital can be involved in the implementation stage. This segment can be taught on TQM and invited to participate in quality management. As a result, the potential of philosophical truth would be put into effect in organizations. These leaders could supply the philosophy's perspective among all other clinicians. - Clinicians would also be involved in the TQM management level. These clinicians could be given opportunity to develop lengthy plans, evaluate enterprises, appoint medical staff, and participate in educational activities. - Clinicians would attend the TQM assessment meeting, and all workers would be notified of the findings of these examinations. - Meetings for all physicians would be organized under the supervision of leader clinicians. The goal of these sessions could be to raise TQM awareness, give a contribution of universal ideals, and enhance new initiatives. - All healthcare professionals would be kept up to date on TQM advancements and advances. This material could be on topics which are important to clinicians and would be supervised by specialist clinicians. - Clinicians may be involved in clinical management quality assurance. As a result, students might be able to visualize the progress of TQM and convey their thoughts. - Priority will be given to subjects with a high success rate and relevance for clinicians in quality improvement research. - Doctors could play critical roles in the evaluation and improvement of TQM implementation at all stages.
- ii. *(ii)*Evidence of success would be requested. Whenever the TQM approach is used to solve critical challenges, the engagement of clinicians in the implementation would rise. Trust and cooperation would be provided via demonstrative initiatives that feature actual results. Although these initiatives are not directly tied to clinical pathways, including clinicians in these activities would boost their chances of success. Clinicians from other

organizations who are successful in implementing TQM could assist in issues related to training and TQM. As a result, an information bank will be created, and publications regarding TQM could be distributed to clinic administrators on a regular schedule.

- iii. (iii) Clinicians would receive a response to the inquiry, what would these implementations entail for each other? As a result, clinicians would be more likely to utilize TQM with the following ideas: - Professionals can have a greater influence on their professional operations. - Doctors can have a greater influence on hospital procedures. The patients would be completely satisfied when they leave the facility. - Doctors will receive high-quality assistance when providing health care. - High-quality service shall be provided at the hospital, both clinically and administratively. - The majority of patients who might recommend to and select MHF would grow. - Whenever the procedures run smoothly and consistently, doctors would have more time to focus on their patients.

As a result, the Quality Commission's quality implementations, concepts, and strategies will be summarized on key application categories. These are Grade Education Programs; Interview questions for Personnel; Interview questions for Patients; Quality Rounds; MHF Quality Measurement System; Requirements for International Qualification.

3.8. Education Programs of High Quality

The educational cycle can be responsible for the implementation of educational programs as well as the establishment of training package in MHF. Contributions would be evaluated in six categories: Basic education trainings, advanced education seminars, continuous improvement preparation education, Standardization education, quality education for newly recruited staff, and support training programs are also available seminars, case presentations etc. (information-interviews of experts, 2022; Joint Commission, 2017; modified-adapted from Al-Assaf, 1998; Al-Assaf and Schmele, 1993; opinions-ideas from author).

3.9. Circles of Excellence-Quality

The purpose of quality circles could be to enhance healthcare procedures. Workers of the institution can decide the quality circles' examined issues, and the staff could conduct their research in an autonomous framework. All phases shall conform to the MHF Quality Management and

continuous Enhancement Application's Planning, Implementation, Control-Evaluation and Formal verification philosophy. Quality approaches such as Data Flow Diagrams, Brainstorming, Cause-Effect Diagrams, and Pareto Diagrams will be used throughout the cycles. To analyze the operations, the cycling could employ quality tools including such Data Flow Charts, Brainstorming, Cause-Effect Diagrams, and Pareto Charts. They can also have an impact on the development of a quality-focused organization behavior, in addition to process enhancements. It can be the goal to include patient and supplier engagement in all quality circular implementations in all service operations based on staff recommendations (information-interviews of experts of Healthcare Facilities, 2022; Joint Commission, 2017; modified-adapted from Çoruh, 1995; Al-Assaf and Schmele, 1993; opinion-ideas from author).

3.10. Resources

The economic model of MHF is built on increasing the productivity and sustainability of the organization. Earnings is required to make fresh efforts and provide consumers with greatly better technology options. The financing processes of MHF would be merged with the philosophy of unconditional patient pleasure. Patients who obtain treatments from commercial healthcare organizations experience '*patient discontent*' since they are unaware of the overall treatment cost. MHF would address this negative situation by a Packaging Monetary Structure that would be determined through cost benefit analysis. The Slot System makes the Scheduling relevant, which allows for efficient and effective planning. The Supporting Board would assess the supply of evaluation and operating intervals through the components in light of the capacity's consumption percentages, and a group of arrangements would be implemented to recuperate utilization. For the recuperation of patient receiving and therapeutic response, a Performance Cycle would be constructed. The patient's details and information would be saved in computer-aided and file settings. In these circumstances, data records would be generated for each patient that is assigned to MHF. The surgeries performed on patients would be documented in their physical format as well as in a database in computer-aided surroundings. Patient identification and receipt, patient applications, patient reporting, medical analytics, data displays, laboratory, radiography, pharmaceutical, blood bank, on-line request and reporting processing would all be under scrutiny. This subsystem would allow MHF to generate high and diverse statistics, generate activity records, instantly print the balance sheet, access patient detail information based on their diagnosis, and assess cost and income. To preserve patient information protected, a user password system would be used. Supplier interactions

shall be handled in accordance with regular processes and guidelines. The productivity of all providers would be continuously monitored by the *Supplier Assessment Process*, which would score their productivity. Supplier assessments would be used to keep suppliers' data on quality management systems up to date. The Purchasing Department would optimize supply and inventory. On the basis of components, the Purchasing Department will create yearly usage, supply, and expenditure strategies. Critical Stock Levels would be established for the supplies on hand. When the level falls below the crucial stock level, the Purchasing Department would buy supplies. Critical Stock Levels would be monitored regularly and published using a computer-aided system. The hazardous wastes of MHF would be eliminated of using a *Disposal System* to avoid damaging the ecosystem. Some hazardous chemicals might well be released during the process of combustion. However, these emissions would be burnt repeatedly, and there would be no garbage component of the atmosphere. Researchers from the Biomedical Collective would participate in teaching and training activities for medical devices maintenance. Accreditation of medical devices would be performed in accordance with ISO 9000 series. The centralized computerized control system would supply varying room conditions in various MHF modules (surgical room, patient office workspace). For the potential of a fire, sensitive ash detectors would be available. The Strategic Plan of MHF emphasizes that MHF would apply scientific advancements and advanced technology for the services provided. MHF could make use of cutting-edge technical techniques and devices. The duration of patients' assessment, treatment, and health care will be arranged in accordance with providing a high standard. Staff of MHF would disseminate their research findings in worldwide medical journals to help advance healthcare. The central computer control system would supply varying interior freezing point in various MHF components (surgical room, patient room office). For the chance of a fire, sensitivity transmitters for breath could be available (information-interviews, 2022; Joint Commission, 2017; modified-adapted from Al-Assaf, 1998; Al-Assaf and Schmele, 1993; opinions-ideas from author). The Performance Management system of MHF emphasizes that MHF could apply scientific advancements and advanced technological advancements for the services provided. MHF could make use of cutting-edge technical techniques and devices.

3.11. Processes

All of the health services offered to patients are included in the five main processes mentioned as Process of Treatment Clinics Service, Service Process for Hospital Buildings, Process of Diagnosis Clinics Service, The Hospital Service Procedure, Process of Hospital Extension Service. Standardized implementations would be processes and directives that

operate flow graphical representations and services in the operations. The functional departments in these operations would arrange for all operations. The entire method and orders would be created in accordance with ISO Standards and communicated to all hospital workers. Regular performance inspections would be done in accordance with the Quality Commission's yearly Quality Audit Schedule, within the framework of the clinic's Quality Process Of research. Management assessment and yearly analysis discussions would be held on a regular basis to examine all procedures. Previous operations throughout the fundamental procedures would be analyzed using leading indicators and incorporated as basic quality objectives in quality management investigations. Hospital contamination level, Patient overall satisfaction, Entrance operations (Compliance, Interest, Knowledgeable), Medicine services (Nursery services, Informative, Politeness and interest), Patient medical engagement degree are among the measures (Reception services, Medicine services, Nursery services, Service speed, MHF general evaluation, Patient satisfaction, Informative, Politeness and interest), Staff engagement levels, Education facilities (Utilization of various programs, Research and treatment).The Enhancement Of organizational would examine these essential indicators, as well as those that promote to MCH improving quality (information-interviews, 2022; Joint Commission, 2017; modified-adapted from Al-Assaf, 1998; Çoruh, 1995; Al-Assaf and Schmele, 1993; opinion-ideas from author).

4. Results of TQM and Re-engineering Application in MHF

These results are reached by better team work, less bureaucracy and effective studies. Total Quality Management (TQM) and re-engineering results on the basis of Customer Satisfaction, People Satisfaction and Impact on Society, which depend on the morale of the patients and their relatives. So, all the employees would work in coordination in order to prepare the most appropriate psychological environment for the patient. According to the findings above, TQM integrated re-engineering implementation takes much too long in health care facilities. However, organizations should put in a lot of work into TQM concept and never question their accomplishment. The followings are the predicted positive outcomes of good TQM application: a) Improvement in overall performance b) Enhancement of inter-study relationships. c)Increased productivity d)Improved patient or consumer satisfaction e) Growth in commercial dominance f) Revenue would expand. g) Lab examinations are completed in less time. h) Reduction in radiological repetitions. i)The period of surgical room utilization is highly utilized. i) A reduction in the clinic's contamination incidence (information-interviews of experts of Healthcare Facilities, 2022; Joint Commission, 2017; modified-adapted

from Al-Assaf and Schmele, 1993; opinion-ideas from author). Sustainable outcomes are achieved through improved partnership, less regulation, and more effective research. TQM outcomes are based on Customer Engagement, People Enjoyment, and Impact on Society, all of which are affected by the morale of patients and their family. As a result, all personnel will work together to provide the best behavioral environment for the occupants.

5. Conclusions

Total Quality Management (TQM), re-engineering and Continuous Quality Improvement-deployment are prolonged, methodical, evolving process that demands committed and consistent leadership and constructive engagement from everyone in the business, particularly in its initial phases. Staff and workers must all appreciate the TQM mindset and be prepared to devote the time and energy required to regulate what is problematic and search for things that require to be fixed on a continuous basis. This is why top-level engagement is critical. Some individuals in any company just desire to do their duties and receive their salaries; they are unwilling to hunt for what they perceive to be extra effort. A managerial instruction is often the only option to get their collaboration. Nevertheless, with further instruction and training, these staff members come to understand that TQM may simplify their work and get rid of a lot of operational issues that make their days at the office dull and pointless. Whenever employees agree with the TQM vision, they get a sense of empowerment from the process, which significantly raises workplace satisfaction and confidence. Numerous hospitals have an organizational structure, managerial structure, and established conventions that are antithetical to TQM concepts. TQM application is difficult in such a hostile atmosphere. This has demonstrated that there are a number of tools available to evaluate quality management systems that integrate certain well recognized categories of quality management in health facilities and hospitals. But the bulk of the instruments in use today has serious methodological flaws that make them inappropriate for extensive comparison studies. In addition, a lot of equipment, machines are built on the erroneous premise that implementing a particular quality management strategy or activity would have the desired outcome, oblivious to the environment that affects how well those quality management treatments are adopted, implemented, and successful.

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AN OVERVIEW OF QUALITY MANAGEMENT WITHIN THE SCOPE OF SUSTAINABILITY: AN IMPLEMENTATION FOR A HEALTH INSTITUTION

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12 |

A THEORETICAL EVALUATION ON
TREKKING TOURISM AND
ROUTES IN TURKEY

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"... I am a traveller and a mountaineer; I do not like the plains and apparently cannot sit still for long. Whatever fate awaits me, whatever I have left to live for, it will involve trekking and climbing mountains: one's experience is always one's own in the end."

Nietzsche

Abstract

Trekking, hiking and mountain-climbing-oriented tourism movements and activities are becoming widespread worldwide. Turkey has important opportunities in this field due to its cultural and natural resources. The research focuses on the conceptual framework of trekking and trekking tourism via literature examination. In this study, it has been revealed that trekking routes in Turkey have diversified over three main themes, and routes based on nature and cultural heritage and routes consisting of a mix of these have developed. Within the cultural routes, especially history, faith and gastronomy-oriented routes are becoming widespread and popular in Turkey. It is predicted that trekking tourism and its potential will increase with the infrastructure works in Turkey. In the recent period, it is seen that some routes have been internationalised and enlarged by combining them with routes or routes in different border countries on both historical and faith grounds. It is likely that this trend will continue and routes will move to intercontinental scales.

Keywords: Trekking, Trekking Tourism, Trekking Routes, Turkey

1. Introduction

The employment opportunities brought by industrialisation is one of the important factors triggering migration to cities. The population leaving rural life has been deprived of the most important thing; healthy and natural living space while finding regular income, modern urban life, health insurances, pension guarantees, consumption power. With the advancement of industrialisation and urbanisation, people, especially in the developed countries of the northern hemisphere, have turned away from unhealthy, tiring and boring environments and have sought to go back to natural areas and rural areas from time to time. Until recently, the popular holiday concept consisting of sea, sand and sun trio has been replaced by different forms of holiday, rest and entertainment, and tourism has become increasingly diversified.

Urban people who cannot spare time for their psychological, social and physical needs have started to turn to recreation activities offered in holiday opportunities (Gross, 2017). These recreational activities; nature walks, camping, yoga, water and air sports, horse riding, safari, etc. for purposes such as exploring nature, recognising cultural heritage, participating in festivals, doing sports, establishing social relationships, healthy eating, etc.

Self-awareness, realising one's potential, understanding what one wants and what one needs has been an important goal throughout one's life. In this sense, travelling has often meant a journey in which people discover themselves spiritually as well as exploring physical or bodily performance. Trekking, like many sports or activities, is one of the tools that offer people the opportunity to discover and recognise themselves. In case of any tension or indecision, chaos, the following is often suggested; "go out, take a walk, get some air, walk, then come back". Regardless of which culture this approach is from, experiencing a change of air in a different environment, trekking there and coming to terms with ourselves and nature causes us to make more rational decisions and exhibit balanced behaviours. The echo of the steps on the ground is synchronised with the heart rhythm; here the body-spirit-mind balance is established and concentration is ensured.

Today's travellers' destination decision-making process is significantly influenced by attractions such as nature and climate characteristics, recreation diversity, cultural heritage assets, gastronomy, etc. In addition, the benefit expectation of the tourist is to return to a destination by experiencing all these in maximum diversity.

The tourist who experiences this with maximum satisfaction now turns his/her holiday style into continuity or habit. Nature walks and related touristic products are rapidly taking their place in the world tourism market and are becoming popular day by day. In this process, hiking routes, camping areas, recreational areas for hikers have started to form almost everywhere in the world. The most preferred hiking routes are generally mixed, culture and nature-oriented routes that carry the traces of ancient times or cultural heritage in nature, offering fauna and flora-discoveries, natural and cultural beauties with biodiversity.

While the ratio of rural population to total population in Turkey was 75.8% in 1927, this ratio decreased to 22.7% in 2012 and to 8.6% in 2013. The proportion of people living in provincial and district centres, which was 93% in 2020, became 93.2% in 2021 (TUIK, 2022); on the other hand, the proportion of people living in villages and mountainous regions decreased from 7% to 6.8% compared to the previous year. This change shows the incredible size of the migration from rural areas to urban areas. Rural development has become one of the most important problems of Turkey. Ecological tourism is one of the most important tools in the field of sustainability that supports agricultural development and rural development in mountain and highland villages in Turkey and prevents urban migration. Mountains have been the source of life for mankind in terms of water and biodiversity, and have been an important part of all civilisations and cultures throughout history.

In this study, the conceptual framework of trekking tourism, its relationship with other types of tourism, and the trekking and cultural routes that are active in Turkish tourism will be discussed. This study has been prepared by reviewing the literature and making use of secondary sources including reports and similar reports obtained from relevant institutions and organisations.

2. Conceptual Introduction

The fact that there is a wide range of literature on the conceptual framework and definition of hiking tourism and the lack of consensus due to different perspectives makes it difficult to categorise it clearly. Trekking tourism, as a nature-based and outdoor activity, is often categorised within a framework that includes adventure, ecological, sportive, cultural, spiritual, etc. purposes (Buckley, 2000; Swarbrooke et al. 2003; Lessmeister, 2008; Dreyer et al., 2009, Vogt, 2009).

There are those who consider hiking tourism as a sub-type of adventure tourism (Swarbrooke et al., 2003; Weber, 2001; Hall and Weiler, 1992;

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Gyimothy and Mykletun, 2004) and those who consider it as a recreational activity rather than tourism (Rozicki and Dryglas, 2014).

Table 1: Trekking Tourism Categorisation

Related Tourism Types	Related and Subcategories	Motivation	General distinctions	Target group distinctions
Outdoor tourism Nature-based tourism Spiritual tourism Adventure tourism Ecotourism Cultural tourism Rural tourism Sports tourism	Mountaineering- Climbing Pilgrimage- exploration walks Climbing Light jogging -brisk jogging Passive trekking Fast trekking Nordic trekking Gentle trekking Eco Trekking Long distance trekking	Nature and natural beauty Being outdoors Culture Physical activity Recreation Exoticism Spirituality Spirituality	Track-Trails Landscape Brevity Infrastructure Speed Equipment Special skills Altitude Duration Route- Route Accommodation types Themes	Age Qualified sports groups/individuals Income Education level

Sources: Buckley (2000), Swarbrooke et al. (2003), Lessmeister (2008), Dreyer, Menzel and Endre (2009) and Vogt (2009).

One of the important distinctions in the categorisation of trekking is based on the difficulty, risk, ease and performance elements of the activity, and a hard and soft-based evaluation is made between similar activities such as hiking, climbing and trekking (Kastenholz & Rodrigues, 2007; Loverseed, 1997; Şahin, 2010):

- The trekking experience should be undertaken at low to moderate altitudes (<3000m) to avoid over-exerting participants.
- Adequate support services should be available.
- There should be potential to combine the trekking experience with other adventure activities (e.g. river rafting, wildlife safaris).
- The used-trekking infrastructure (road, footpath, etc.) should be suitable to prevent excessive strain on the participants
- If possible, cultural elements (visits to cultural sites, assets, homestay etc.) should be part of the experience.

Trekking is characterised as a soft activity that involves less risk and difficulty and requires a relatively lower performance. Trekking is not only a sportive activity or an activity related to sport alone. Trekking ensures that the anatomical posture is upright and correct from infancy; it helps the active functioning of the “illiopis” muscle, which affects the

psychological as well as physical state in human anatomy, and improves self-confidence, problem solving and decision-making skills (Koch, 1997).

The endeavour to make sense of one's existence is also associated with an inner journey, regardless of ideology or philosophy. Spiritual journey is the journey of accepting oneself with one's rights and wrongs, moving away from ego and anxieties and discovering one's spiritual state in the inner world. Today, although trekking and hiking walks are seen as a more secular physical activity, they can also serve the purpose of experiencing a motivational inner or transcendental journey (Sharpley & Jepson, 2011). In the evaluations of those who participate in outdoor or nature walks, it is seen that they generally draw a responsible tourist profile that is compatible with the sustainability approach. The characteristics of trekking tourism and eco-tourist are discussed in the table with many different aspects (Demir & Çevigen, 2006, p. 62):

Table 2: Trekking Tourism

Factors	Trekking Tourism
Scale	Quiet and small-scale in a way that is appropriate to the region and does not harm the tourists' destination
Impacts on the Physical Environment	Small buildings in keeping with the local architecture and made of materials found in the area, with little impact on the environment (natural beauty/forest)
Relations with Host Community	cordial relations, mutual communication with all local people (willingness to learn or speak the local language)
Socio-cultural relations	Little impact on local culture, labour sourced entirely from the local community
Economic Impacts	Most of the revenues remain in the local economy, the additional income generated complements traditional activities
Importance of the Region	Offers unique experiences in a special area
Tourists' Quality of Experience	Gaining a different experience by learning where and how people live in the places they visit and local food and beverages
Tourist Behaviour	Respectful of local culture and traditions, interested in the life of local people

On trekking routes (trekking, hiking, trekking, hiking and cycling routes) they are painted or glued with reflective material (mostly in red and white colours) along the route, especially at sharp turns and points with dense vegetation. The leader and founder of the marking system is the French Hiking Federation (Fédération Française de la Randonnée Pédestre). Grande Randonnee, also referred to as GR for short, Grote Routepaden or Lange-afstand-wandelpaden in Germany, Grande Rota in Portugal, Gran Recorrido in Spain, refers to long walks in Europe (mainly France, Belgium, Spain). Many routes in Turkey are signposted and marked with the Grande Randonnee system.

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3. Types of Hiking Routes in Turkey

The most important resources of sustainable rural tourism, ecological tourism, alternative tourism and mountain tourism are plateaus, forests, caves, rivers, wild animals, plant diversity, geomorphology and botanical areas. In recent years, trade routes of ancient civilisations, pilgrimage routes of religions that lived in Anatolia, forest, mountain and plateau routes where endemic species are abundant have started to be transformed into important cultural routes preferred by nature lovers. These routes are realised through projects supported by the European Union, Ministries of Culture and Tourism, Municipalities and Development Agencies or non-governmental organisations.

3.1. Cultural Routes

These routes, which can be categorised as cultural or cultural-themed routes, are of three types: Faith Routes, Historical Routes, Gastronomy Routes.

3.1.1. Faith Routes

In most of the religions, whether Abrahamic or not, there are similar rituals that are good for the health of the soul and body. The word "seyir", which is known as the state of journey, appears as the concept of "Seyri Süluk" in Sufism and Sufism, and "Seyir" means an inner view, contemplation, going on a spiritual journey from ignorance to knowledge, good manners and behaviour and away from the ego; "Süluk" means salik, that is, a person who enters or has entered a path; progressing on his spiritual path by turning around without losing virtues and his own centre, and devoting himself to this path (Kenjetay, 2008). As in Sufism, there are similar meditative approaches in Buddhism, Hinduism and Taoism philosophies that involve trekking, especially self-discovery. In fact, there are many trekking routes based on the routes travelled by religiously important

people or pilgrimage routes. The pilgrimage journey in Abrahamic religions is one of the most prominent examples of this. Besides being a physical worship, pilgrimage journeys also include a spiritual, transcendental journey. In this context, trekking on pilgrimage routes is an important element of faith tourism, whether individual or mass. Within the scope of faith, the main motivation of faith routes is to fulfil the pilgrimage worship of people belonging to that religion or to discover and experience the historical journeys of important religious figures that are considered sacred.

3.1.1.1. St Nicholas Way (101.5 km / 8 routes)-Demre/Antalya

The city of Myra (Demre) on this route is known as one of the most important cities of Lycia and an important administrative and religious centre during the Byzantine period. In Myra, which was also the episcopal centre, St. Nicholas served as Bishop at the beginning of the IVth century and since then Myra has always been a place where the way of the cross was made. In this respect, Demre has always attracted the attention of the Christian world. Another important building is the Church of Saint Nicholas in Demre. The church is about 7 metres below the ground level today. While the bones of Saint Nicholas were found in a marble tomb inside the church, most of his bones were stolen by the Italians and smuggled to the city of Bari. On the other hand, a Russian prince restored the church in 1862. The Russians added a church bell and replaced the dome with a cross vault. St Nicholas is the patron saint of children and sailors and Father Christmas for all the children of the world. Each of the 8 daily routes of 14 km in the Massikytos Mountains and Demre plain reaches a church and the ancient Lycian ruins on each route offer the hikers the mystical atmosphere of the ancient period. The St. Nicholas Trail was funded by the Western Antalya Development Agency and carried out within the scope of the "Demre-Beymelek Culture and Faith Tourism Development Project of St. Nicholas' Travels".

3.1.1.2. St (Saint) Paul Road (500 km Antalya/Perge-Isparta/Yalvaç)

It is a 500 km marked route between Perge, 10 km east of Antalya, and Yalvaç, northeast of Lake Eğirdir, which takes 27 days to walk. This route was opened in 2008 by Kate Clow with the support of the Western Mediterranean Development Agency and the Ministry of Culture and Tourism with the project of the Culture Routes Association in order to bring tourism to the countryside and to give walkers an idea of the countryside through the places where St Paul passed on his first journey in Asia Minor (Clow, 2017). It is related to the missionary journey of St. Paul

to spread the name of Jesus Christ and the hardships he suffered, and the cities in Turkey are mentioned in most of these journeys (Ministry of Culture and Tourism, 2008). When Pope Benedict XVI declared the period between 28 June 2008 and 29 June 2009 as the "Year of St. Paul" for the 2000th anniversary of the birth of St. Paul, Tarsus, his hometown where he was born as a Jew, attracted great attention in religious tourism and many Christians who came to Tarsus also walked on the St. Paul culture route between Antalya and Isparta.

3.1.1.3. Abraham Road (Şanlıurfa Harran-Göbeklitepe 170 km)

Urfa, the City of Prophets, and the Harran region are considered to be the birthplace of the Prophet Abraham, who has an important place for the majority of the world population. People of the religions of Judaism, Christianity, Islam and Baha'ism discover Abraham through his sons Ishmael and Isaac. This route brings together a group of sacred and historical sites in one extremely interesting itinerary. The route is 1,100 kilometres from Urfa to Hebron in Palestine. Its length in Turkish territory is 170 kilometres.

3.1.1.4. Sufi Way (İstanbul-Yalova-Bilecik-Eskişehir-Konya 801 km)

The Sufi Trail Project was initiated in 2014 under the leadership of Iris Bezuijen and Turcologist Sedat Çakır, based in the Netherlands (www.sufiyolu.com) and is funded by the Sufi Trail Foundation. The route starts from Eyüp Sultan in Istanbul, walks 14 kilometres from Yenikapı İDO to Yalova by ferry and reaches Konya via Bilecik, Kütahya, Eskişehir. It consists of 3 main routes of 801 kilometres. Marking works and marketing activities are ongoing on the track. On the "Sufi Way", mosques, masjids and lodges that still serve in accordance with Sufi traditions can be visited. Depending on the speed of a walker or a pilgrim candidate, he/she can complete this route in 40 days with an average of 20 km of trekking per day. It is also possible to complete the route by bicycle.

Those who walk on the Sufi path with the intention of trekking or pilgrimage can obtain a passport and a certificate that can be obtained at the beginning of the walk. In order to receive this certificate, it is necessary to complete certain routes and to travel in accordance with the rules according to the understanding of Masnavi. For example, tolerance and respect for the businesses providing services, planting a rose sapling in a rose garden, visiting certain places on the route and having your passport stamped. At the beginning of the journey, the Foundation provides a package of services and products to the walker who applies for a passport

for a small fee. These services include guidance, use of GPS map application, accommodation, etc., provided that the rules and ethics of the journey are followed. When the trek is completed, a passport and certificate are approved by the Foundation. When we analyse the Sufi Way project, it has similar content and features to the pilgrimage path project implemented by El Camino de Santiago. It is necessary to briefly mention the Santiago Way, which is the most successful example in this field, and look at its numerical data.

3.1.2. Historical Routes

These routes mostly follow historical events, cities and routes of important civilisations or the traces of impresarios or statesmen. In this respect, Turkey has an important richness with the geography it has hosted in history.

3.1.2.1. Hittite Road (385 km Hattusa, Alacahöyük and Şapinuva / Çorum)

2634hectare area covering the ruins of the Hittite city Hattusa and Alacahöyük in Boğazkale district, which was declared a national park in 1988, is the main point of the Hittite Way. The Hittite Way Hiking and Cycling Trails, which were created by using the historical routes in the triangle of Hattusa, Alacahöyük and Şapinuva, the important cities of the Hittite homeland, were completed by Çorum Governorship in October 2010.

Seventeen hiking trails are marked along 236 kilometres of old caravan and migration routes, and together with alternative routes, they total 385 kilometres. The total length of the six mountain bike routes is around 406 kilometres. Following the work, guide booklets in Turkish and English were prepared to introduce the trails and provide maps and GPS coordinates, and an opening ceremony was held between 13-15 May 2011.

3.1.2.2. Sultan Road (2,100 km Vienna-İstanbul)

Following in the footsteps of Suleiman the Magnificent, the international long-distance historical hiking trail leads from Vienna to Istanbul, following the routes of the First and Second Vienna Campaigns. The Sultans' Way starts with the Roman and Byzantine history and leads modern-day travellers, history and nature lovers on the route of the 1st Vienna Campaign of Suleiman the Magnificent and the 2nd Vienna Campaign of Kara Mustafa Pasha. This road is also known as Tsarigradsko Put or Carski Drum in Serbian and Bulgarian, meaning the road to the

city of Tsars and Sultans. Together, the road from Kapıkule through Edirne in Turkey and ending in the garden of Topkapı Palace is the road used during the most glorious period of the Ottoman Empire (cultureroutesinturkey.com/en/sultanlar-yolu/). The Road of Sultans Initiative is a cultural tourism route that preserves cultural heritage. Started in 2009, the network includes a 2100 km. route starting from Vienna, Austria and ending in Istanbul, and once the route is signposted, the Sultans' Way will pass through 9 countries, including Austria, Hungary, Slovakia, Croatia, Serbia, Romania, Bulgaria, Greece and Turkey.

3.1.2.3. Independence Road (340 km İnebolu-Ankara)

During the War of Independence, ammunition and weapons arriving by ships off the coast of İnebolu were transported by boats to İnebolu and from there to Kastamonu and Ankara. In this struggle, the names of Şerife Bacı and Halime Çavuş are at the forefront of history. Events are organised every year in October in memory of the heroes of the national struggle who carried bullets and weapons to the front under difficult conditions. At other times, mountaineering and nature clubs organise hiking activities on these routes in all seasons of the year. The approximate length of the Independence Road, which passes through or near 31 settlement centres, including 3 provinces, 7 districts and 21 villages on the İnebolu, Küre, Seydiler, Kastamonu, Ilgaz, Çankırı, Kalecik, Ankara route, is 340 kilometres.

3.1.2.4. Eurasia Road 5,600 km (Antalya/Demre to England)

Via Egnatia Foundation and Via Eurasia Cultural Association (Italy) are creating Via Eurasia (Eurasia Way) by connecting the hiking trails of the Sultans' Way (Netherlands/Turkey), Greece Trails, Tirana Trails (Albania), Evliya Çelebi Way, Phrygian Way, Sufi Way and Lycian Way. The project, which also includes the Turkish Cultural Routes Community in this project, was approved in 2019 with the support of the Ministries of Culture and Tourism of all countries where the route is included, some of the Cultural Foundations and the European Union, and marking and infrastructure works are ongoing. In Turkey, the project is followed and promoted under the leadership of Kate Clow, who drew the Lycian Way route and is the founder of the Cultural Routes Association (www.viaeurasia.org/tarihi-yollarimiz/via-egnatia/). The Via Egnatia, built in the 3rd century BC (under Consul Egnatius) as an extension of the Via Appia, runs through the Balkans from Durrës (Dyrrachium) in Albania, through Northern Macedonia and Northern Greece to Istanbul (Byzantium) in Turkey. This route also includes the pilgrimage routes of the spread of Christianity and the Anatolian Ancient Civilisations Trails.

It was started to be promoted to nature sportsmen and hikers in Turkey in 2019 and the biggest support for the project comes from Italy. This is the path of Albanian, Slavic, Bulgarian, Roman, Jewish, Pontic, Turkish, Pomak, Vlach peoples who have interacted for centuries with intense cultural, linguistic, religious, intellectual and trade exchanges between them.

3.1.2.5 Sarıkamış Trekking Roads (256 km Sarıkamış/Kars)

It is a project that supports regional tourism, financed by the Serhat Development Agency with the contributions and support of Sarıkamış District Governorate, Sarıkamış Municipality, Çamkar Hotel, KuzeyDoğa Association. Sarıkamış has routes that are visited for multiple purposes. The most important one; These are the visits made to commemorate and respect the 90 thousand Turkish soldiers who lost their lives in the 1914 disaster in the Allahuekber Mountains, which are within the Sarıkamış Routes. In this sense, it can be evaluated within the scope of Sadness Tourism. Tragic of the Ottoman-Russian war, 1914 is referred to as "Cataclysm of Sarıkamış" in history. The extremely severe physical conditions in Allahuekber Mountains such as the prevalent freezing cold and lack of the senior officers in command at that time resulted in a tragedy where tens of thousands of Osmanlı Empire's soldiers perished (Serhat Kalkınma Ajansı, 2013). There are 21 different tracks on the Sarıkamış Route, which is 256 km in total.

3.1.2.6 Troy Route

The Troy Culture Route is located in the historical region between Çanakkale and Assos (historically known as Troas). Archaeological research dates back to 7000 BC. Along the route, Troas has been an important habitat for European and Anatolian societies and a valuable region in terms of culture and tourism. It is possible to see traces of the Trojan Wars, the Hellenic, Lydian, Persian, Alexander the Great, Roman, Byzantine and Ottoman Empires, the Dardanelles Campaign and the First World War. Troy is the city immortalized by Homer in the epic Iliad, where Paris fled with Hellen and the Trojan War took place. In 1871, amateur archaeologist Heinrich Schliemann discovered the ancient city of Troy as a result of his excavations in Troy to reach Priam's priceless treasures. In 1998, it was included in the UNESCO World Heritage List and the Ministry of Culture and Tourism declared 2018 as the Year of Troy. The Troy Culture Route project is carried out in partnership with Anadolu Efes A.Ş., Çanakkale History and Culture Foundation (ÇATKAV) and Çanakkale Governorship within the scope of the "Future is in Tourism" program carried out in cooperation with the Ministry. It is the product of

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a joint project supported by the United Nations Development Program (UNDP). The 120 km route starts from the ancient city of Troy in Çanakkale, passes through 15 archaeological and 5 historical sites, including ancient roads, visits Yeniköy, Geyikli, Akçakeçili, Kösedere, Gülpınar and Bademli settlements and ends at the ancient port of Assos.

3.1.3. Gastronomy Routes

Gastronomy and Hiking Routes is an ecotourism and sustainable tourism study with a different concept that combines nature, history, cuisine and food and beverage culture for the first time in Turkey.

3.1.3.1. Kızılırmak Gastronomy Trail (305 km Kızılırmak Basın)

It is a project revealing the beauties hidden along the Kızılırmak Basın in Çorum, aiming to keep the forgotten dishes alive and claiming that Çorum is actually a flavour stop. It offers different activities such as trekking, cycling, culture, scenic drive and jeep safari under the guidance of the Kızılırmak River. In the trekking routes, of which 190 kilometres are marked, 25 trails have a total length of 305 km with alternative routes. Hiking, cycling, culture and jeep safari programmes are carried out with "Gastronomy Tours", which make a significant contribution to the development of nature-based alternative tourism diversity. Along the route, it is possible to see the Hittite ancient cities, Seljuk and Ottoman historical monuments and to get to know the gastronomic culture of the civilisations that have lived here for thousands of years and to get to know the special dishes of the region such as fork vaccine, bulgur vaccine, keskek, madımak, dried bean roasting, yanç, cızlak, oğmaç, noodles, poppy seed katmer, toyga vaccine, İskilip dolma, hedik, hingel, rose burma and karaçuval halva.

3.2. Nature Based (Ecological) Routes

Nature-Based Roads are usually within the borders of national parks and consist of challenging routes. Some of them have rough weather and physical conditions and require professional conditioning and endurance. Hiking and hiking activities on such routes are mostly organized by mountaineering clubs or tourism & travel agencies that organize tours with professional guides who are knowledgeable in the region.

3.2.1. Küre Mountains Route (762 km Kastamonu-Bartın)

The park, which was selected by the World-Wide Fund for Nature (WWF) as one of the 100 places on earth that urgently need to be protected in

terms of biodiversity and one of Turkey's 9 important spots, covers an area of 37,000 hectares. Küre Mountains is one of the rare natural areas where 33 of 637 plant species, 40 of 132 mammals and 129 bird species are endemic. Küre Mountains National Park is one of Turkey's unique geographical areas. Located within the borders of Azdavay, Cide, Pınarbaşı, Şenpazar districts of Kastamonu province and Kurucaşile and Ulus districts of Bartın province, the national park is a very virgin area with its endemic plants, wildlife, unique microclimate, geomorphological formations, deep valleys and canyons, exuberant streams, waterfalls and authentic values. The land and marking works of the hiking routes within the scope of the ecotourism project of the National Park Directorate were completed in 2010 together with 36 trail and alternative trails; a total of 762 kilometres and 828 km of mountain biking trails were put into operation. There are trails that appeal to hikers of all levels in terms of difficulty level, and the longest routes have one-week camping activities. In addition, the route, which has a connection with Yenice Forests and the Independence Road, can also be a 1- month hiking activity with a length of approximately 500 km, starting from Yenice, covering the Küre Mountains National Park from beginning to end and ending on the Independence Road.

3.2.2. Yenice Forests Route (Karabük 396 km)

In 1999, the World Wildlife Fund (WWF) identified 100 forest areas in Europe that are the most valuable in terms of biodiversity and in urgent need of protection and defined them as "Hotspots of European Forests". Yenice Forests in Karabük province constitute one of these hotspots in Turkey. The project established by the Governorship of Karabük and Yenice District Governorship was put into practice in October 2009. 21 trails on 210 kilometres of marked road reach a total of 396 kilometres with alternative routes. The hiking trails are grouped in 3 categories as daily, short and long. The tracks generally consist of forest roads and paths. There are also 292 kilometres of mountain biking routes.

3.2.3. Kaçkars Route (approximately 400 km Rize-Artvin)

They have determined 31 routes on a total of 20 tracks at an average altitude of 3.000-4.000 m in Kaçkars. Starting from Çamlıhemşin, the route extends from Başyayla, Haçivanak, Elevit, Tirovit, Palovit Plateau, Aşağı Kavron Plain, Ayder and Pokut Plateau and Şenyuva to Ardeşen. When the distribution of the trails in the basin is examined, it is seen that the Kaçkars consist of 7 valleys in 4 settlement centres in the south and 3 settlement centres and 14 valleys in the north of the region. In addition, it has been determined that 13 plateaus in both regions are on the route of these trails and routes. The cleared and mapped routes exceed 40 days in

total and are rated as moderate to difficult. Due to the harsh weather conditions, high surface slopes, wildlife and dense forest features, tourist groups or athletes should definitely seek guidance from professionals who dominate the region.

3.2.4. The Eco Trails Route (470 km Ortaca-Dalaman-Köyceğiz-Fethiye)

It is located in the region between Koycegiz, Ortaca, Dalaman and Fethiye, between the Lycian and Carian civilisations in history. The ecotourism-oriented long-distance marked trekking and cycling routes were initiated in 2015 by Dalyan Tourism, Culture and Environmental Protection Association under the leadership of Eco Trails Project Coordinator Murat Demirci in order to protect nature and its protection and transfer it to future generations. 470 km were marked in 2018 and media and all communication promotion organisations were completed. The project was financed by GEKA (South Aegean Development Agency), Dalaman Municipality, Ortaca Municipality, Muğla Chamber of Commerce and Industry.

The routes follow "water", the source of life; while following it, they raise awareness about endemic and threatened species, some parts of the route pass through historical ruins on ancient roads. The fact that the cultural heritage, endemic and ecological values of the region are concentrated in a relatively small area, that it is very rich in terms of rivers, lakes, waterfalls, spring water, thermal water, sea, that the bicycle routes under snow in high areas in winter can also be used as trekking routes, that there is an airport in the region, that there are many alternative hotel-pension-camping areas are the reasons why "Eco Trails" routes are noticeably preferred compared to other routes. According to the information obtained from the project owners and the surrounding touristic facilities; trekking activities are carried out in groups of 15-25 people on average, and an average of 2500 walkers walk these routes in stages annually.¹ The average accommodation time of the groups is 3 days. All of the routes can be completed in 25 days according to an average trekking pace. It has a climate that can be easily walked 9 months of the year except summer months.

3.2.5. Artema Road (276 KM Balıkesir/Gönen)

It is a 276 km. long international trekking route within the borders of Gönen district of Balıkesir. "Artemea" is the ancient name of Gönen and means "the land of Artemis". The route starts from Kınalar village in the north-west, travelling through the mountains in the south of Gönen and ends in Saraçlar village in the east. The route passes through 36 villages.

3.3. Mixed Routes

Mixed routes are routes that include both natural beauties and cultural heritage elements. These routes connect different touristic activities such as nature, adventure, history, culture, recreation, entertainment, etc.; in this respect, these routes have become more attractive and important in terms of tourism in recent years.

3.3.1. Lycian Way (540 km Muğla-Antalya)

It is the most internationally known Lycian Way destination that supports rural and sustainable tourism in the Antalya-Muğla region with an average 3-4 nights stay in spring- autumn every year. The Lycian Way is among the top 15 long-distance trekking routes in the world. The route, most of which passes through rural plateaus, passes through mountains with an elevation of 1800 m above sea level. Millions of people from many countries of the world come to Turkey just to walk this route and provide the opportunity for a long overnight stay. It is considered as one of the 4 longest trekking routes in Europe and one of the 10 most beautiful trekking routes in the world (Baştemur, 2009, p. 73). It has been determined that most of the travel agencies organising trekking activities in Turkey organise tours in the Antalya-Licia region and the participants are mostly women and highly educated people (Çetinkaya, 2014).

Focusing on the "Lycian" civilisation, meaning "Land of Light", it is a 540 km marked trekking route from Fethiye to Antalya in southern Turkey, taking an average of 29 days to walk. The route consists mainly of Roman roads, old footpaths and mule tracks, often rocky and stony and not suitable for mountain bikes. Situated between the coast and the mountains, the route often has steep ascents. The route was researched, designed and marked by British/Turkish amateur historian Kate Clow in 1999. It is Turkey's first long- distance trekking route and was created to identify and preserve some of Turkey's oldest roads.

3.3.2. Caria Road (820 km Muğla-Aydın)

The Caria Trail is Turkey's longest 820 km trekking route covering the provinces of Muğla and Aydın. Named after the Carian civilisation that lived in this region in ancient times, the trekking route passes through many villages with their unique architecture, untouched bays, hills full of olive and almond trees and ancient cities, some of which can only be reached by foot. The Carian Way, which is marked and signposted according to international standards, is suitable for independent walkers and those who wish to come with an agency.

3.3.3. Phrygian Way (506 km Ankara-Afyon-Eskişehir-Kütahya)

It is an international standard long trekking and cycling route created for today's travellers to follow the traces of the Phrygians in the Phrygian Valleys. Starting from three points and entering the Phrygian lands, the road converges at Yazılıkaya Midas city, the religious centre of the Phrygians. The total length of the road is 506 km and the entire route is marked in red-white colours in international standards to make it easier to follow. In addition, informative boards have been erected at the start and end points of the route and direction signs have been erected at important junction points to inform the hikers. The ancient roads connecting the ancient settlements in Phrygia constitute the main theme of the Phrygian Way. In addition to this main theme, the Phrygian Way has been designed and implemented to include other prominent components of the region such as natural, historical, geological, cultural, etc. in order to present the atmosphere of Phrygia as a whole to nature lovers and to make the walk enjoyable. Phrygian Valleys offer different beauties in every season of the year; however, the most comfortable time for hiking is spring and autumn. There is no water problem in the region throughout the year.

Most of the routes are also suitable for cycling. The Phrygian Way project was supported by the Association for the Protection and Development of the Phrygian Cultural Heritage and the Phrygian Ways were also recognised by the UNESCO Turkish National Commission. Within the scope of the project, the routes were marked in Grande Randonnee style and completed in 2013.

3.3.4. Isauria Road/Via Sebaste Road (174 km /Konya /Antalya)

Isauria, which has a history dating back to 6000 BC, Zengibar Castle (Isauria), Vetus (Old Isauria) in 78 BC, Isauria Nova (New Isauria), Tris-Maden (City of Lions) today Bozkır is centred in Konya (Umar, 1993). The trade route belonging to the city kingdom of Isaura, which dates back thousands of years, was used to trade products such as minerals, salt and cedar used in shipbuilding, etc. between today's Tuz Lake and Antalya Gündoğmuş districts. Today's Bozkır district, which was known as "Sırıstat, Silistat and Serıustat" in the 16th-17th centuries, where silver lead, silver and gold mines were operated, now welcomes hikers who are passionate about nature and history (Yılmaz, 2005). Although it is still new, it attracts a lot of interest from hiking groups. The project leader is mountaineer Mehmet Gültekin. The reason why it is also called "Via Sebaste Ancient Roman Road" is that "Via" means "road" in Latin. The word "Sebaste" in Greek means great, great, mighty, magnificent, magnificent. It is the name of important cities during the reign of the Roman Emperor Augustus (27 BC - 14 AD) and the name of the city

dedicated to Augustus by the heirs honouring Augustus. The name Sebaste is one of the old names of Konya / Bozkır region and Sivas, as well as Mersin / Silifke (Eleousa Sebaste), Uşak / Sivashlı (Sebaste Ancient City), Tokat/Sulusaray (sulusaray.gov.tr). It was also applied in the naming of cities to give fame to Roman emperors. The cities where precious metals were mined, which were previously important trade cities of Cappadocia, Phrygia and Cilicia, were later used as a title in places that Byzantium took under its commercial and political influence. Before Augustus, this region was also known as the road used by the Homonads and the Kingdom of Galatia (Arslan 2011). who were defined as marauders and barbarians.

4. Conclusion

As a result, the routes in Turkey are categorised under three different categories and summarised in the table below. In the recent period, it is seen that some routes have been internationalised and enlarged by combining them with routes or routes in different border countries on both historical and faith grounds. It is likely that this trend will continue and routes will move to intercontinental scales.

Trekking, hiking and mountain-climbing-oriented tourism movements and activities are becoming widespread worldwide. Turkey has serious opportunities in this field due to its cultural heritage and geographical resources. The recent increase in cultural, nature and mixed trekking routes supports the development of stakeholders who benefit from tourism. For this reason, marketing strategies should be developed to increase the number of overnight stays and increase the added value of rural tourism, which is expected to strengthen sustainable life and economy. It is likely that investments and project supports for trekking routes will increase daily spending rates and the number of overnight stays.

Promotion of trekking routes in the international tourism market, acceleration of marking, production of guidebooks and maps in different languages through digital media are of critical importance. In addition, Turkey's trekking routes should be included as destinations in the agendas of international fairs and tour operators.

It has been revealed that trekking routes in Turkey have diversified over three main themes, and routes based on nature and cultural heritage and routes consisting of a mix of these have developed. Within the cultural routes, especially history, faith and gastronomy-oriented routes are becoming widespread and popular in Turkey. In addition to national routes, international routes have also been organised recently and cooperation and efforts of non-governmental organisations are effective in

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this field. It can be predicted that Turkey has a serious potential in terms of trekking tourism and this potential will increase with the infrastructure works in recent years.

Table 3: Trekking Routes in Turkey

Route	City	KM	Day	Type	Web
St Paul's Way	Antalya Isparta	500	27	Culture / Faith Path	cultureroutesinturkey.com
Artema Route	Balikesir Gönen	276	15-20	Culture Ecology	www.artemayolu.org
Eurasia Route	Demre Antalya United Kingdom		15-20	Culture and Pilgrimage	Combination of many cultural routes, project is being worked on
The Eco Trails	Koycegiz, Ortaca Fethiye/Muğla	470	40-45	Ecological	www.theecotrails.com.tr
Phrygian Way	Ankara, Eskisehir Afyon, Kütahya	506	25-30	Culture History	www.frigyolu.com
Gastronomy Trail	Çorum Kızılırmak Basın	190	15	Culture Gastronomy	http://www.gastronomiyolu.com
Hittite Way	Çorum	385	17	Culture History	Hittite Trail-cultureroutesinturkey.com
Way of Abraham	Urfa, Mardin	170	12-14	Pilgrimage of Faith	Abraham Road/Culture Routes Association cultureroutesinturkey.com
Independence Road	Kastamonu Çankırı Ankara	340	15	Culture/History	İstiklal Yolu Education Culture Tourism and Youth Association istiklal yolu.com
Kaçars Route	Rize-Artvin	20-31	40-45	Ecological	cultureroutesinturkey.com
Küre Mountains Route	Bartın-Kastamonu	482/762	50-60	Ecological	Küre Mountains/Culture Routes Association cultureroutesinturkey.com
Caria Route	Muğla	850	52	Culture History	Caria Trail - Turkey's longest distance trekking route
Lycian Way	MuğlaAntalya	540	45-50	Culture History	cultureroutesinturkey.com
Sarıkamyş Trails	Kars/Sarıkamyş	256	21	Culture History	www.serka.gov.tr
The Sufi Way	Istanbul- Konya	801	40-45	Culture and Pilgrimage	sufiyolu.com (Work in progress)
Sultan Road	Balkans Turkey	2100	-	International Culture History	cultureroutesinturkey.com) (Work in progress)
Troy Road	Troy-Assos/ Çanakkale	120	5-7	Culture History	https://www.troyculture route.com/tr/
Via Egnatia	Albania, Macedonia, Greece, Turkey	1100	-	Culture History Pilgrimage	Via Egnatia Foundation Home
Yenice Forests	Karabük	436	40-45	Ecological	http://www.yenice.web.tr/

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