NEAR EAST UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES
BANKING & FINANCE PROGRAM

IMPACT OF GLOBALISATION ON FINANCIAL MARKETS

HASAN CEYDA

MASTER'S THESIS

NICOSIA
2018

NEAR EAST UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES
BANKING & FINANCE PROGRAM

IMPACT OF GLOBALISATION ON FINANCIAL MARKETS

HASAN CEYDA
20154830

MASTER'S THESIS

THESIS SUPERVISOR
ASSIST. PROF. DR. BEHIYE CAVUSOGLU

NICOSIA
2018

ACCEPTANCE/APPROVAL

We as the jury members certify the ʺ Impact of Globalisation on Financial Markets ʺ

prepared by Hasan Ceyda defended on

29/05/2018

Has been found satisfactory for the award of degree of

Master

JURY MEMBERS

Assist. Prof. Dr. Behiye Cavusoglu
Near East University/Economics

Assist. Prof. Dr. Nıl Gunsel Resatoglu
Near East University/Banking & Finance

Assoc. Prof. Dr. Huseyin Ozdeser
Near East University/Economics

Prof. Dr. Mustafa Sağsan
Graduate School of Social Sciences
Director

DECLARATION

I hereby declare that this dissertation entitled ‘’ Impact of Globalisation on Financial Markets ‘’ has been prepared by myself under the guidance and supervision of ‘’ Assist. Prof. Dr. Behiye Cavusoglu ‘’ in partial fulfilment of The Near East University, Graduate School of Social Sciences and does not to the best of my knowledge breach any Law of Copyrights and has been tested for plagiarism and a copy of the result can be found in the thesis.

- The full extent of my thesis can be accesible from anywhere.
- My thesis can only be accesible from the Near East University.
- My thesis cannot be accesible for (2) two years. If ı do not apply for extention at the end of this period, the full extent of my thesis will be accesible from anywhere.

16/05/2018

Hasan Ceyda

ACKNOWLEDGMENTS

I owe a great many thanks to a great many people who helped and supported me during the writing of this thesis.
My deepest thanks to my supervisor, Behiye Cavusoglu for guiding and correcting various documents of mine with attention and care. She has taken pain to go through the project and make necessary correction as and when needed.

I express my greatful thanks to my former lecturer Hüseyin Ozdeser for his support during this period.

I would also thank my institution and my faculty members without whom this project would have been a distant reality. I also extend my heartfelt thanks to my family and well wishers.

ABSTRACT

Impact of Globalisation on Financial Markets

The process of globalization is not new, it has started with the emergence of the capitalist system and it has come to this day by developing in line with its needs. This concept of social, economic, cultural, technological and political elements is undoubtedly the most important dimension that influences countries, individuals, and living things. Increases in capital flows into countries with financial globalization have a positive impact on growth by increasing investments in the country in which they are entered, while on the other hand these capital flows can cause financial crises in countries' instability in financial markets and in national economies. First, the financial globalization process, which started in the banking sector and currency markets, succeeded in showing rapid growth in capital markets. Liberalization is accelerating the development of capital markets in the context of the expansion of portfolio investments, the rapid spread of information and advanced technology, the emergence of new financial instruments and the prevalence of liberalization in legal regulations. Financial liberalization is benefiting by increasing the efficiency of capital markets and contributing to its development, creating an appropriate risk-return profile for investors. However, capital flows from the other side are accompanied by various uncertainties and crises at the macro level. Although this revealed the weaknesses of financial globalization, which is a developing country for the mobility of capital flows has caused Turkey to macro-economic imbalances.

ÖZ

Küreselleşmenin Finansal Piyasalar Üzerindeki Etkisi

Küreselleşme süreci yeni olmamakla birlikte, kapitalist sistemin ortaya çıkmasıyla başladı ve ihtiyaçları doğrultusunda gelişerek günümüze kadar geldi. Bu sosyal, ekonomik, kültürel, teknolojik ve politik unsurlar kavramı şüphesiz ülkeler, bireyler ve canlıları etkileyen en önemli boyuttur. Finansal küreselleşmeye sahip ülkelere sermaye akışlarındaki artışlar, girilen ülkede yatırımları artırarak büyümeyi olumlu yönde etkilerken, diğer taraftan bu sermaye akımları ülkelerin finansal piyasalarda ve ulusal ekonomilerde istikrarsızlıklarında finansal krizlere neden olabilir. . Birincisi, bankacılık sektöründe ve döviz piyasalarında başlayan finansal küreselleşme süreci, sermaye piyasalarında hızlı bir büyüme göstermeyi başardı. Serbestleşme, portföy yatırımlarının yaygınlaşması, bilgi ve ileri teknolojinin hızla yayılması, yeni finansal araçların ortaya çıkması ve yasal düzenlemelerde liberalleşmenin yaygınlığı bağlamında sermaye piyasalarının gelişimini hızlandırmaktadır. Finansal serbestleşme, sermaye piyasalarının verimliliğini artırarak ve gelişmesine katkıda bulunarak, yatırımcılar için uygun bir risk-getiri profili yaratarak yararlanmaktadır. Ancak, diğer taraftan gelen sermaye akışları, makro düzeyde çeşitli belirsizlikler ve krizlerle birlikte görülmektedir. Bu, sermaye akımlarının hareketliliği için gelişmekte olan bir ülke olan finansal küreselleşmenin zayıflıklarını ortaya koysa da, Türkiye'nin makro-ekonomik dengesizliklere neden olmuştur.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIMITATIONS

The research clutches globalization process handled from 1970s to nowadays in a general perspective. The evaluation of Turkey's economy consist of two different time periods to see the effects of globalization in the country. The first one covers a period stretching from the end of 1980's to the end of 1990's, explaining the reasons and factors of the economic crises in Turkey while the second period investigates the decisions and measures taken by the Turkish government to diminish the effects of 2008 global crises.

INTRODUCTION

Globalization is a multidimensional concept covering economic, political and social spheres. In general, globalization is expressed as the integration of the countries with the external world in economic, social and political aspects (Açıkgöz and Mert, 2011: 713).

Although the concept of globalization emerges in different fields, it is generally considered as economic sense. Globalization refers to the integration of the economies of the states, capital, management, employment, information, natural resources and organizations becoming multinational and increasing interdependence (Koçdemir, 2000: 154).

Economic globalization, on the other hand, indicates the liberalization of global capital movements and labour, the rise of multinational corporations (Chang and Lee, 2010, 154). The social dimension of globalization is related to people's lives, their work and their effects on family life. In addition, social globalization includes security, culture, and the integrity of families and communities. Globalization has begun to show its influence in the present sense firstly with the establishment of the United Nations after the Second World War and Marshall's aid (Eroğlu and Albeni, 2002:23).

Financial globalization, which constitutes the newest dimension of the globalization process, has struck the world economy in the 1980s, abolishing the boundaries between national financial markets and allowing capital flows to grow in size. As the technological progress that has been made in the future has reduced the transaction costs, the banks have introduced new financial instruments including derivative transactions. On the other hand, institutional investors looking for alternative investment areas for large-scale funds have increased their activities in international markets. Financial globalization, which helps increase development and expertise, directly and indirectly promotes growth (İşler, 2013).

Developments in the globalization of financial markets have usually started with the demise of the Bretton Woods system in the early 1970s. By switching to a flexible exchange rate system by demolishing the fixed exchange rate system, it became possible to earn money by the possibility of exchange rate changes between the currencies. A massive foreign exchange market has emerged as a result of increased foreign exchange transactions. It has become possible to move from one to the other, along with the developments in computer technology, in this biggest market of the world, which is open 24 hours a day. As a result, international capital has increased rapidly and interdependence and integration between national financial markets have grown. National markets have now become the branches of a single global market (Ganiev, 2014: 119).

The aim of this study is to analyze the impact of globalisation on financial markets in a general perspective. Moreover, globalisation concept can create macro-economic imbalances in some countries and this study tries to identify some of these factors by considering the Turkey's economy. We analyze what measures have been taken by the Turkish government to get rid of the effects of the crises.

1. GLOBALIZATION CONCEPT

1.1. Definition of Globalization

Due to the dynamic nature of the concept of globalization, which is often pronounced in recent years, we have reached many definitions in the literature on this concept. Today, different and complex definitions of globalization have been provided from sociology, geography, demographic studies, industry relations, law, and so on (Seymen ve Bolat, 2005: 3).

It is impossible to look at globalization from a single point of view in today's world where very rapid technological developments are experienced, international communication and interaction is intense, a global market is formed, political and cultural multi-dimensional relations are emerging and many underground internationalizations is important (Koray, 2005: 13).

Although there are a lot of resources about globalization, very different approaches and definitions have emerged about globalization. The versatility of the issue of globalization results in the perception of meaning on the part of each side of the understanding of each side. Indeed, different approaches to globalization cannot be talked about in a compromise (Aydemir and Kaya, 2007: 260-282).

Although the word "global" is rooted centuries ago, the word "globalization" first entered our lives in the 1960s. The notion of globalization, which has been widely used in the 1980s, has become a concept accepted by scientists when it comes to the 1990s (Bozkurt, 2000: 1).

The word globalization is sometimes used in the process of describing the periods when the societies on earth are alike and the result of a single global culture, sometimes defining their own differences in societies and communities (Olgun, 2006: 143).

Globalization can be defined as the spreading of economic, political, social and cultural values of the countries to the world boundaries, and the emergence of differences based on a unity and harmony. On the other hand, the phenomenon of globalization can be interpreted as the inclusion of national economies at certain points in the world market and as a direction of the priorities of capital accumulation of world capitalism to economic decision stages (Aydemir and Kaya, 2007:260-282).

In addition, globalization is an era in which national identities and boundaries are resolved, economic integration is experienced, and a great part of social life is shaped by global processes. Globalization process; it is a process that is integrative in one direction and another in the other. (Seymen and Bolat, 2005: 6-7).

In explaining and describing globalization, there are also academic views that attach more importance to the content of the concept of globalization. One of them is the Held-Mcgrew-Goldblatt-Perraton definition. According to this definition, globalization is the influence of events and decisions, which are part of the social, political, economic activities that take place in a region of the world, affecting individuals and communities on the other side of the world. In another definition which looks from a similar point of view, economic, technological, political, media, cultural and environmental changes are considered to affect all the regions in the world (Zengingönül, 2005: 90).

As the most important element in the development of the globalization process; the adoption of approaches advocating the liberalization of international goods and capital movements by many countries, the reduction of control over international trade and capital movements. As a result, it is observed that countries have been following structural adjustment policies, which have been possible since the beginning of the '80s, with the expansion of free markets and multinational companies (Aydın, 2002: 83).

Today, multinational companies have the power to direct world trade. For countries to be able to participate and be active in world trade, which is led by multinational companies have to be competitive on the global scale in terms of price, quality, product, service and marketing. It should be mentioned at this point; the effects of the globalization process on world societies whose development levels, economic structure, social and cultural framework are different (Aydemir and Kaya 2007: 261-268). The globalization process is not a fair process that provides benefits equal to those of all the world's countries. This unfair process results in the exclusion of some nations from the world, which is the integration of some countries with the world.

1.2. History of Globalization

The phases of the globalization process and precisely the starting date are not fully known. However, we can say that the process of globalization is based on the past, the domestication of animals, the migration of people from where they are, and the creation of trade caravans, as well as the discovery of new territories (Aktel, 2001: 195)

According to some people, three global waves were experienced in the late 19th century. The first wave covers the period from the late 19th century to the First World War. The second wave covers the 1970s, when the decline in the production rate of developed economies such as the US, Canada, and Japan has been experienced since World War II. The third wave is the ongoing process that has been ongoing since the early 1980s (Karabıçak, 2002: 118).

After the Second World War, there was a period of economic growth, but the growth period of the capitalist world was blocked in the 1970s with the introduction of a new crisis (Kiper, 2004: 88).

The 1970s were a period when the United States was increasing its foreign spending due to the Vietnam War and the Cold War. These years were the collapse of the US economy and the collapse of the Bretton Woods system. The exit point has entered the "stagflation" of the world economy with the petroleum odor, which are the oil importer countries of the world economy (Balkanlı, 2002: 17).

The oil crises and the accompanying price increases have caused the underdeveloped countries to fail to repay their debts. On the other hand, the volume of foreign trade shrank in the developed countries as well. Growth paused, people began to become impoverished. Developed countries, with the help of new technologies, have entered the process of restructuring in production in order to be able to overcome this bottleneck which started in the 1970s. In addition, they supported the restructuring process with advances in communication and information technology, bringing capital and commodity flows to the global dimension. In other words, capital has acquired international character (Kiper, 2004: 88).

In the 1980s and 1990s, the rise of the economy to international level and the increase in the blocs changed the economic, cultural and technological geography of the world. Because of the internationalization of the economy, transnational markets have gained more importance than the national market. Thanks to these markets, a homogeneous consumption culture has been formed in the world; various institutions have attempted to overcome the differences between countries and cultures and to meet global needs (Kürkçü, 2013: 4).

The disintegration of the USSR in the 1990s is one of the major turning points in the globalization process. The capitalist mode of production was imposed by the right-wing rulings as "the New World Order", as the only available option, and tried to be adopted in the countries. With this system, it is aimed to reduce the intervention of the public sector by leaving the social welfare state back. In addition, according to the new world order the creation of a single market in the world; and the liberation of goods, capital and services movements (Kiper, 2004: 88-89).

Though full liberalization and a one-world idea in the new world order explained together with their targets, the countries have gone to other countries to consolidate or economic, political, ideological blockade in order to be able to strengthen in this international system (Yahşi, 2007: 12).

As a result of political interactions and commercial relations on the international scale, multinational corporations have begun to have a say in the world economy. Over time, they have become a unipolar world, leading to world politics (Kaypak, 2011: 21).

In 1950, the first modern multinational corporation is the corporation of a Germen business “Uni” and British business Lever Brothers as the name of Unilever (Tağraf, 2002: 38).

Taking priority on the profits of multinational corporations makes it easy for them to make decisions that are inconsistent with the goals of the society. On the other hand; there is no time and space limitation in multinational enterprises that are a legal entity. While trying to maximize their profits, they aim to reduce their costs the most (Dikkaya and Deniz, 2006: 170-174). However, among the multinational corporations, which nowadays are very numerous, there are also those who have positive examples such as Unilever who attach importance to unionization.

If we look at the present situation of multinational corporations which are important actors of the globalization process, we can see that the number of multinational corporations and the domain of influence increase simultaneously with the globalization process. The number of branches or representative offices of multinational corporations in various countries reaching 37.000 in the world has reached 450.000 (Tağraf, 2002: 38).

1.3. Dimensions of Globalization

Globalization is a multidimensional and complex process that has political, socio-cultural and economic dimensions and affects each other. Political globalization indicates that in recent years the dominant role of the nation-state has been to diminish its role and to redefine its mandate. Socio-cultural globalization refers to the transformation of the industrial society to the information society together with the global order. In this context, although the process of globalization is a process with political and socio-cultural dimensions, economic globalization lies on its basis. Economic globalization can be defined as the rapid development of information technologies and the liberation of goods and factor movements in parallel with deregulation policies and thus the integration between the markets (İşler, 2013:10).

When we examine the economic dimension of globalization, two key areas emerge. These are the globalization of finance and the globalization of production. There is a very sensitive relationship between these two spheres of economic globalization. Global production, a function of global finance, is influenced by global financial movements. Accordingly, it is not difficult to imagine that financial instability can negatively impact global production.

Interpretations about the consequences of the global dimension of the economic dimension on the world scale differ from each other. While Neo-Marxist economists interpret globalization as an "unobstructed" new game of sustainability of underdevelopment of the central capital, management gurus such as Drucker prefer to keep away from this new colonialism thesis.

Postmodern thinkers such as Giddens and Harvey imply that globalization is fundamentally changing the set of time-space concepts, which is directly linked to the duality of capitalism-modernism, and that its effect will be parallel to the developmental levels of the countries. It may be possible to say that this assumption will lead to a negative impact on the globalization project, not to respond to the national projects of the countries. But if the global program is supposed to have the power to direct national actors, then in this case how to succeed in the face of globalization will turn into a treat. In this context, globalization carries many paradoxes along with universal humanitarianism in order to create a more moderate order of world in a competitive environment in which worldliness is not damaged (Dulupçu, 2001: 17-18).

The most appropriate way to see the dimensions of the globalization of finance would be to look at developing capital movements, or from a wider perspective, to the comparative development of financial assets with real production.

The effects of openness policies, which began to dominate economic management, began to be felt in the 1970s, especially in the field of finance. In this period of deep-rooted changes in the international monetary system, the transition from the state-controlled international monetary system of the Bretton Woods period to today's market-driven international monetary system, with the definition of Padoa-Schioppa and Saccomanni, took place (Hirst and Thompson, 1998: 161).

The same authors have identified six characteristics that determine the market-driven international monetary system;

- Internationalization of financial portfolios following widespread liberalization of capital movements in the country,

- As the financial intermediary institutions accrue, the decline of the pre-market of the banks compared to the market (this became evident by the increase of the importance of securitization, bond issuance etc.)

- Determination of foreign exchange rates by financial markets in the light of the development of international financial transaction scale according to trade transactions,

- In general, market volatility, which is explained by the development of information processing and communication technologies (system-wide growth of shocks)

- The intensity of the market arising from trade with a relatively small group of companies in international markets at the same time as similar analysis and behavior traditions,

- Countries that can not insulate them from exchange rate pressures are also not able to discipline in terms of internal economic policies.

In the dimension of globalization of production, it is the production system that has taken the place of classical production, addressed to the domestic markets in the past, to the foreign markets in the international arena and to be realized by the mass production technique to address the global markets. Global manufacturing includes organization structures, innovations in production techniques, new marketing methods, after-sales technical support systems, and many other sub-components.

1.4. Basic Approaches to Globalization

Approaches to globalization are subject to a trilateral classification as "radicals" (hyperglobalist), "skeptical" and "transformationalists" (Held et al., 1999: 1-4)

1.4.1. Radicals (Extreme Globalizers)

Radicals are also called extreme globalizers. When it comes to radicals, Kenichi Ohmae, Francis Fukuyama, and Thomas Freidman are the first to come to mind. Accordingly, the nation-state, a product of industrial civilization, has lost its importance in parallel with the globalization process. Now the global market is taking politics, because the market mechanism is more rational than the governments. The development of the global market indicates a higher rationality within society. Nowadays, politicians are less interested, because they lose their importance and influence in our lives. Politics do not have the power to influence the movements of the global economy, even if they are still effective at the local or national scale. In this sense, it is a consequence of the globalization process that most citizens of the world countries are less interested in politics or that politicians are more frustrated with the citizens (Giddens, 1999: 56). In other words, markets are stronger than states, according to radicals. This decline in state authority can be seen as an extension of associations with other institutions and local / regional authorities. The radicals think that the world community is (or will be) taking the place of traditional nation states and that new forms of social organization are beginning to take shape. Another argument of globalization is that the presence of an increasingly global economy is increasing (Bozkurt, 2000: 19).

This understanding which can overlap with the neo-liberalist view does not accept the social state understanding. The social state, contrary to the supposed benefits, undermines the confidence of the individuals and the entrepreneurial spirit they feed into them, and fills the foundations of our free society with destructive elements. Contrary to classical social democracy, neoliberalism is a globalizing theory and has a direct contribution to the globalizing forces. The neo-liberals are following a philosophical approach that allows them to cooperate with more local associations around the world (Giddens, 2000: 24-25).

However, those in this group do not have a homogeneous appearance. For example, while neo-liberals welcome the success of the market and individual autonomy over state power, neo-Marxists within radicals view modern globalization as a repressive global capitalist agent. However, despite the differences in these ideological approaches, they share the view that there is an increasingly integrated global economy today (Held et al., 1999: 2-4).

Radicals believe that this process creates winners as well as losses in the global economy. On the one hand, a "new global division of labor" has risen in place of the traditional center-periphery structure, while on the other hand there is an "increasing anocranianism" between the South and the North. Despite this background, governments have to "manage" the social consequences of globalization. Globalization can link polarization between winning and losing in a global economic order. According to the neoliberal movement at the very least, there is no question that global economic competitiveness will be in "zero sum" production. Almost all countries have a comparative advantage in the production of certain goods in the economy, even if the status of certain groups deteriorates in the face of global competition. For Neo-Marxists and radicals, such an "optimistic approach" is not correct. In their view, global capitalism creates inequality both within nations and among nations. But they agree with neo-liberals that the traditional welfare state path to social protection is difficult and increasingly old (Bozkurt, 2007)

For many neo-liberals, globalization is regarded as the first true global civilization journalist. From a radical point of view, the rise of the global economy can be interpreted as a demonstration of a radical new world order, the emergence of hypotization, global expansion and global governance institutions at the global level is fundamentally interpreted as the demise of the new world order and the death of the nation state. Now national governments have begun to struggle to control their borders. While global and regional governments demand greater roles, autonomy and sovereignty of states are also more abused. Besides, international cooperation between countries is facilitated; the increasing global communication infrastructure makes the different countries more aware of the common interests of the peoples, and as a result they claim to have a common ground for the birth of a global civilization.

1.4.2.Skeptics

Skeptics who are right in front of them as an idea against radicals are also referred to as anti-globalization. Noam Chomsky, Paul Hirst, Grahame Thompson and Immanuel Wallerstein were the first to come to mind as anti-globalization. Skeptics are skeptical about globalization (Giddens, 1999: 56).

In the world we live in, they claim that nothing is new. Skeptics have pointed to the past of globalization, saying that at that time, movement of money and goods occurred at a significant level. They argue that in the nineteenth century people did not even use passports, despite the fact that many countries still apply strictly their national border controls. Skeptics claim that today's developments in lifting the walls of the world economy are nothing more than a hundred years back to a similar situation. In short, they do not accept that globalization is a new process. They depend on the fact that everyone is so concerned with this term that it is time to become an ideology. For them, globalization is a simple term often used by circles aiming at minimal state and government that will destroy the welfare state (Giddens, 2000: 40). Some members of this group regard globalization as capitalism's new non-warfare operational logic or geo-economic imperialism, while some famous thinkers such as Chomsky have characterized the mega-enterprises pursuing profit as tyrant of totalitarian institutions (Bozkurt, 2000: 21).

According to this group globalization is not unexpected. Only this process has been exaggerated by extreme globalization to become a myth.

The world economy is less integrated than it was in the past. National governments, by contrast, are not passive victims of internationalization. The regionalization that develops in the face of the globalization process is not an intermediate station of globalization but rather an alternative. The world is heading for division in the framework of new understandings instead of global civilization. Globalization is not an integration but it will bring new conflicts between different cultures, different civilizations or regions. Again, this group draws attention to the inequality in world economy and argues that it will lead to the birth of a fundamental, fundamentalist or aggressive nationalism from the birth of a global civilization, as the neo-liberals in the world call it (Bozkurt, 2000:21-22).

Moreover, the skeptics claim that the globalization process is an ideological attitude rather than a phenomenon that emerges as the result of economic or technological developments.

The most important of the controversial arguments of anti-globalization ideas are the fact that the poor countries are getting poorer and richer in rich countries. This issue has been one of the most important research topics in the "Economic Growth" surveys of the last decade. As a result, this rapprochement between the rich and the poor is only valid for the rich countries, and the income levels per capita of rich countries are assumed to be close to each other. Considering the status of the provinces or a more realistic approach in the world today, it is argued that there is a convergence between the income levels of European countries, for example, even in the case of OECD countries is also observed to be impoverished. One of the most important reasons why the Asian continent looks like this rapprochement club is the existence of new industrialized countries in Asia. (Özdemir, 1992: 242).

But the most important result that can be deduced from the results of the concept of globalization according to skeptics is that economically rich countries increase wealth resources and poor countries lose their resources against rich countries.

In general, the phenomenon of globalization that we observe in the world is mainly due to two reasons. The first reason is that free market economy based on competition is becoming the dominant economic system all over the world. The second reason is the rapid development of technological development, especially in communication and transportation technologies. On the economic front, globalization is the integration of money, capital, goods and services markets on a global scale. According to liberal economic theory, the integration of goods, money, capital and labor markets allow the welfare level in the world to reach its maximum point. Technological developments are the main means of achieving this integration. (Hisarcıklıoğlu, 2001: 59).

Technological developments accelerate the trade of goods, money, and capital among national borders, thereby increasing trade. The cheapness and speed of transport and communication make it easy for the investment movements to move the various stages of production and development efforts to other countries. However, it is unlikely that globalization, which ensures the acceleration of movement of goods, will increase investment and development impetus and accelerate them towards the international and especially the developing countries.

The most important factor that contributed to the increase of the movements of goods and capital between countries for five hundred years in the capitalist era was "Profit Guidance". Companies that move with this motive are trying to expand and spread their trade and investment activities by taking advantage of the new opportunities provided by technology. In order for companies to be able to trade and invest in maximum freedom, all the obstacles (developmentist and social policies, economic nationalist tendencies) that remain in front of the capital and commodity movements in the countries must be left in the middle (Somel, 2002: 143).

For this reason, the countries that have completed their development in the global economic order must have adopted the policies that allow the circulation of the capital movements of the developing countries, and the principles which will accept the acceptance of the countries and economic systems and the obstacles in front of them. This kind of politics will lead to the liberalization of markets and the efficiency of multinational corporations in the international economic structure, thereby widening the period of globalization and increasing the scope of activity.

As the markets and production become truly global, the international economic system becomes disconnected from the national context and becomes autonomous. As interdependence between national economies increases, the national level is included and transformed by the international level. Thus, the international economy becomes autonomous and transforms into a global economy. As a result, the separation of the domestic and the international has lost its importance and the private sector and the national state have to take into consideration the international conditions even in the fields of traditional activity and sovereignty (Hirst and Thompson, 1998: 35-36).

1.4.3.Transformationalists

According to transformationalists globalization is the main political power behind rapid social, political and economic changes that have reshaped modern societies and world order. It is no longer a clear distinction between the outside or between international and internal affairs. It is in a very different period, even 30-40 years ago, in the economic sense, a hundred years ago. The researches on globalization in recent years point out that you live in a very different period. A new global market has been formed that is much more integrated than the previous market. The quantity of goods bought and sold is too high to compare with the 19th century. But even more important is that the economy is becoming more and more connected to the service sector. Services, including information, entertainment, communication and most importantly the electronic and financial economy, are becoming the most important sector in the economy. Since we have been able to communicate instantly by means of the communication revolution, mutual interaction has begun to break down the old structures, to forget the old habits and to be in touch with the other cultures instantly (Bozkurt, 2007).

1.5. Reasons for Globalization

Globalization is a phenomenon that has emerged as a result of a long historical process. The elements that are effective in the emergence of the phenomenon of globalization can be examined under four headings.

1.5.1. Technological Developments

Because technology is very closely related to economic and political elements, it is significantly influenced by the changes and movements of these two elements (Şenel and Gençoğlu, 2003: 48).

When the world economy is assessed in 1800s, the aim is to procure raw materials and re-incorporate them into the sales process and carry out trading on the basis of gold coins. One of the most important technological factors is the possibility of using a processor in a computer, which was introduced as a product of research and development techniques in the late 1970s. The contribution of computers, which are quite important in reorganizing production, is not limited only to this area. Capital movements in the economic life with other hardware based on the computer have also been moved to electronic affairs (Balkanlı, 2002: 18). Since the 1980s, the rise of these technologies has lifted the concept of distance over the world (Bozkurt, 2000: 87). The share of countries that hold these information technologies in the hands of the globalization process is also a very large measure, which is inversely proportional to the decrease in costs, accompanied by the economic power increase.

One of the most important concepts that come to mind when examining the part of the technological factors that are based on computers is the internet. The Internet is the most effective communication tool of our time, with the ability to spread quickly and easily on a global scale in every way. The most important of all is the means by which the process of globalization lifts borders from the internet. Thanks to the internet opportunity that removes the concepts of time and space, investing in a country anywhere in the world, providing capital flows between countries, making shopping, transferring information and communicating with people are experienced within the next few years (Başaran, 2005: 41).

We can show the ring of creativity as the starting ring of the technology development cycle. That is to say, the creativity leads to the production of new technologies, the production of new technologies leads to the emergence of competition concept, the competition power leads to the increment of the profitability and the increment of the profitability at the end leads to the increment of creativity. At this way the technological development complete its cycle (Zerenler et al., 2007: 656).

The multinational enterprises that are emerging as a result of the rise in international business union and production are among the most important events in the globalization process (Dikkaya ve Deniz, 2006: 169). The production geography of multinational corporations, which are the central, scientific and technological countries, covers the whole world. Most of the globalization process is receiving multinational corporations (Şenel ve Gençoğlu, 2003: 48), which we can call as the actual owners of technology.

1.5.2. Political-Ideological Factors

After the disintegration of the world in 1945, a three-polar order emerged, including the First World Countries (Free World), the communist Second World Countries, and the developing Third World Countries. In the late 1980s, the end of the Cold War ended with the end of the Second World Countries and the economic success of the Asia-Pacific countries of the exclusionary countries, resulting in polarization, and in many countries a system of market and democracy was chosen. This result brought political globalization together. Today, the universe of the universe has become a world; the United States has become the sole judge with its unrivaled military power and technological power (BM Küresel Yönetim Komisyonu, 1996: 24-25).

Important political and ideological factors affecting globalization can be listed as follows (Güler, 1996: 55):

- Establishment of international and transnational organizations such as the United Nations, NATO, OECD, IMF, World Bank, GATT / WTO
- The articulation of the former eastern bloc countries and China and India into the world capitalist economic system through the end of the Cold War
- Structural transformation projects implemented by the IMF and the World Bank in developing countries in the 1980s and the Washington Consensus approach
- The will of the USA to prop up and spread the ideology of globalization
- The transformation of the neo-liberal free market and liberal democracy view into a dominant paradigm and the influence of government policies in this framework

- The requirement for international cooperation for various issues and regulations.

The rise of people's concerns about justice, the fulfilment of basic material needs, democracy, human rights, disarmament and the protection of the environment play a role in the formation of new actors that can contribute to governance today. All the different voices and organizations that emerge are becoming increasingly active in promoting the economic, political, social, cultural and environmental objectives of global influence. Some of them are in positive affirmations about humanity and the environment in which they live, while others are in a destructive attitude towards their own interests (BM Küresel Yönetim Komisyonu, 1996: 24-25).

With the supra-state authorities, new global or regional organizations have shaken the classical "state" structure and the "nation" concept has left its place to the concept of sub-community.

The gradual decline in the importance and function of the diplomacy has led to the loss of the monopoly of the traditional diplomatic organization and the diversification of international relations with state-international corporations or state-international organization relations rather than state-state relations (Güler, 1996: 55).

States may offer people a very complicated world system for representing people against the world. Liberalization, privatization, structural adjustment policies affect all states, create consistency between local and external prices, and serve as a tool for the dominant influence of the world market on the local market (Harris and Prendergast, 1995: 26-27).

1.5.3. Economical Factors

The changing impact of the industrial revolution in England in the 18th century on all the countries of the world is the basis of the globalization process (Karabıçak, 2002: 118).

The including of raw materials and services to the international circulation is an important development observed in the 20th century. After the 1980s, polarizations were resolved and economic relations became widespread. (Tağraf, 2002: 35).

The effect of globalization on the economic field started with the request of the countries to open up to foreign markets (Sönmez, 2006: 180). In the aftermath of the 1970s there was a significant change in two aspects. The first is that the Bretton Woods Agreement, as a result of the economic stagnation and inflationary pressures experienced by the United States and Western Europe in the late 1970s, has shifted from protectionist policies to global policy orientation and from national boundaries in terms of capital circulation. The second case is the depth of the market. During the deepening of the market, globalization of the capital comes before production. While production is globalizing, there is a great monopoly and production chains are formed. But despite the integration of production chains and companies, the division of labour in the world does not change. As a result of all of these, a large part of the added value produced has been transferred to the West (Koray, 2005: 20-21).

As a result of seeking to open up to external markets and reaching saturation in the domestic market, multinational corporations, which have a very strong share in the world economy today, are born. In this process, multinational enterprises have played an important role not only in trading but also in sharing production on the world scale. Today, the stages of the production process take place in different countries. Multinational corporations have caused the sharing process to become unfair by channelling the production scale required for information and technology to the developed countries and the labour intensive production scale to the less developed countries. This unfair process has led to a significant part of the world's countries having to integrate with each other. Integration of the countries with each other, gains and crises also contributed to this sharing (Sönmez, 2006: 180).

With globalization, there has been an important transformation in economic activities around the world. As a result, market opportunities have also changed. The resulting new market is a much more globalized market with much more integrated, world-scale distribution channels than the old market. Globalization in the production network has created a global competitive environment, bringing efficiency and productivity concepts to the forefront. The weight of the economy has gradually increased in the service sector and the dependence on the service sector has increased (Kaypak, 2011: 19-33).

In the ongoing stages of globalization, countries are expected to evolve from underdeveloped to developed through certain levels. However, development levels and economic competencies of all countries are not at the same level. Each country can get its share of the globalization process in terms of its economic strength and development level.

1.5.4. Socio-Cultural Factors

Some of the Western countries that have been positively influenced by the Industrial Revolution have begun to give direction to the world economy and politics by completing their economic and social development thanks to the technological advantages provided by the revolution. These countries, which have a guiding power, have embarked on colonial activities by making certain countries that do not have a national stance dependent on them in terms of raw materials, production and market. Western power centres have realized the process of globalization in the cultural field in two stages. The first of these steps is to follow the way for the Western power centres to adopt their own cultures to the peoples of the colonial countries from the beginning of the 19th century. Through this process, they have been engaged in various activities to create a mass of people speaking their own tongue, who think like themselves in the colonial countries through missionaries. The second stage was due to the development in communication technologies that began in the second half of the 20th century. The countries with the political power center have now shown activities to spread their own cultures to people of other countries by means of communication, not through missionaries (Mahiroğulları, 2010: 1277-1278).

With the widespread use of mass media in the globalization process, the concept of distance has lost its importance. As a result of this situation, cultural interaction is facilitated. The social structures have changed and mass culture, which is a homogeneous culture that combines everything, is born (Akdemir, 2004: 45).

Parallel to the developing and widespread tools of communication, transportation tools have also developed. The mobility between countries has also increased due to the development of transportation tools. This mobility, which allowed the political borders of the countries to get out of the way, made it easier for societies to influence each other (Kiper, 2004: 73-75).

The cultural values of societies unable to comply with global economies and universal values have been forced to change, partly by the process of globalization (Köse et al., 2003).

The globalization process has been in unequal relations in the emergence process as it is today. The process has become a major distress for countries outside of Western power centres. There is no West today that has the understanding of colonialism as it has been in the past. However, when we look at the real politics and the applications of these policies, it is possible to see that the power imbalances are dominated by economic interests, not human and community needs (Koray, 2005: 17-18).

1.6. The Results of Globalization

Economic, political and cultural globalization has numerous large and small influences. The consequences of economic globalization, which is an important aspect of globalization, can be summarized in four issues. First, the number of truly integrated global markets is increasing. Second, the weight of Multinational Corporations continues to grow rapidly. Third, we are witnessing a management and regulatory problem at a global level. And finally, the most obvious is the globalization seen in macroeconomic politics since the early 1980s (Naisbitt and Aburdene, 1990: 96).

With globalization, the consequences and transitions that shape the world in our day are emerging (Naisbitt and Aburdene, 1990: 96);

- Transition from industrial society to information society
- Transition from labor-intensive technology to high-tech
- Transition from national economy to the world economy
- Transition from short period to long period
- Transition from central governance to local governance
- Transition from institutional support to self-support
- Transition from submissive democracy to participatory democracy
- Transition from hierarchy to network
- Transition from north to south
- Transition from restricted options to various options

The following consequences may also be added to above consequences;

- Becoming important of the service sector
- Becoming important of the individual
- Increasing global competition and hyper competition
- Change and changing businesses
- Increasing integration of the markets
- Competition based on knowledge, technology and innovation
- Knowledge and the increasing importance of human
- Fragmented production processes and flexible production
- Increased strategic cooperation and partnerships
- The dominance of multinational companies
- Global network economics
- Increased intra-industry trade
- Increasing outsourcing
- The spread of regional economic integrations

The major results of the globalization process in economic, political and cultural fields can be summarized as follows:

- Globalization has increased the integration of markets and asymmetric interdependence
- Globalization has increased the competition

- With globalization, the power, the fields of activity and the effects of multinational and global companies have increased.
- Globalization has increased the vulnerability of countries to financial crises and external shocks.
- Globalization has increased the dominance of finance capital.
- "Global competition" is increasing in the globalization process.
- Globalization has created a process that is interwoven with information society and economy.
- Globalization increases the quantity and scope of global procurement activities.
- Economic and political power in the process of globalization is concentrated in certain centres.
- Globalization has accelerated the process of cultural homogenization
- In the process of globalization, nation states are force to change, and the importance of authority and boundaries is diminishing.
- International and transnational institutions are being established in the globalization process.
- Globalization affects income distribution both within countries and between countries, and at the same time causes convergence and divergence in the per capita real incomes of countries.

- The ideology of today’s globalization can be defined as Neo-liberal Capitalist and Liberal Democracy.
- The ethnic identities supported and reconstructed.

2. FINANCIAL MARKETS

2.1. Definition of Financial Market Concept

The concept of the financial market is defined as the market where the fund investors (investors) and the fund holders (savings holders) come together and buy and sell financial assets. The financial market consists of investors, saving owners, brokerage houses and the elements of the administrative rules. The processes in which the money supply and demand are made may not always be face to face; often by means of correspondence, by telephone or computer. An example is the concept of the stock market, which is the space where investors and savings holders come together physically or electronically and buy and sell in the framework of certain rules. The financial system is a channel that allows economic units to transfer funds through financial markets. The most basic function of this channel is; supply and demand balance in terms of time, quantity and maturity. With this basic function, a significant portion of savings is transferred to financial markets. It also plays an important role in providing such savings and efficient projects as well as managing the risks involved in investing. This flow of funds is provided through intermediary institutions such as banks and insurance companies, stock exchanges that provide direct financing, or financial institutions that fulfil both functions (Udell and Wachtel 1994: 46). As a result of this flow of funds, the financial system contributes to the facilitation of economic growth, to its speed and stability. For this purpose, it is important that financial markets have depth knowledge indicating the volume of instruments and institutions, high liquidity and volume of transaction orders (Oksay 2000: 35).

Recently there have been some changes in financial markets. The most important reason for this is that traders with high volume trades are starting to trade outside the stock market with the opportunities provided by technology. The main purpose of trading outside the stock market is to speculate on the financial assets in which investors buy and sell orders on the stock market. The prevention of speculative movements has led to the emergence of a growing dark pools market. Dark pools that are introduced as an innovative concept in financial markets; are alternatives to the stock exchange and they prefer to use the investors and the savings owners as a buying and selling area of securities (Yılmaz, 2016:3-4).

2.2. Classification of Financial Markets

It is possible to classify the financial markets according to the duration of the funds provided, primary or secondary funding, the organizational structure of the market, being national or international, delivery and when payment is made.

2.2.1. Money and Capital Markets

Financial markets are classified into two categories as Money Markets and Capital Markets according to the lending times of the funds or in other words according to the dates.

While money markets are defined as short-term (shorter than 1 year) funding and demand-seeking markets, capital markets are defined as long-term (longer than 1 year) fund supply and demand markets (Ritter et al., 1991: 26).

The money markets are the markets where the operating capital of the enterprises, the consumer goods of the consumers, the short term budget deficits of the state and the daily, weekly, monthly, quarterly and other 1 year short term fund requirements of all economic units are met. Since money markets meet short-term funding needs, financial instruments traded in money markets are liquidated because they can easily be converted into money in a year (Andrew, 2016).

The main financial instruments traded on the money markets are deposits, treasury bills, deposit certificates, financing bills, repo, collateral letters, bank bills and asset-backed securities.

Since the capital markets are often used for financing fixed capital investments they are markets covered by long-term fund supply and demand. Risk and interest rates are generally higher than for money markets because of the long-term funding exchange (Rodoplu, 1993: 122). In capital markets, financial instruments that are longer than one year, such as stocks and bonds, are traded.

2.2.2. Primary and Secondary Markets

Primary markets are the markets where financial assets are offered to those who need more than the first-hand funding. For example, issuance of stocks or bonds by a joint stock company that needs a flier occurs on the primary market. Secondary markets are the markets in which financial assets previously traded on the market through primary markets are traded. In the secondary markets, securities traded on the primary market are traded. Securities traded on the secondary market do not provide any funding to the issuing institution. Stock exchanges, such as the Istanbul Stock Exchange, can serve as examples of secondary markets in which stocks traded on the primary market have been traded. Other examples of secondary markets are foreign exchange markets, future markets and option markets (Parasız, 2007: 80).

Secondary markets significantly increase the liquidity of financial assets by allowing securities to be exchanged without the expiration of trades. Secondary markets effects the demand on financial assets issued in primary markets. If investors believe that the exported financial asset can be converted into a quick and affordable dollar on secondary markets when necessary, they will make more purchases than in the primary markets (Konuralp, 2005: 19).

2.2.3. Organized and Benchmark Markets

Another classification of financial markets is the “organized market” and the “benchmark market”. Organized markets are markets where buyers and sellers come together in a certain physical environment, only securities traded on the stock exchange are bought and sold, and transactions are carried out under various legal rules and regulations. Examples include the Bourse Istanbul (BIST), the New York Stock Exchange (NYSE), and the Chicago Board of Trade for Commodities (CBOT) (Mishkin, 2004: 27).

Bencmark markets are markets where trading is not depend on strict rules and regulations. Although purchases of securities that have not been traded in the stock market are more frequent in the benchmark markets, the purchase and sale of financial assets, which are sometimes traded in organized markets, can also take place at the benchmarked markets (Fabozzi and Drake, 2009: 129).

2.2.4. National and International Markets

National financial markets are markets in which only the securities issued in that country are traded. International financial markets are markets where foreign countries or securities issued by companies are bought and sold. While BIST is a national market, financial centres like New York, London, Tokyo are both national and international markets (Konuralp, 2005: 20).

2.2.5. Derivative Markets

Financial instruments whose values depend on the value of another asset are called "Derivative Financial Instruments" or Derivative Products with more widespread use (Brian, 2009: 43). In other words, derivatives are products whose value depends on the value of another core asset. These basic assets are mainly stocks, treasuries, foreign exchange, interest and various commodities. Derivative markets are the markets where derivative transactions are performed and derivative products are bought and sold.

The main derivative products are futures, forwards, options and swaps. Futures contracts are contracts for the delivery of a commodity whose price is currently known at a later date. Futures contracts are contracts that are traded on organized stock exchanges that include standard time and amount and are linked to the daily balancing process. In the day-to-day balancing procedure, the loss must be paid to the other party at the end of each trading day. An investor futures contract does not have to have that contract to be able to sell a contract. Futures contracts may be linked to physical commodities such as rubber, cotton, cocoa, copper, as well as securities such as government bonds, treasury bills, stock certificates, bonds, bank certificates (Chambers, 2007: 7).

Forward contracts are contracts that are signed between the buyer and the seller and whose price is determined at a future date on a future date (Don Chance, 1989: 210). When the prompt is reached, the buyer pays on the agreed price, and the seller delivers the asset to the buyer in the agreed amount or amount. On the due date the seller has 2 options; the seller reduces his or her asset stock and delivers it from its own stock, or it buys the asset from the spot market and delivers it to the buyer.

The option is a right to the holder of a financial instrument to sell or buy at a predetermined price, within a specified time or on a specified date for a premium. Therefore, this right is also a contract between the parties. While the buyer of the option has the right to choose, the counterparty must fulfill the obligation. The right to possession of the option, the right to use the election or to abandon it is a premium; while the other side is in risk for the prime (Fettahoğlu, 2003: 369).

Swaps are special agreements between two parties regarding the exchange of cash flows from a particular financial asset within a predetermined system. The parties intend to change the financial conditions in which they are in this agreement to their own benefit.

3. THE IMPACT OF GLOBALISATION ON FINANCIAL MARKETS: CONSIDERATION

3.1. Globalization of Financial Markets

The concept of financial globalization, which struck the world economy in the 1980s, can be expressed as the borders between national financial markets have been lifted and capital flows have advanced in size.

The increase in uncertainties and the need for foreign exchange to finance products such as oil imported from abroad, as well as the necessity of development and development, liberalization in terms of countries, caused the opening of the era of global integration. The dissolution of the enemy political blocs and the spread of democratic regimes have set the foundations for financial globalization.

The twentieth century, when intense changes took place in the fields of politics, society, technology and economy, has been much more active than in previous centuries. In the second half of this century, international dependence has reached very high levels. We can connect this elevation to two causes. The first is that technological, social and cultural changes reduce the international economic disparities, and the developments in the fields of transportation and communication make the circulation of capital, information, goods and services easy, fast and cheap. The second reason is that the major relaxation and reduction of regulations that restrict and prohibit the cross-border trade and capital flows that exist in the foreseeable period are almost lifted between developed countries (Alp, 2007: 18).

At the end of 1914, the financial globalization period, which began with the invention of telegraph, is now the second important period of globalization. The use of financial instruments based on derivative instruments in this period gave the importance of Black Scholes and Modigliani Miller's perspective on determining firm value. In recent years, futures markets or derivative markets within the financial system have become increasingly important for the financial world. In the early 1980s, Britain and France in the late 1980s completely abolished capital controls, although financial globalization was shown to be a desirable goal among industrialized countries after the Second World War. The 1990s have been the years when the global capital has changed hands and the countries have been in a state of collapse. As in the crises of the European Exchange Rate Mechanism (ERM) (1992), Southeast Asian Countries (1994), crises in Latin America (1995), Russia (1998) and Brazil (1999) (Aşıkoğlu and Kayahan, 2008).

The most important feature of globalization for the financial system is that it can provide free circulation of finance-capital (Soros, 2003).

The establishment of International institutions such as the International Monetary Fund (IMF), the World Bank (WB) and the World Trade Organization (WTO) and the implemented policies has influenced the globalization of finance. The currents in financial assets, which are the indicators of financial globalization, took place among rich countries, rich countries, especially countries in the northern hemisphere, spread over all countries over time (Yıldırım, 2010: 7).

The economic integration movement, which became widespread in today's world, began to show its influence in international trade in the 1950s and 1960s. The process of integration of financial and other service markets, which started in the 1970s and 1980s, is in the process of linking to certain rules within the GATT. This development gives new impetus to globalization (Devlet Planlama Teşkilatı, 1995).

Some of the factors in the formation of global finance are as follows;

- Leaving the resultant currencies to fluctuate as a result of the devaluation of Dollar in 1973.
- Clearance of the financial markets of advanced countries in the leading position from various controls and limitations and opening of financial markets to international competition
- Countries should implement national modernization projects to gain competitive advantage in the financial markets under the leadership of the IMF and the World Bank.
- With the development of information technologies, the increase in the internationalization of financial transactions brings the time and space closer together
- Necessity for the borrowers of newly emerging financial instruments (futures, options, swaps, etc.) to be able to hedge interest rates and hedging against fluctuations in the currencies, thus encouraging large and risky financial investments,
- The high rate of return in developing country markets as well as the desire to close these countries' current account and budget deficits with foreign savings,
- Establishment of a framework for the regulation of financial services markets at the initiative of the Bank for International Settlement (BIS) and the EU,
- The emergence of the long term "bull" effect in asset markets in the 1980s due to high economic growth, high savings and high real interest rates,
- The deficits in foreign payments of the USA in the 1980s, the decline in the value of the dollar and the rapid developments in the Japanese financial market

After the end of the Bretton Woods system, the increase of fluctuations in exchange rates and interest rates, and an increase in financial market uncertainties, revealed the need to hedge these risks. In addition, speculators' increased leverage of the currency, interest and stocks, and the use of options to take advantage of emerging opportunities have increased the trading volume of these markets. The rapid development in communication technologies, the integration in money and capital markets, the liberalization of international trade, and the number and type of contracts traded in futures markets have significantly increased the transaction volume (Ersoy, 2011).

Developed and developing countries have undertaken reforms to liberalize their financial systems from 1980s to 1990s. The most important of these reforms is the release of interest rates and the abolition of credit ceilings, the reduction or elimination of the reserve requirement ratios of the banks they are obliged to keep at the Central Bank, the opening of the banking sector to foreigners and settlements and the liberalization of capital movements. These policies, called financial liberalization policies, were based on McKinnon (1973) and Shaw (1973), and based on the theory of financial liberalization, which was developed by economists such as Kapur, Galbis and Mathieson (Güloğlu and Altunoğlu, 2002).

The theoretical basis of financial liberty is the "financial pressure approach" that McKinnon (1973) and Shaw (1973) put forward. According to this approach, which is called traditional liberation theory, control over state interest, credit volume, exchange rate, high reserve demand and capital movements leads to financial pressure. As a result, the real interest rate is falling, the savings volume is shrinking and financial deepening is prevented. As a result, deviations from effective resource allocation arise. According to the McKinnon-Shaw approach, financial liberalization will put an end to the amount and price controls the state imposes on the market, and will lead to increased investment in productive sectors with increased savings due to higher real interest rates. High interest will ensure that firms choose more productive investment projects. Removal of credit control will allow banks to implement more effective credit policies and ultimately increase production. In this context, financial liberalization will create the driving force of growth (Sönmez, 1998: 126-127).

Developments in information technologies and rapid advances in communication technologies are the most important factors in the progress of financial markets. In addition, these factors have also been effective in the rapid development of the global liquidity. With the rapid development of information technologies, reliable information technologies were needed to protect the payment systems of financial flows from various hazards. A survey jointly conducted by CSI (Computer Security Instute) and FBI (Federal Bureau Investigation) covered 251 different organizations and cost $ 200 million (Kazmirci and Ömerbeyoğlu, 2004). This situation, which reveals the dimensions of the global liquidity, reveals that technological development is indispensable in terms of global liquidity. CHIPS (Cross-Bank Clearing House Payment System), CHAPS (Clearing House Automatic Payment System) and SWIFT (Financial Telecommunications Authority for World Bank) are institutions that undertake different functions in the flow of money transactions in the world. CHIPS and CHAPS are swap payments, and SWIFT is a system for sending money (Parasız, 2000: 25).

The financial derivatives market, which is seen as gambling in many countries until recently, is expanding and expanding rapidly. Alan Greenspan (President of the US Central Bank) describes the extraordinary development and spread of financial derivatives as the most striking event in finance over the last decade. Most of these are non-listed derivatives (Went, 2001: 42-43). The trading of Benchmark market derivatives involves terrible risks, as demonstrated by the collapse of long-run capital management in 1998 in terms of the stability of the international financial system and the examples of the 2008 financial crisis (Went, 2001: 31-34).

As developments in financial globalization have limited the state's power, as Eric Helleiner wrote, "the contemporary open global financial order did not emerge without the support of the states" (http://www.polsci.ucsb.edu/faculty/cohen/recent/Money). This is the irony of financial globalization. Since 1997, the international financial system has mandated the re-evaluation of the global financial architecture, as evidenced by the increasing frequency and severity of financial crises accompanied by rescue packages in excess of hundreds of billions of dollars under the IMF initiative (Vasquez, 2003). The 2008 global financial crisis is the closest and most important factor that proves it. At the beginning of this crisis, the leading 25 countries of the world, including about 2 trillion dollars in the US, have put in place rescue packages totaling 6 trillion dollars. This figure is increasing. With rescue packages, it is aimed to make the money flow sustainable in the financial system, to contribute to the capital contribution in the difficult situation, to provide low interest financial support to the companies and expropriation when necessary.

3.2. The Impact of Globalization on Financial Markets

As noted above, developments that have led to globalization in financial markets usually begin with the demolition of the Bretton Woods system in the early 1970s. With the transition of the fixed exchange rate system to the flexible exchange rate system, it became possible to earn money by the possibility of exchange rate changes between the currencies. A huge foreign exchange market emerged because of increased foreign exchange transactions. It is possible to switch from one to the other, along with improvements in computer technology, in this largest market of the world, which is open 24 hours a day. As a result, international capital flows have increased rapidly and interdependence and integration between national financial markets have grown (Ganiev, 2014).

National markets have now become the branches of a single global market. Although these developments can be handled as a reflection of financial globalization, the beginning of the developments can be brought back to the end of the 1950s. During these years the political hardening between the Soviet Union and the United States has put the Soviet Union's oil revenues in European banks, not in US banks, fearing that the US could seize oil revenues. Britain has begun to earn money from this financial market, which has given these funds to other countries as debt. After the oil crisis, the oil revenues of the Gulf countries were included in these funds, which are classified as oil-dollar. The Euro-dollar market, which emerged in this way, became more Euro-dollar markets with the addition of other sums and it grew rapidly. To avoid restrictive regulations in the United States, US banks, this opened branch in the UK and entered the market, played an important role in the rapid growth of this market. These developments have led to an increase in international capital movements. It is no longer possible to maintain patronizing conditions in such an environment where the capital's international mobility has increased, and the Bretton Woods system has eventually collapsed (Ganiev, 2014).

The collapse of the Bretton Woods system and the subsequent oil disruption has led to further growth of these markets. Developing countries, especially those who are not oil producers, are cheaper than these funds and close their growing deficits. As a result, the international debt crisis of 1982 emerged. Bond markets for emerging economies emerged with the Brady bonds developed to solve this debt crisis (Ceylan, 2010: 29). Following the crisis, the IMF also enforced most liberalized financial markets in developing countries. With the decline of the regulations in these markets, capital movements accelerated even more in the 1990s. The rapid growth of new industrialized countries in Asia and transition economies such as China has supported these developments (Kumagai, 2005: 2). Developments in communication and computing technologies have played an important role in achieving extraordinary volumes of capital flows and accelerating to an uncontrollable level, and consequently the integration of financial markets into each other. Thanks to these technologies, information about financial markets has spread rapidly to the world, and financial markets in different parts of the world have begun to act together in the same direction. Such technological advances have increased the knowledge of the capacities of computers and the extraordinary reduction in the costs of data processing and transmission, which are now revealing financial globalization. Today, the cost of a microcontroller is about 1000 times lower than that of 30 years ago, and the data transfer is cheaper than 100 times (Rybinski, 2006: 7). Since these developments in information technology also allow for the evaluation of complex financial instruments, they also allow the development of derivative markets (Ceylan, 2010: 30).

Another important factor that has influenced the acceleration of financial globalization in the 1990s is the reduction of state regulations in the markets. In addition, privatizations, inter-company mergers and acquisitions have also become widespread and transnational investments have increased rapidly. If there was an excess of savings in one country, it could easily find itself in other countries (Das, 2006: 4). These years, the surplus savings in various parts of the world began to flow into the US, countries with accumulated dollar reserves started investing in US treasury bonds. This liquidity flowing into the US also played an important role in the development of derivative markets. Faced with the deflation problem in 1990, Japan lowered interest rates. This policy began to give liquidity to the market this time when it did not show the expected effect. For this, the government intervened in the foreign exchange market and bought dollars from the market. It began to evaluate the accumulation of dollar reserves by purchasing US treasury bills. China is another country that provides liquidity to the US as well as Japan (Ganiev, 2014).

China, which keeps the value of its currency lower against the dollar, is increasing its exports and obtaining foreign trade surplus. The abundant dollar entering the country was also buying these dollars from the market to prevent the Yuan's appreciation for the year. The Central Bank of China has begun to accumulate these dollar reserves in US treasury bills. These were later joined by the Gulf States. The increase in oil prices has significantly increased the oil revenues of these countries. These countries finance the growing domestic and foreign deficits of the United States and lead to a significant liquidity surplus in the United States (Ceylan, 2010: 31).

As a result of these developments, there has been a significant increase in the share of foreign investments in the financial market of a country. Thus, financial markets were integrated and interdependence between countries increased. Nearly half of the growth in the US Treasury bond market since 2000 has been provided by foreign investments. This situation was seen even in countries where foreign investors do not need such as Japan (Kumagai, 2005: 7). All of these developments have led to over-growth of financial markets as well as the stock of financial assets reaching values that exceed the GDP of countries. While the value of financial asset stocks exceeded GDP in only 33 countries in 1990, this number increased to 72 in 2006 (Ceylan, 2010: 32).

While the markets are globalizing, financial institutions are also globalized. Because of the reactions of international financial companies operating in many countries, crises in one country have begun to affect other countries as well. For this reason, even stable countries with healthy financial structures cannot abstract themselves from external crisis. The guarantees given by the national financial authorities in the country encourage these institutions to take high risks and thus cause a moral hazard.

One of the consequences of financial globalization is the increasing share of financial markets within the economies, according to the real sector. This phenomenon, called financing, facilitates the emergence of speculative bubbles and crises. From 1986 onwards, the value of financial assets in the leading industrialized countries increased 2.5 times from 1.6 times the GDP of these countries. Similarly, the share of the finance sector in the total value of the economies increased from 5% to 6.7% (Ceylan, 2010: 34).

Another important consequence of financial globalization is that individual and institutional investors must start investing outside their own countries to reduce their risks by diversifying their investments. In 1990, while the share of foreigners in stock market all over the world was less than 10%, this ratio reached 25% in 2006 (Ceylan, 2010: 35).

Two important features of the financial globalization in the modern era are striking. The first is the volatility of financial flows towards emerging market countries and the frequency of financial crises. Second, capital flows are the exclusion of poor countries and circulation among rich countries, contrary to the period before World War I. Negative and unclear results were obtained between the long-run economic growth in the emerging markets during the applied studies and foreign capital flows (Leijonhufvuda, 2007: 1818).

Financial globalization has also had a significant impact on the banking sector and has been effective in spreading banking crises across countries. Because of financial globalization, the banking sector has switched from the international flow system to the international transaction system, and the ownership of the banks has become international. These developments have led to the transfer of shocks in the sector among countries (Goldberg, 2009: 1).

As a result, there have been significant changes in the financial markets as a result of the globalization process. First, a significant increase in the volume of international financial transactions has been achieved with the elimination of obstacles in front of the international market. Second, because of the functional integration of different areas of financial activity, groups of companies emerged that combine traditional banking with securities transactions and other non-bank transactions. Thirdly, financial innovations have created an extraordinary market for derivatives. While all these developments have increased efficiency in financial markets, it has made it harder for the authorities to regulate the markets. Global markets have provided appropriate channels for the transfer of financial shocks among countries (Ganiev, 2014).

As can be understood from the above explanations, financial globalization makes the markets open and increases systemic risk. At the same time, the form of financial integration between countries affects the duration of banking crises. While foreign direct investments lead to shorter-term crises, crises last longer in financial systems where the financial flows are open to the outside and the regulations are reduced. When the crisis starts in these markets, capital flows are reversed, the fund outflows from the country and this situation increases the effect of the crisis (Ganiev, 2014).

Reinhart and Rogoff's historical study of 1980s (Reinhart and Rogoff, 2013) reveals that systemic, widespread bank crises are not seen in the early stages of economic development, as there is no significant difference between developed and developing countries in terms of banking crises. Outward openness and financial integration have been argued to be the main reason for the crises that have existed since the 1990s. According to Stiglitz, the underlying reason for the Asian crisis is liberalization that the IMF imposed on these countries. Financial liberalization will make it easier for countries to access capital markets and make it possible to borrow cheaply. East Asian countries with high saving rates are forced to do so despite the absence of foreign capital needs. It has been argued that the liberalization of capital markets, despite the lack of foreign capital needs, would increase the stability of economies. According to Stiglitz, this is not true, as capital flows move in the same direction as economic fluctuations. When the economy moved upwards, capital inflows into the country, and when the economy started to retreat, the capital left the country. That is, capital movements strengthen economic fluctuations (Stiglitz et al., 2006).

In addition to increased capital movements, financial globalization has also led to an increase in total debts in the economy and an increase in household total debt. Worldwide ownership of home real estate is on the rise and households' debts and assets are rising compared to their current income (HM treasury, 2008: 25-26). The crisis that started in the United States and spread to the world, called the Mortgage Crisis, has had a big impact on the risks that have emerged. US liquidity abundance and low interest rates have increased demand for mortgage loans. Loans extended to more people have increased demand and prices of provincial households and as home prices have increased, more people have wanted to buy home loans. As a result of the increase in the interest rates, the number of those who cannot pay the loan has increased and house prices have decreased. While many factors play a role, two factors have come to the forefront in this crisis. These are the rapidly increasing global liquidity in the US and the reduction of regulations in financial markets (Wheeler, 2008: 4).

One of the developments that increased the risk of the markets during the financial globalization period and caused the crises became financial innovations and developing derivative markets which increased rapidly. The volatility and uncertainties in exchange rates, interest rates and prices of basic commodities have increased risks in economies. In this high-risk environment, insurance was needed. For this, "hedging" transactions have emerged. The securitization of debt and receivables has begun. Thus, many financial innovations have emerged and remote markets from their regulation have begun to develop rapidly. As a result, the weight of the financial markets and the services sector within the economy increased in the real sector. So, an important consequence of globalization is the financialization of economies (Dore, 2008: 1097).

These developments are applications for the dissipation of the risks within the economies. But thanks to financial innovations, risks were redistributed and transferred between individuals and institutions. But when it comes to the whole system, neither does it rise or fall. Even spreading to the whole system led to an increase in systemic risk (Held et al., 1999: 233).

Independent markets have emerged from the economic assets on which the financial innovations taken to protect people are based. These unchecked, speculative markets, reaching huge volumes, have led to the emergence of speculative bubbles and crises. The most important actors of these markets were investment banks and hedge funds. The ever-growing hedge funds reached a volume of $ 1.7 trillion (Adams, 2009: 47).

As a result of all these developments, in the period of financial globalization, the frequency and depth of banking crises increased, and crises emerged in many countries. Oligopoly financial institutions and globally integrated financial markets have led to an increasing risk of contamination and systemic risk. The outsourcing of the economies required countries to consolidate the fate of the markets while raising uncertainties, risks and competition from the other side. As risks increase, financial institutions, which are far away from the regulations, have begun to take more risks, relying on the expression "too big to sink", which means that economic authorities will save themselves. This has led to the belief that markets should be regulated more.

3.2.1. The Impact of Financial Globalization on Capital Markets in Turkey

Foreign capital inflows is extremely important for Turkey to provide financing of large investment required for the economy, increasing foreign currency earnings, employment creation and utilization of emerging technologies. However, although Turkey has great potential to have a direct share is extremely low in terms of foreign capital inflows. There are many reasons for political, legal, social and administrative reasons (Yeldan, 2016).

As well as liberalization of its financial markets, Turkey also increased the interaction between domestic markets and reached more sensitive financial structure against the movements in international markets by means of transition to convertibility (Vural, 2007: 51).

Turkey, starting with the January 24 Decisions and then 1980 should by enforced liberalization movement in the beginning of trade in both the capital of transboundary movements tended to remove the boundaries that exist and has taken important steps in this regard (Alp, 2002: 274).

Decree no. 32 on the Protection of the Value of Turkish Currency in 1989 was one of the important steps in the framework of liberalization and liberalization of the economy. This step enables to financial liberalization, and Turkey removed restrictions on financial inflows and outflows. In exchange, foreign exchange controls to prevent capital outflows have become history. In this case, Turkey is, in subsequent years, hot money has become almost a paradise. After 1990, hot money was flowing into the country. When expectations deteriorated, they left the country with high returns. Before all the crises, it was observed that there was a significant amount of hot money outflow from the country (Yeldan, 2009).

When we look at foreign investments flows to Turkey with financial globalization it is seen that it is towards purchasing stock market, bond-bills, the shares of interest on deposits or bank or other institutions. Building a new plant in Turkey, making new investments, creating jobs become sympathetic to foreign investors, as well as tax revenues from the foreigners increase during these years. Stock gains of foreigners are subject to zero percent withholding tax. At the same time, foreigners' treasury bills and government bond interest income and trading gains; subject to zero percent withholding tax that is regardless of the amount of tax is not subject. With all of these, the highest real interest rates in the world are applied in Turkey. Therefore, foreign investors in Turkey change currency and investing in TL. Due to low exchange rates and high interest rates, they can provide between 20 and 50 % of the foreign exchange rate (Yeldan, 2009).

Macroeconomic imbalances have increased in the period in which the liberalization of capital movements in Turkey come true. The public-sector deficits, the most important imbalance, increased the domestic debt stock, which has increased interest rates by putting pressure on underserved financial markets. There has been an increase in short-term capital inflows that want to benefit from high interest rates, which has relieved domestic financial markets. However, the worsening of the expectations of foreign actors in the context of the current macroeconomic imbalance has caused significant outflows in short-term capital movements from time to time. Therefore, short-term capital inflows to Turkey have followed a similar trend to the unstable investment portfolio and years were found to be higher than the nominal fluctuations (Kara, 2007: 12).

Except for 1991 Gulf crisis, the financial crisis in 1994 and 1998 Russia crisis period, Turkey has undergone an intensive international capital flows after the liberalization of capital movements in 1989. According to the following chart (Graph 1) shows the maturity of capital flows directed to Turkey '90s. Portfolio investments in the year started to give permission for the given place in the course of the volatility shown by reputation, in 1998, the most important issue showed the head of the Russian crisis decreased the high rate of capital movement towards Turkey. The crisis in the markets caused capital flight from ISE with a significant amount (TCMB, 2002: 25).

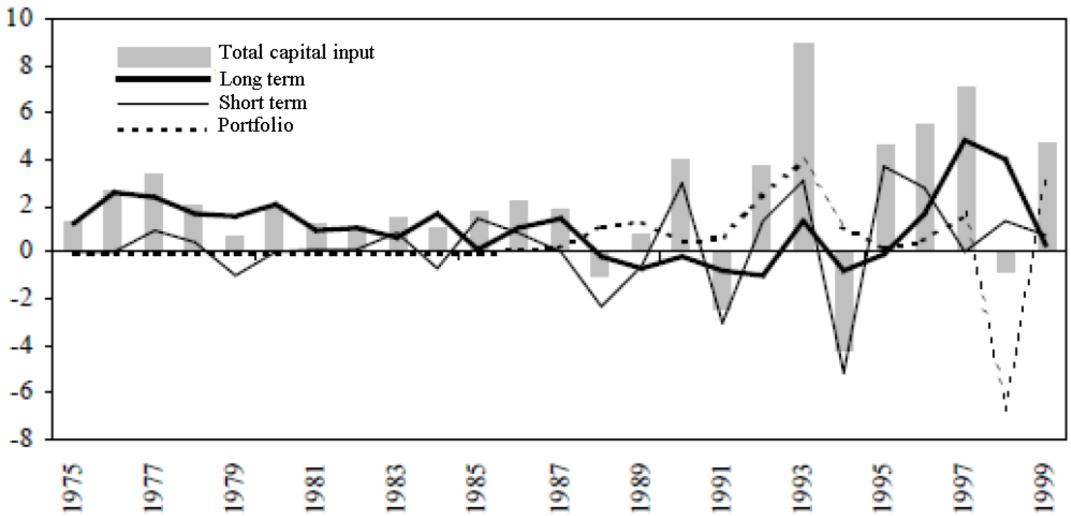

Figure 1. Capital Flows by Vaders (Billion Dollars)

Reference: TCMB, Küreselleşmenin Türkiye Üzerinde Etkileri, p. 25

Since 1986, the capital account has been liberalized to allow foreign funds to enter the country as an alternative in closing down fiscal deficits and there has been an increase in foreign capital inflows, especially short-term capital inflows, since the 1990s. Together with capital inflows, the TL was overvalued, making it attractive for banks to borrow under appropriate terms from international financial markets and to deposit these funds in high yield public securities or as loans in domestic markets. While imports of consumption and raw material goods increased while the domestic market was revitalized from one side, the appreciation of TL against foreign currencies also emerged as an element that facilitated imports, making exports more difficult. As a result, foreign trade deficit increased by 6.4 billion dollars in 1993 and capital movements became important in the financing of these deficits. In this period, the open position of the Turkish banking system in foreign exchange also increased. On the other hand, attempts to reduce interest rates by administrative decisions, increased liquidity to the system, and the introduction of taxes on public paper increased demand for beatings and expectations about the depreciation of the Turkish Lira have become widespread. While the exchange rates kept under pressure rose in the free market, foreign exchange reserves started to erupt with foreign capital outflows. As of November 1993, official reserves were at the level of $ 7.2 billion, but until 8 April 1994, the decline in official reserves continued and dropped to $ 3 billion (Kara, 2007: 15).

These crises that Turkey experienced in 1994, is a phenomenon caused by the international hot money (Akdiş, 2000: 118). International hot money with the crisis occurring in Asia, has tried to emerge from the crisis may reflect market concerns Turkey. Investors had withdrawn 313.1 million dollars from Turkish stock markets in October 1997. The escape of this foreign investor continued to decrease until the end of the year. The foreigners withdrew $ 94.5 million from the ISE due to a new wave of crisis experienced in the crisis regions in the January of 1998. As a result, it was understood that the foreigners' total net proceeds of 565.3 million dollars from the stock exchange within the period of four months covering October 1997 - January 1998 period. Foreign exchange placements in Turkey are known to include a monthly trading volume of 400-500 million dollars. However, this amount cannot yet be considered for the widespread speculative behaviour of international currencies. For this reason, the effects of the Asian crisis on the financial markets have not been affected (Akdiş, 2000: 118-119).

Thus, the effect of the Asian crisis on the capital markets in Turkey has been less than expected. Russian crisis has affected Turkish economy both real and financial sense. The primary impact was seen in real markets and in exports. In the first half of 1998, there was a capital inflow of 7.8 billion dollars to the country due to the stable exchange rates and high domestic interest rates. However, in August the financial crisis in Russia initiated the emergence of foreigners from emerging markets, and these developments adversely affected capital movements. Capital outflow of $ 10.5 billion was seen in the third month of 1998. Around $ 7 billion of this amount comes from foreign exchange transfers, which are the result of reducing the portfolio of residents abroad (Akdiş, 2000: 120-121).

The favourable weather that started in the stock market in February 1999 continued to increase throughout the year, the coalition government established after the election was accepted by the public, the business cooperation with the IMF, privatization efforts, etc. Positive reflection on the stock market, expectations have increased. With the European Union taking important steps towards accession, the stock market index reached a record level of 79.78% in 1999. However, the decline in the realization rate of expectations in 2000, the depreciation of the euro against the dollar, the withdrawal of money from investors with many public offerings, the slowness of privatization, the increase in the current account deficit more than expected, the expected increase in the international rating agencies' and the year ended with 37.95% depreciation (Bolak, 2001: 135).

Entry and exit of foreign capital in the form of hot money during the crisis before the 2001 crisis in Turkey has been influential in the formation and development of the crisis. Net foreign capital inflows increased rapidly and reached $ 15.2 billion thanks to the credibility of the exchange rate hike during the first ten months before the crisis and the positive arbitrage inducement for hot money despite the falling interest rates. Of which $ 14.2 billion was in the form of foreign capital inflows that increased debt. The net capital raised during the November 2000-June 2001 period was $ 10.4 billion, as foreign investors, who perceive that the current account deficit cannot be sustained and therefore exchange rate targets are credible, are leaving the country. The difference between the $ 15.2 billion entering the market and the $ 10.4 billion exiting represents the size of the negative shock that the economy has absorbed due to foreign capital movements (Kara, 2007: 16).

Inhabited plateau of Turkey's economy after the liberalization of capital movements, while the high capital inflows and after the economic stimulus has led to the appearance of a large contraction cycle as the experience with sudden capital outflows. A trend that is further reinforced by the post-2001 crisis in the atmosphere where economic performance depends on capital inflows and plays such a crucial role in measuring political achievement can be seen more clearly in the near term (after the 2008-2009 financial crisis).

Turkey remained under the influence of the decisions taken by major central banks as well as the developments in the global economy. The level of interest rates affects external demand as well as internal demand. For example, increasing interest rates in the fight against inflation, on the one hand reduce the demand for credits, on the other hand short-term portfolio investments attract countries. The abundance of foreign exchange liquidity in the country puts pressure on exchange rates and causes overvaluation of domestic money. While the price of domestic goods is decreasing the export amount, the demand for foreign goods, which is relatively cheap, is increasing. The adverse effect of foreign trade imbalance causes the problem of current account deficit to grow further.

What should be noted about the current account deficit is that imports are financed by short term foreign resources or long term foreign resources. Short-term foreign capital can suddenly emerge from the country with a change in global risk appetite. When the import is financed by hot money, the fragility of the economy is increasing. However, direct investments and long-term resources create a healthier financial structure. The fact that developing countries' foreign trade financing is an unhealthy structure based on short-term sources weakens the resistance of countries to economic shocks. Nevertheless, the shortage of liquidity through short-term foreign capital inflows provides easier access to credit. The revival of internal demand through credit facilities will create a cycle leading to inflationary pressures. As seen in the recent global crisis, rapid increases in asset prices can be a major threat to macroeconomic and financial stability. The increase in asset prices increases the expenditures over wealth effects. This situation can cause inflationary pressures. Looking at the central banks from a narrow perspective has led them to not see the danger of asset prices on inflation.

In periods when the interest rates are below the inflation rate, the people with more funds will get a negative return (negative real interest), in other words the buying power of their money will decrease. In this case, since the cost of holding money is high, they will avoid keeping money. The low real interest rates also reduce the amount of savings. If the saving rate is low, the need for external resources in financing investments is increasing. But in a healthy economy, investments should be fed with savings rather than outsourcing. The very low real interest rates and thus the negative rate of interest-to-growth differentials are due to distortions in domestic financial markets, constrained savings markets and financial pressures (Escolano et al., 2017). The annual inflation rate and interest rates on term deposits up to 1 year in Turkey is examined, as real interest rates since the second half of 2009 appears to be at low levels. Even in the first month of 2010, deposit interest rates fell below the inflation rate and the negative rate of return became valid. A similar trend occurred at the end of 2011, the beginning of 2012 and the middle of 2013.

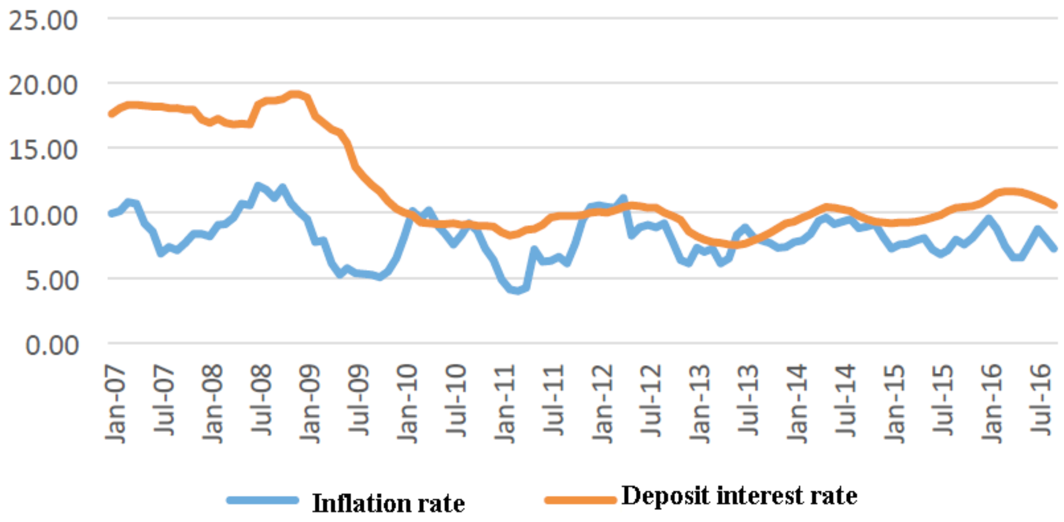

Figure 2. Inflation Rate and Deposit Interest Rate Indicators
Reference:
http://www.tcmb.gov.tr/wps/wcm/connect/TR/TCMB+TR/Main+Menu/Istatistikler

According to Süslü and Dişbudak (2012: 70-71), the Taylor rule for such countries needs to be redefined, as the foreign exchange rate affects aggregate demand as much as the interest rate in small foreign countries. When the exchange rate and interest rate variables are handled together, they can better control the output gap. With the monetary situation index, not only the national currency but also the foreign currency can be controlled. Canada, the first country to implement the monetary policy rule policy, placed more emphasis on foreign currency exchange rates than on interest rates. In addition, New Zealand has focused on the exchange rate and interest rates equally.

When the distribution of the import according to the goods in Turkey it is seen that 69% of the total import composed of intermediate goods, 17% capital goods and 14% of the total import composed of consumption goods in 2015 (Türkiye Cumhuriyeti Kalkınma Bakanlığı, 2016). The fact that intermediate goods used in production are based on imports reveals the relation between real GDP and exchange rate. One of the driving forces of growth is the lower cost of imported intermediate goods used in production.

Therefore falls in the period established by a higher growth rate in Turkey can be caught.

Süslü and Dişbudak (2012: 79) have reached in their study that the effect of the short-term interest rates in Turkey is not strong but 1% change in the exchange rate affect the total demand at the rate of 0.23%. Thus, the long term policy that will affect aggregate demand is the Monetary Situation Index (MCI), which focuses on two variables (interest and exchange rate variables), not Taylor rule, which focuses on a single variable (interest). Central Bank of the Republic of Turkey (CBRT) should use interest rate and dry together as instruments (Süslü and Dişbudak, 2012: 82).

3.2.2. CBRT's Precautions and Exit Strategy;

The monetary policies implemented by the central banks during the crisis periods and the monetary policies they normally apply differ from each other. Central banks are taking necessary precautions to prevent the growth of the crisis and to reduce its effects. After the crisis has been overcome, policies called normalization operations and called exit strategies are beginning to be implemented. As a result of the liquidity increase and financial support programs experienced during the crisis period, the countries experiencing crisis deeply face budget deficits and inflation risks. CBRT has taken necessary precautions with flexible and effective liquidity management and has transparently shared with the public. The fact that the central banks are the ultimate lenders provides psychological confidence in the society. However, the amount of excess money injected into the economy during periods of financial crisis must be withdrawn from the economy after the recovery period. Otherwise, the cost of increasing the inflation rate in the long run will be faced (Cukierman, 2011: 26).

Measures taken by the CBRT for the foreign exchange market can be summarized as follows (TCMB, 2010: 2-3). Foreign exchange buying auctions were suspended, and even in October 2008, auction sale of $ 100 million was made. The transaction limits of the banks' foreign exchange deposit market have been gradually increased, borrowing rates have been increased and interest rates have been reduced. Foreign currency required reserve ratios were reduced and additional foreign currency liquidity was provided. In addition, the export rediscount credit limit has been raised and the ease of use on lending has been provided. In March 2009, a foreign exchange sale tender of 900 million dollars was made. Along with the alleviation of the effects of the global crisis, measures taken against the foreign exchange market from the middle of 2009 began to be withdrawn.

Measures related to the Turkish lira implemented by the CBRT during the crisis period can be evaluated under 3 headings (TCMB, 2010: 4-5). The first measures were taken to decrease the ambiguity in the market. In this context, the CBRT reduced the borrowing and lending rate from 3.5% to 2.5% in October-November 2008. Secondly, in order to support the efficient operation of the credit market, repo auctions started with three-month maturity in the second half of 2009 and the Turkish lira required reserve ratio was reduced from 6% to 5%. The third type of measure is the reduction of policy interest rates and the central bank borrowing interest rate from 6.75% to 6.5% since November 2008, which predicts a rapid decline in inflation. In addition to these, the purchase of government debt securities, which is a tool that is being applied before the crisis, has been continued.

In the event that more market funding is needed during the day, the amount of overnight borrowing in the ISE repo-reverse repo market and the interbank money market has been stabilized at the end of the day. In the event of a permanent liquidity shortage, it has been decided to introduce the technical interest rate adjustment period. Accordingly, one-week maturity repo auction interest rate is determined as the monetary policy reference interest rate, and it is stated that overnight borrowing and lending interest rate can be reduced if necessary. Flexibility has been provided to the central bank so that fluctuations in the money markets and unpredictable liquidity developments can be intervened. Fixed interest rate, announced for one-week repo auctions, gained the reference interest rate and was determined to be over 50 basis points above the overnight borrowing rate (TCMB, 2010: 7-8). CBRT can borrow overnight banks or overnight banks and can borrow overnight in the bench. The interest rate and interest rate limits of a one-week repo are set in the monthly Monetary Policy Committee. Interest rates can be adjusted on a daily basis in order to be able to take quick action against sudden global risks and uncertainties.

The CBRT announced in April 2010 that it will begin to reduce liquidity measures by adopting a new strategy under the name of "exit strategy" and will draw the required reserve ratios to the previous level. Within the framework of the CBRT's exit strategy, the implementation of interest payment for reserve deposits was terminated; the required reserve ratios were increased and differentiated according to cash flow. They chose the required reserve ratios as a tool to control the rate of credit growth. The extension of the liability matrix of the banking system was targeted by applying low provision rates for short and long term deposits. The interest corridor has been expanded. Interest rates have been kept low to slow down short-term capital inflows that make the economy fragile. Overnight borrowing rate was reduced by 500 basis points to 1.50% and policy interest rate was reduced by 75 basis points to 6.25% (Başçı and Kara, 2011: 13).

According to seasonally adjusted policies, policies applied at the end of 2010 responded with a delay of 2 quarters and the current deficit gradually improved (Kara, 2012: 31). Similarly, Süslü and Disbudak (2012: 80) concluded that the monetary policies of the central bank affected the real economy and growth process after about 2 periods (6 months).

Basic indicators in Turkey with continued tight monetary and fiscal policies since 2001 have come to a better situation. However, the current account of 38 billion dollars in 2007 poses a serious risk in terms of open financing. This situation shows that Turkey needs to find every year approximately $ 40 billion of foreign capital. However, this condition becomes increasingly difficult to achieve in an increasingly squeezed global liquidity environment (Kabaş, 2008: 63). Since 2003, foreign investors have been privatized and the interest in the ISE stock market has become very intense due to private sector capital expansions. The share of foreign investors in publicly traded shares reached 72% as of the end of 2007. The share of foreign investors in the 2007 trading volume was also 24%. Thus, the ISE has begun to offer a feature that helps budget financing through state privatizations. These developments, on the other hand, have opened the ISE to fluctuations in the external markets, which the ISE cannot access, so that the stock market has become a "casino" where the hot money fluctuates intensively, and a certain part of the state budget financing has been made from this "casino" (Songur, 2009: 8).

3.2.3. Evaluation of New Monetary Policy Instruments

The fact that a central bank that controls credit volume uses interest rates as a policy tool not only affects the credit market but also the capital market. An increase in interest rates can halt credit growth, but at the same time it can also tighten short-term capital inflows. In this case, while lending is under control, the balance of exchange rates will suffer. It is not possible for central banks to serve more than one purpose with a single instrument and new policy instruments are needed. Therefore, both the credit growth in Turkey as well as to deter short-term capital inflows were introduced alternative means. The CBRT has started to use the required reserve ratios and the interest rate (the difference between overnight borrowing and lending) as a tool in addition to the one-week repo auction interest rate, which is the policy interest rate, to maintain financial stability without deteriorating price stability. In the case of liquidity shortage, banks can borrow from the central bank at a certain amount of overnight, and lend money to the central bank in the case of excess liquidity. The interest corridor refers to the range of interest with a lower and upper limit. The upper limit is the interest rate to be used on the loans the central bank will give to the borrowers, while the lower limit is the interest rate to be applied to the debts to be borrowed from the banks. The central bank can use the interest corridor tool when it wants to affect the credit volume given by the banks. By keeping the interest rate wider, the central bank can reduce the predictability of short-term interest rates, increase uncertainty and reduce lending. In addition to this, the large corridor also provides the power to make flexible decisions against global changes without having to wait for the Monetary Policy Board one month later. Banks may also tend to raise the interest rates of their loans (Kara, 2012: 19), as the central bank's upper limit of interest rate hikes will mean that banks will face high interest costs in the face of a possible funding request.

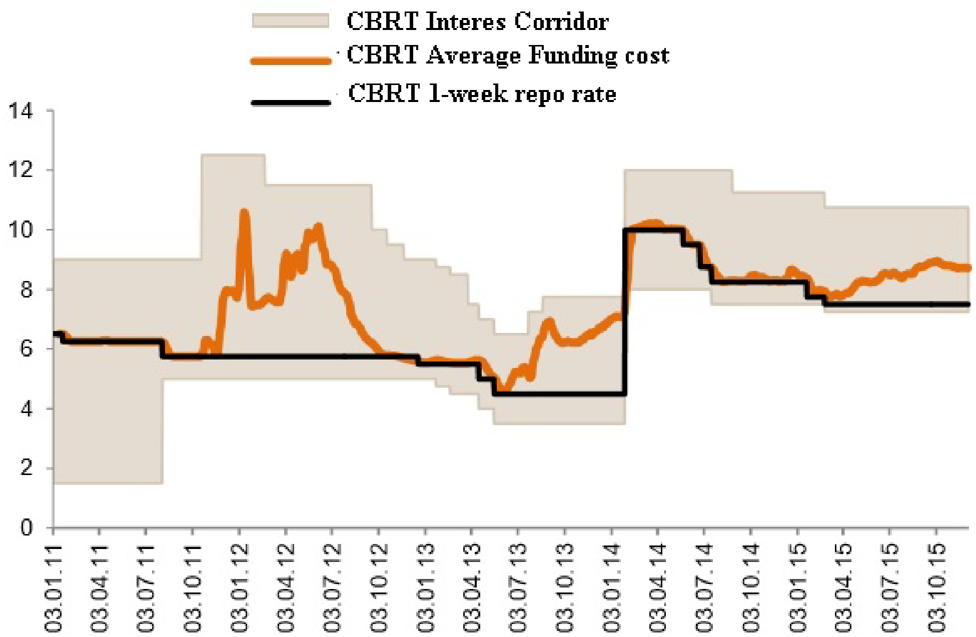

Figure 3. CBRT Interest Corridor, Weighted Average Cost

Reference: TCMB, 2016 Yılı Para ve Kur Politikası, p.9.

Figure 3 shows the interest rate corridor and weighted average funding cost of the CBRT. As it can be seen in the graph, the CBRT keeps the interest rate wider in some periods and narrows it in some periods. Uncertainty for banks is increasing during periods when the interest rate corridor is widened. Since banks do not know exactly which way to borrow, they are more cautious when issuing credits to control their risks. Banks that provide the financing they need to carry out private sector activities have important roles in the country's economy. The amount of funds in the hands of the banks and the cost of funding vary according to the policy applied by the central bank. The weighted average funding cost is calculated by taking the weighted average of the overnight lending interest and the weekly repo rate of the central bank. Central banks are aiming to maintain price stability and financial stability effectively on the amount of money in the market. The fact that the central bank starts to fund the banks at a higher rate and the weight of the cost of the funding increases causes the banks to reflect this cost increase in the private sector. While this situation brings out the effects of restrictive monetary policy, it helps the central bank to approach the inflation target, but it can also cause growth problems. The central bank can also influence the exchange rates with the interest rate decisions it receives. The increase in exchange rates is a cost element for developing countries using imported inputs and leads to inflationary pressures. The increase in import spending worsens the current account deficit problem. For example, if there is a capital outflow from one country due to global uncertainty, the problem of the depreciation of the domestic money will arise. The central bank may raise the interest rate (or the upper limit of the interest rate corridor) by narrowing the liquidity provided by the bank to mitigate the pressure on the exchange rate. The increase in the cost of the funds obtained from the central bank may encourage banks to sell foreign exchange to the market to provide liquidity. This movement of the banks will increase the amount of foreign currency in the market a little and alleviate the depreciation of the domestic currency. On the other hand, rising interest rates will have a positive effect on the exchange rate by deterring capital outflow (Kara, 2012: 21).

Mandatory reserves are the parts of the deposits that banks collect as reserves in the central bank. Increasing the required reserve ratios means reducing the resources used by banks. Since the banks give credits based on deposits, the increase of the required reserves causes the resources of the banks to decrease and thus the credits they have given. In such a case, the banks are looking for a substitute resource instead of the source they lost and may have to borrow from the central bank. However, it should be noted that the average deposit of the deposits in the banks is 50 days, while the funds provided by the central bank are only 1 week (Başçı and Kara: 2011, 13). When banks' required reserve ratios are increased, they will have a relatively longer term source than other fund sources. This situation causes them to face an additional interest rate risk. They may reflect the risk of interest on loan interest rates, as well as reduce the amount of loans they give. The Central Bank, which wants to control the credit volume, can use the interest corridor system to prevent banks from claiming funds themselves. Thus, both the reserve requirement instrument and the interest corridor instrument support the achievement of the purpose of the central bank.

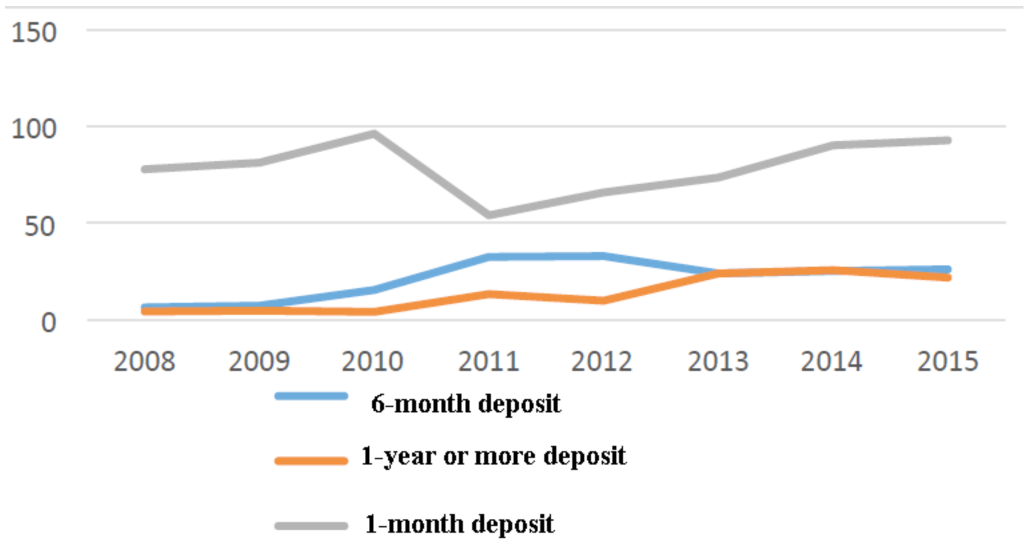

Figure 4. Amount of deposits by grace periods (TCMB,2016)

The ending of the interest payment for the reserve requirements in September 2010 has been an improvement which will adversely affect the resource costs of the banks. In addition to this, as of April 2011, the CBRT brought a weighted average of required reserve ratios to 13.3%, resulting in a direct cost effect of approximately 100 basis points. The cost of the decisions regarding the required reserve ratios can be obtained roughly by multiplying the deposit interest rate by the required reserve ratio (Başçı and Kara: 2011:14). However, the required reserve ratios applied to deposits are differentiated according to the indebtedness and the extension of the banking system liabilities is targeted. This application helped to extend the life of deposits. As seen in Graph 4, after the measures taken in 2010, there was a significant decrease in deposits with a maturity of 1 month, and deposits with 6 months and 1 year maturity also increased. One of the new vehicles used by the central bank is the Reserve Option Mechanism. The reserve option mechanism ensures that part of the TL required reserves can be held in foreign currency and gold. This has provided flexibility in banks' liquidity management. There is an automatic balancing feature of the reserve option mechanism which reduces fluctuations in foreign capital movements and increases the foreign exchange reserves of the country (TCMB, 2015: 14). The CBRT, which has ceased to pay interest on the required reserves, has allowed some of the provisions to be kept in foreign currency. Thus, it can also affect the exchange rate. For example, when foreign exchange liquidity is abundant, keeping banks as part of foreign exchange reserves may help mitigate the problem of overvaluation of TL.

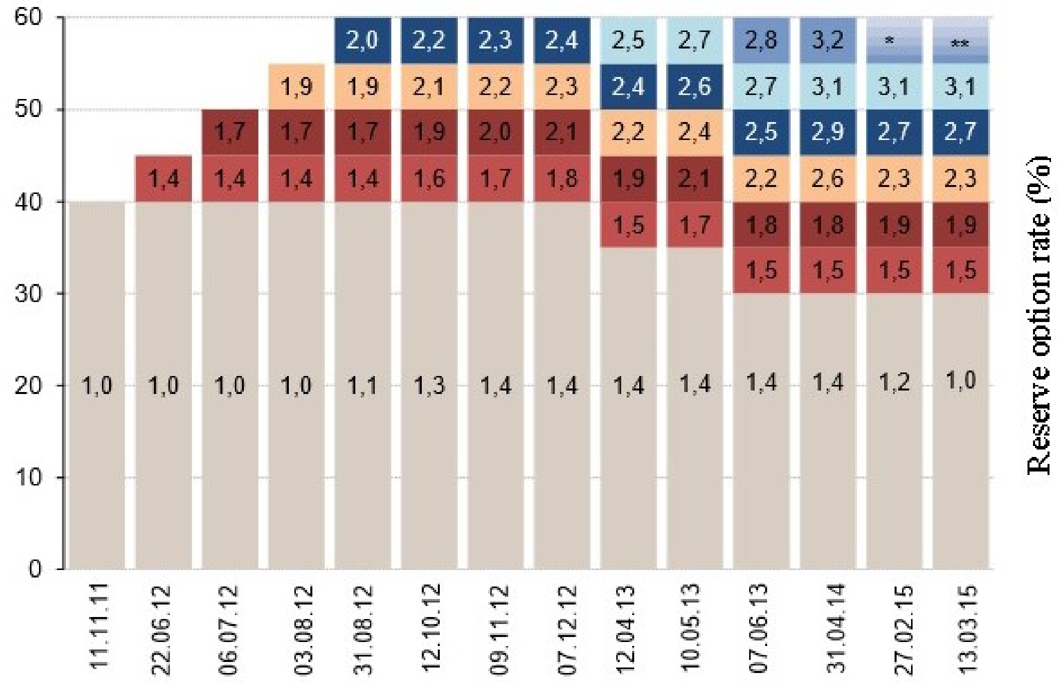

Figure 5. Change of Reserve Option Coefficients (TCMB, 2015)

Figure 5 shows that the coefficients applied when the reserve option ratio rises above a certain level are also changed. This level, which was 40% in 2011, has been gradually reduced to 30%. Those who want to use the reserve option above this level are subject to a higher reserve option coefficient. In 2016, the maximum amount of currency that can be held through the reserve option mechanism is limited to 60% and the maximum amount of gold is limited to 30%. These rates were applied as 40% in foreign currency and 10% in 2011 (TCMB, 2016c).

The depreciation of the Turkish lira from the middle of 2013 has also caused inflation expectations to rise. The CBRT has begun to implement strict monetary policy in this direction. Average funding rate has been gradually raised to the upper limit of overnight repo interest rate between banks (TCMB, 2015: 4). The CBRT announced that following the normalization of global monetary policies, the interest rate corridor will narrow and it will be more symmetrical around the one-week repo auction rate. As for the Turkish lira liquidity, the borrowing interest facility granted through market maker banking repo transactions was abolished (TCMB, 2015: 3).

Turkish Lira collateral transactions have been simplified. It is aimed that funding will be made from single interest by decision of simplification of monetary policy and short term market interest will approach the interest rate of CBRT (TCMB, 2016a: 9). In this way, the efficiency of the transmission mechanism is expected to increase. In this direction, the marginal funding rate was reduced to 25.25 basis points in July, August and September, to 8.25%. In October of the year 2016, the marginal funding interest rate was fixed at 8.25%, the one-week repo auction interest rate at 7.5% and the overnight borrowing interest at 7.25%. In October, the weighted average funding rate is at 7.8% (TCMB, 2016a: 2).

Since the end of 2014, some regulations have been made regarding foreign exchange required reserve ratios and interest paid to Turkish lira required reserve ratios. These arrangements were made to extend the banking system's external debt and promote core obligations. (TCMB, 2015: 4). Since May 2015, the CBRT has started to pay interest on reserve obligations, reserve options and free accounts on its own in US dollars (TCMB, 2015: 19).

Financial institutions are subject to different applications depending on their debt ratios. The CBRT pays a higher interest rate for the Turkish lira compulsory government to financial institutions with a higher ratio of deposits and own funds to loans than the sector average. In addition to this, the financial institutions are required to pay the required reserve ratios for foreign currency liabilities (both core and non-core liabilities) differentiated according to the dates. Medium and long-term borrowings of financial institutions have been encouraged by setting high rates of return for short-term loans and low provision rates for long-term loans (TCMB, 2015: 21).

Export Credit Bank of Turkey (Turkish Eximbank) and commercial banks issue rediscount credits by accepting rediscounts of foreign exchange securities. Turkish Eximbank and commercial banks can provide loans not only for export transactions but also for the financing of foreign exchange earning services. The limits of the rediscount credits, which are expected to contribute to the increase of the CBRT foreign exchange reserves and the decrease in the current account deficit, have been raised by 17 billion dollars in January 2015 (TCMB, 2015: 13). It is estimated that rediscount credits will reach 15 billion dollars by the end of 2016 and contribute to the CBRT reserves by 14.1 billion USD (TCMB, 2015: 14). From 2002 to 2015, the contribution of the rediscount credits to the CBRT's reserves was 52.3 billion dollars (TCMB, 2015: 14).

As of February 2015, the reserve option coefficients and tranche technical adjustments have been made to cover the foreign exchange liquidity of the banks (TCMB, 2015: 14). ROM weakens the effects of exchange rate fluctuations on capital flows. Nevertheless, together with the Roma, the financial sector's reserves in the CBRT provide foreign currency reserves and guarantees against foreign currency debt. So that the short term foreign debt of the banking system can be fully covered by the sum of foreign currency and gold in the reserves of the ROM with the possibility of short term foreign currency borrowing of the banks. By the end of 2015, CBRT foreign exchange reserves (including gold) reached 116.7 billion dollars (TCMB, 2015: 17).

The interest rate payment application has begun from December 2015 (above a certain limit) to foreign exchange deposits, which are shown as collateral for Turkish lira transactions. Accordingly, the limit is set at 3 billion dollars in the US dollar and 900 million euros in the euro. These limits are 21.8% in US dollars and 40.3% in Euros. The availability of foreign currency deposits for collateral provided a somewhat reduced need for banks to install currency (TCMB, 2015: 9).

The interest rate applied to TRY reserve deposits is gradually increased. Thus, the decline in the amount of foreign exchange that banks set up under the ROM could be offset by the increase in the volume of foreign exchange deposits to be provided against the TL transactions. Moreover, the foreign currency guarantee rate held in the central bank as a guarantee of the interbank money market borrowing has been increased.

This practice may support requests for treasury notes issued abroad in foreign currency. (TCMB, 2015: 10).

3.2.4. General Evaluation

The experience of a number of negative shocks in recent years, at the end of September 2016 to be reduced to below investment grade of Turkey's international credit rating, the depreciation against the US dollar of the Turkish lira has also increased the country's risk premium. On the other hand, the increase in oil prices and the decrease in tourism income negatively affect the economy of the country. As a result of the developments in the international scene, the driving force for growth has been domestic demand. The interest rates in developed countries are at very low levels, the increase in expectations of the Federal Reserve's interest rate increase decision by the Federal Reserve, and the uncertainties in international monetary policy are reflected in the economy of Turkey. Portfolio flows toward Turkey has remained limited compared to developing countries. The funding interest, which is falling within the scope of the CBRT's liquidity policies, has also been reflected in the interest rates on banks' loans and deposits, allowing for a slight recovery of consumer loans (CBRT, 2016a: 8). In the upcoming period, it is expected that the European Union countries will enter the recovery process and the exports of these countries will increase again. The fact that the rate of credit growth is very high and the overvalued indices in the local currency can be the leading indicators of the financial crisis. The determination of the exchange rate in accordance with the economic bases and the reasonable growth of the loans are very important for financial stability. For these reasons, loans and exchange rates are factors that the Central Bank should consider in its long-term inflation targets. However, we see in recent years that central banks are focusing on short-term price stability, considering that policy interest only takes into account the impact on inflation, ignoring the impact of financial stability on credit and exchange rates. In order for an economy to be stable, it is not enough that inflation and interest rates are at a low level. For this reason, the effect that interest rates will have on currencies with loans should be evaluated by monetary authorities.

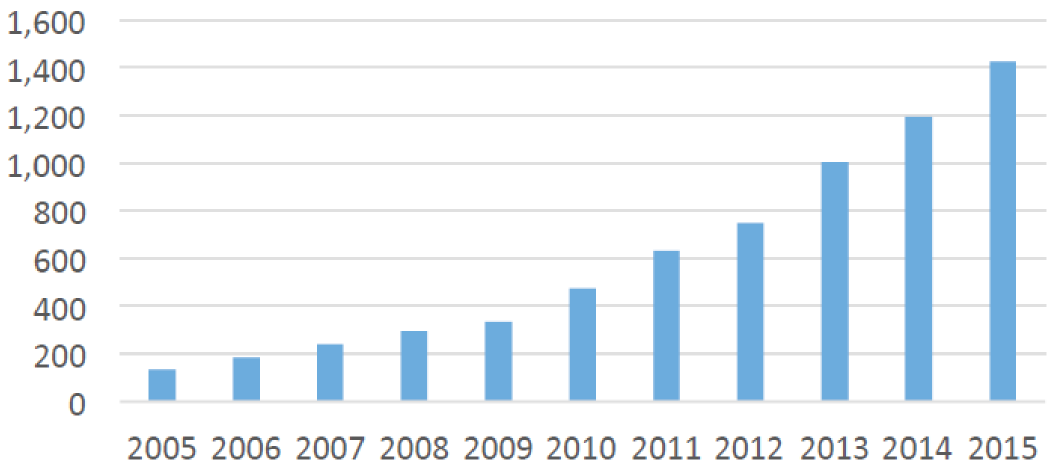

Figure 6. Banking Sector Total Domestic Credit Volume (Billion TL) (TCMB, 2015)

However, when more than one vehicle enters the market, it becomes difficult to assess the purpose for which each vehicle is used and the effectiveness of policies. Increasing the resistance of the financial system and softening the financial cycles are at the beginning of these objectives (TCMB, 2016b: 61). The internalization of the money supply and the increase of alternative investment instruments restrict the efficient operation of the interest rate transfer mechanism. Problems in the transfer mechanism weaken the power of influence of the monetary policy decisions on the real economy.

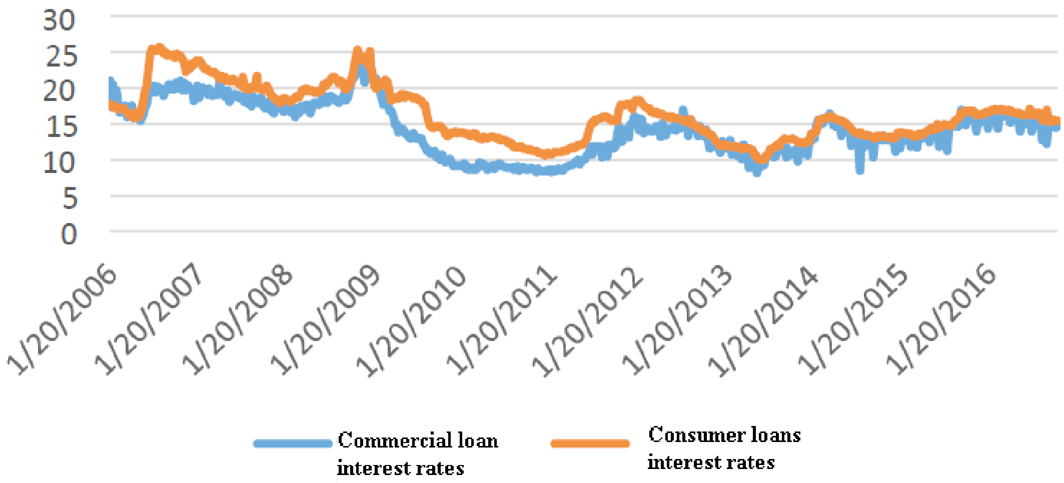

Figure 7. Loan interest rates (%) (TCMB, 2015)

Turkey is being implemented in the floating exchange rate regime has no target exchange rate level. However, overvaluation and extreme depreciation that may occur in the Turkish lira could put financial stability at risk. Exchange rate stabilization is a concern for monetary policy authorities in small economies (Jannsen and Klein, 2011: 11). For this reason, when necessary, the CBRT increases or decreases the foreign exchange liquidity of the banks through the foreign exchange warehouse market and is subject to flexible tenders or direct intervention (TCMB, 2015: 18).

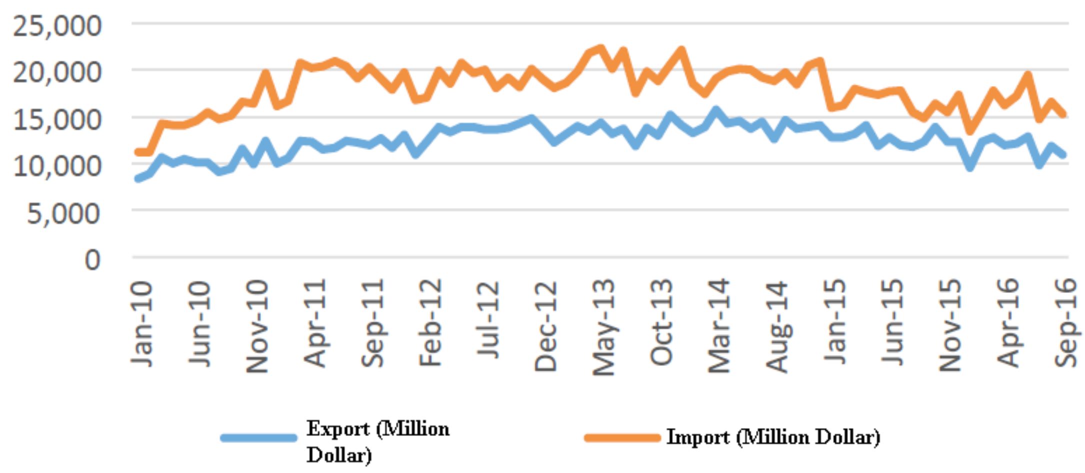

Figure 8. Export and import amounts (Million $) (TCMB, 2016)

The decline in long-term public borrowing rates, the stabilization of fiscal discipline and the adoption of any measures to reduce the saving deficit are the steps to be taken in achieving macroeconomic stability (TCMB, 2016a: 10). In the inflation report (2016-IV), the CBRT predicts that inflation will be 7.5% in 2016, 6.5% in 2017 and gradually stabilize at 5% In 2016, the decline in inflation was driven by core goods and unprocessed food, and tobacco and energy items rose (TCMB, 2016a: 7).

It has been ensured that the total of the gold and foreign currency assets held by the banks in the CBRT will be able to meet all of the foreign debt payments they will make within the next year (allocated warehouse limits and ROM coverage) (TCMB, 2015:4). Thus, the banking system feels more secure and cautious against unexpected developments. It is crucial for financial stability that the financial markets institutions are strong and the distribution of resources and risk is continuous and their performances are continuous.

4. EMPIRICAL ANALYSIS

4.1. Impact of Globalisation on Economic Growth of Turkey

With the help of the globalisation concept, Turkey has adopted growth oriented policies aimed to increase productivity and competitiveness of the economy to ensure rapid growth after 1980's.

The free market economy was implemented to acquire capital from abroad with the help of the foreign investments. Moreover, export based industrialization policies applied by the government to ensure this economical growth.

In this study, the relation between economic growth and globalisation are analyzed by the datas covering the periods of 1974-2015. The datas are obtained from the World Bank.

4.2. Description of Variables

GDP growth rate used as an indicator of economic growth. The development of economic growth is generally measured in reference to the volume of this rate. Gross fixed capital formation, foreign direct investment (net inflows), and exports of goods and services were used as a prior contents of globalisation concept.

Gross fixed capital formation (%of GDP) is used in this analysis to see the net increase in physical assets used for production within the measurement period.

Foreign direct investment, net inflows (%of GDP) has been viewed as a power affecting economic growth directly and indirectly. The export of goods and services (%of GDP) viewed as an indicator for the growth of GDP, knowing there are strong logical and empirical grounds supporting that exports are a key factor in the economical growth process.

4.3. Model Specification

This study specifies the following functional form of the relationship between GDP growth and globalisation.

GDP growth = f(GFCF, FDI, EX)

$$Y_i = \beta_0 + \beta_1 X1 + \beta_2 X2 + \beta_3 X3 + \mu_i$$

where;

Y= GDP Growth(%)

X1= Gross Fixed Capital Formation(% of GDP)

X2= Foreign Direct Investment, Net Inflows(% of GDP)

X3= Export of Goods and Services(%of GDP)

$\beta_0 =$ Intercept Term

$\beta_1 =$ is the coefficient of gross fixed capital formation

$\beta_2 =$ is the coefficient of foreign direct investment, net inflows

$\beta_3 =$ is the slope coefficient of exports of goods and services

μ= Error term

4.4. Estimation Techniques

For the purpose of analyzing the econometric model specified above, the study employs unit root test at first instance. Unit Root test is used to check the variables whether they are stationary or not. It is important to note that stationarity prevents the problem of spurious regression and autocorrelation problems. The Augmented Dickey-Fuller (ADF) tests have been applied to examine within the extent of stability analysis.

Then, Johansen test for cointegration is conducted to check the presence of a long run relationship between the variables.

Finally, Engle Granger Causality test will be applied to investigate the impact of globalisation on economic growth of Turkey. This test has been used to define the direction of causality among the variables.

4.5. Empirical Results and Discussion

Empirical results include unit root test results and Engle Granger Causality test results which are presented in subsequent tables.The study critically analyzes and discusses the results.

4.5.1. Unit Root Test Results

Table 1. ADF Unit Root Test Results

Variables	Level			1st Difference			Remark
	t-statistics	Critical value %5	Prob. (p-value)	t-statistics	Critical value %5	Prob. (p-value)	
GDP	-1.493182	-2.935001	0.6076	-7.036705	-2.935001	0.0000	I (1)
GFCF	-1.523821	-2.935001	0.5117	-5.771413	-2.935001	0.0000	I (1)
FDI	-1.744399	-2.935001	0.4020	-5.576804	-2.935001	0.0000	I (1)
EXP	-1.523225	-2.935001	0.5120	-5.747491	-2.935001	0.0000	I (1)

Source; Researcher's computation using E-views 8.3

Test interpretation;

$H_{0:}$ There is a unit root for the series at level

$H_{1:}$ There is no unit root for the series at level. The series are stationary

The null hypothesis (H0) says that the series is non-stationary (has unit root) whereas the alternative suggest that the series is stationary (has no unit root).

If the coefficient is greater than critical values for the test, then rejects H0 and considered variable is stationary, if not,it is not stationary.

As the computed p-value is lower than the significance level alpha=0.5, one should reject the null hypothesis H_0, and accept the alternative hypothesis H_1.

According to the results given above, null hypothesis could not be rejected for any time set at level. As null hypothesis cannot be rejected, the sets are not stable in time.

All the variables under consideration are non-stationary in their levels and become stationary when they are first differenced. The level of significance of the ADF statistics for all variables is 0.5%.

4.5.2. Cointegration Test

The result of the unit root test confirms that after taking first differences, all the variables are stationary and integrated of order (1). The Johansen test for Co-integration is conducted to check the presence of a long run relationship between two or more variables that are non stationary at level. The main aim of the Co-integration tests is to find out if GDP growth, Gross Fixed Capital Formation, Foreign Direct Investment, and Exports of Goods and Services are cointegrated or not. Therefore, based on these findings we can expect the possibility of the existence of long run relationships among the variables. Table 2 presents the Johansen test for Cointegration.

Table 2. Johansen Cointegration Test (Trace)

Hypothesized No. Of CE(s)	**Eigen Value**	**Trace Statistics**	**0.05 Critical Value**	**Prob.**
None*	**0.581172**	**73.80254**	**58.70778**	**0.0010***
At most 1*	**0.436017**	**42.55245**	**36.74502**	**0.0161***
At most 2	**0.222481**	**11.17156**	**18.68606**	**0.1721**
At most 3	**0.100864**	**7.066707**	**14.38360**	**0.3462**
At most 4	**0.004055**	**0.070155**	**2.730354**	**0.5602**

Trace test indicates 2 cointegrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

Source; Researcher's computation using E-views 8.3

The results from the cointegration test suggests that there is evidence of cointegration among the variables in the model. Trace test indicates 2 cointegrating equations. This indicates the presence of a long run relationship between the variables.

4.5.3. Granger Causality Test

The analysis with regard to identifying direction of the relationship between growth and globalization support the results derived from Granger Causality Test. Granger causality test is used to determine and estimate the direction of the relationship between variables in series regressions.

Granger (1988) maintains that if there is evidence of cointegration among the estimated variables, then a bidirectional or unidirectional causality exists. The Granger Causality is tested to capture dynamics of the models using the first difference of the variables. Table 3 presents the Pairwise Granger Causality Test results.

Table 3. Pairwise Granger Causality Tests

Pairwise Granger Causality Tests
Date: 02/28/18 Time: 09:22
Sample: 1974 2015
Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
GFCF does not Granger Cause GDP	40	0.13710	0.8723
GDP does not Granger Cause GFCF		0.56446	0.5738
FDI does not Granger Cause GDP	40	0.23690	0.7903
GDP does not Granger Cause FDI		3.74724	0.0335*
EXP01 does not Granger Cause GDP	40	0.67155	0.5174
GDP does not Granger Cause EXP01		3.34863	0.0467*
FDI does not Granger Cause GFCF	40	0.14587	0.8648
GFCF does not Granger Cause FDI		5.74647	0.0069*
EXP01 does not Granger Cause GFCF	40	4.29941	0.0214*
GFCF does not Granger Cause EXP01		2.49521	0.0970
EXP01 does not Granger Cause FDI	40	3.35933	0.0463*
FDI does not Granger Cause EXP01		0.03628	0.9644

Source; Researcher’s computation using E-views 8.3

- According to the Pairwise Granger Causality Test results, the null hypothesis which assumes GDP does not Granger cause FDI have been rejected. So we can conclude that there is one way causality occurs from GDP to FDI.
- GDP have Granger cause on Exports. Test results suggest that unidirectional causality runs from GDP to Exports, which means that a change in GDP stimulates a change in exports.
- GFCF have one way Granger causality on FDI.
- Exports have one way Granger causality on GFCF.
- Exports have one way Granger causality on FDI.

CONCLUSION AND RECOMMENDATIONS

Even though the concept of globalization existed centuries ago, the reason why we feel this way in the century we live in is the wonderful development in information and communication technologies. The rapid development of information and communication technologies has begun to manifest itself in the 1990s and has provided a new world order in the 2000s. This new world order has made itself felt most economically, but not only in this area, but also in time, reflected in social, political and cultural areas. The fact that the new world order is also reflected in these areas outside the economy accelerated social development.

Technological development makes the countries more economically dependent on each other day by day. In this respect, countries act rationally and adapt to this process is important in their development and shaping their future investments.

Financial globalization, the new dimension of economic globalization, has left the international borders, making it easier for financial investors to reach new sources. The development of international financial markets and the diversification of these market instruments are increasingly attracting investors and accelerating the circulation of capital around the world. However, since the risk factor is very important, investors need to follow a good risk management policy. Among the instruments that can be used for this purpose are futures or derivatives.

With the removal of controls in capital movements and the convertibility of the country's money, net capital flows have increased from developed to developing countries. These capital inflows have caused short-term developments in the countries, and sudden outbreaks have led to collapses. Generally, countries that cannot implement their financial policies correctly are affected by international negativities and it takes time to return to old economies again.

Financial globalization began in the 1980s in Turkey. As a developing country and as a result of the mistakes in the implementation of economic policies, it has been subjected to devastating crises, especially after the 1990s. Turkey has faced with the biggest contraction in 2001 after World War II. Following this crisis, a development strategy covering the period of 2001-2023 was established under the leadership of IMF. With this economic plan, the crisis experienced in 2008 was slightly overcome in comparison with other countries.

The increasing role of the free market mechanism all over the world has reduced the weight of public authorities in the national and international financial markets as a result of the acceleration of the liberalization processes in trade and finance. Developments in the fields of technology, information, communication and transportation and the limitations on international capital movements have led to the formation of international financial markets, continuous transactions, integration and a marketplace where there is a fierce competitive environment. Here, globalization is a major factor in making a big impact on finance. The reduction of capital costs due to competition and the convergence of them in many countries is of course a development that should be evaluated positively. However, it is also true that while the Bretten Woods system, which has some disadvantages and has provided relatively discipline to foreign exchange rates and inter-country payments, has increased financial risks in the world. The processes of liberalization and deregulation have led to the development of a fluctuating period according to the prevailing trends in the markets. On the other hand, these liberalization and integration processes in the financial markets at national and international levels have provided the funds that the developing countries need. These funds have provided more affordable credit facilities for higher return investments for savings, contributing to a more rational distribution of resources. However, the movements of money have preceded the movements of goods. It is stated that the amount of hot money that moves in one day in the world is fifty times the size of the goods movement.

Financial crises are a common phenomenon in the world, especially since the 1970s. Just as each country has its own effects on its own conditions, there are many commonalities in the crisis. In all of the global crises, international speculative capital movements have a great share. In addition, the Asian crisis and others have brought many shortcomings of the countries involved in the international financial system both nationally and internationally. Crises in these countries, where real economies seem strong, have led to many debates. Even the renowned rating agencies operating for early warning of investors and the financial system against possible developments have failed to fulfill early warning functions. It has also been seen that international organizations such as the IMF and the World Bank are only seeking remedies after the crisis has emerged. As a result, crises are considered to be financial rather than real. The deregulation process mentioned in the globalization of financial markets should not be construed as the abandonment of these markets both nationally and internationally. The task of the IMF and the World Bank is to cooperate with countries on the stability of the national economy and the international economic order. Of course, it should not be forgotten that countries' economic performance is a consequence of their fiscal and monetary policies, and that the assistance of international institutions and other countries is not sufficient for long-term economic prosperity.

As a result of globalizing financing, capital can now move freely without being subject to any limitations. Unless some measures are taken, the system risk factor will always be on the agenda both nationally and internationally. Priorities should be given to measures that could prevent financial crises before they are exposed. These include the setting of common capital and liquidity standards for financial institutions, the internationalization of public accounting practices and accounting standards, and the provision of nationally coordinated and international coordination of regulatory and supervisory functions.

Today's Turkey keep pace to the globalization process socially and politically with its developing technology. Having a trained young population in this process has the capacity to overcome other countries by tightening external debt deficits and further strengthening its economy.

It has been proven by analyzes that globalization directly affects capital-based market variables and indirectly (through institutional reforms) the banking-based market variables. In this study, three variables were used as the indicators of GDP growth ; namely gross fixed capital formation, foreign direct investment and export of goods and services. The relation between economic growth and globalization which is caused by significant macroeconomic effects were investigated in this concept.

Therefore, Granger causality test was applied to investigate the relationship between GDP growth and each variable one by one by using the financial datas covering 1974-2015 fiscal years.

Findings show that GDP growth rate has unidirectional causality on foreign direct investment and export balances proven by the Granger causality test. This suggests that economical developments in Turkey tend to attract foreign investor into the country as well as stimulates an increase in the volume of exports.

Moreover, with the given results of the Granger causality test, it is observed that there are significant relationships among the explanotory variables. Gross fixed capital formation has statistically signifant effects on foreign direct investment and exports.

With the increase in capital accumulation in the country as a factor of production, more goods and services produced in a competitive manner which tends to increase exports in the country. With an increase in this capital formation, the attractiveness of the foreigners for Turkey also increases which boosts foreign direct investments also.

Lastly, we find that foreign direct investments have significant relation with the exports amounts. As the GDP growth increases in the country which attracts more investors from the abroad, we can say that the productivity and the efficiency increases with the incoming technology and competition, resulting an increase in exports.

When an inadvertent assessment was made of the findings obtained during the study, it was found that the level of globalization had a positive and statistically significant effect on financial development, being limited to three variables. In particular, it can be said that the stock market is more affected than the variables that concern the banking sector. As a result, there is little contribution to the development of the crediting process and credit institutions, which are considered to be the most important function of financial markets integration with the world.

Strengthening institutions and investments in stock markets need to be transformed into growth-oriented production and industrialization policies in order for the integration process of countries to be more successful in the international market.

REFERENCES

Açıkgöz, Ş. and Mert, M. (2011). Küreselleşme Ekonomik Büyümeyi Etkiliyor Mu? Türkiye Örneği, *12.Uluslararası Ekonometri Yöneylem Araştırması ve İstatistik Sempozyumu,* Pamukkale Üniversitesi, Denizli, 701-716.

Adams, F. G. (2009). The World Financial Crisis. *World Economics*, *10*(1), 45-58.

Akdemir, A. M. (2004). Küreselleşme ve kültürel kimlik sorunu. *Atatürk Üniversitesi Sosyal Bilimler Enstitüsü Dergisi*, *3*(1): 43-50

Akdiş, M. (2000). Global Finansal Sistem Finansal Krizler ve Türkiye, İstanbul: Beta Yayınları.

Aktel, A. G. M. (2001). Küreselleşme Süreci ve Etki Alanları. *Süleyman Demirel Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi*, *6*(2).

Alp, A. (2002). Uluslararası Mali Piyasalardaki Gelişmeler ve Türkiye, İMKB Yayın Kurulu, Ankara.

Alp, A. (2007). Küreselleşme ve Finansal Sisteme Etkileri (19.12.2012) ,http:// ekonomi23 .org/index .s.18

Andrew, M. C. (2016). An Introduction to Capital Markets-Products, Strategies, Participants. UK: John Wiley & Sons

Aşıkoğlu, R. and Kayahan, C. (2008). Global Finansal Sistem Etkileşimiyle Türkiye'nin Piyasa Görünümü.*Afyon Kocatepe İ.İ.B.F. Dergisi,* 10(2),157-179

Aydemir, C., and Kaya, M. (2007). Küreselleşme Kavramı Ve Ekonomik Yönü. *Elektronik Sosyal Bilimler Dergisi*, *20*(20).

Aydın, M.K (2002). *Sermayenin Küreselleşmesi Kapitalizmin Altın Döneminden Neoliberal Dalgaya Uzanan Süreç.* Değişim Yayınları, İstanbul

Balkanli, A. O. (2002). Küresel Ekonominin Belirleyici Faktörleri Üzerine. *Uludağ Üniversitesi, İktisadi İdari Bilimler Fakültesi Dergisi*, *21*(1), 13-26.

Başaran, F. (2005). *İnternetin Ekonomi Politiği. İnternet Toplum Kültür*. Derleyen: Mutlu Binark ve Barış Kılıçbay Epos Yayınları: Ankara

Basci, E., and Kara, H. (2011). Finansal istikrar ve para politikası. *Iktisat Isletme ve Finans*, *26*(302), 9-25.

BM Küresel Yönetim Komisyonu (1996). Küresel Komşuluk. Ankara: Türkiye Çevre Vakfı Yayını, s.24-25

Bolak, M. (2001). Sermaye Piyasası Menkul Kıymetler ve Portföy Analizi, İstanbul: Beta Basım Yayın.

Bozkurt, V. (2000). *Küreselleşmenin İnsani Yüzü.* Alfa Yayınları. İstanbul

Bozkurt, V. (2007). Küreselleşme; Kavram, Gelişim ve Yaklaşımlar. http://www.genbilim.com/index.php?option=com_content&task=view&id=1659

Brian, N. (2009). Comprehensive Dictionary of Economics, 1st Edition, Delphi: Abhishek Publications.

Ceylan, C. (2010). Küreselleşmenin sektörel etkileri. *Araştırma Projesi, İstanbul: İstanbul Ticaret Odası Yayınları, Yayın*, (2010-98).

Chambers, N. (2007). Türev Piyasalar, 2.Baskı,İstanbul: Beta Yayınları.

Chang, C. and C. Lee. (2010). Globalization and Economic Growth: A Political Economy Analysis for OECD Countries, *Global Economic Review*, 39(2), 151-173

Cukierman, A. (2011). Reflections on the crisis and on its lessons for regulatory reform and for central bank policies. *Journal of Financial Stability*, *7*(1), 26-37.

Das, D. K. (2006). Globalization in the world of finance: An analytical history. *Global Economy Journal*, *6*(1).

Devlet Planlama Teşkilatı. (01.01.1995). Dünyada Küreselleşme ve Bölgesel Bütünleşmeler Alt Komisyon Raporu (2375). Ankara.Kitap2

Dikkaya, M., and Deniz, F. (2012). Ekonomik Küreselleşmenin Yol Açtığı Problemler: Teorik Bir Bakış. *Uluslararası Yönetim İktisat ve İşletme Dergisi*, *2*(3), 163-181.

Don Chance, M. (1989). An Introduction to Option and Futures, 1st Edition, Florida: The Dryen Pres.

Dore, R. (2008). Financialization of the global economy. *Industrial and Corporate Change*, *17*(6), 1097-1112.

Dulupçu, M.A.(2001). Küresel Rekabet Gücü, Türkiye Üzerine Bir Değerlendirme. Ankara:Nobel Yayın Dağıtım.

Eroğlu, Ö and Albeni, M. (2002). *Küreselleşme, Ekonomik Krizler ve Türkiye*, Bilim Kitabevi, Isparta.

Ersoy, E.(2011). Türkiye'de ve Dünyada Türev Piyasalarının Gelişimi. *Muhasebe ve Finansman Dergisi,* 1:63-80

Escolano, J., Shabunina, A., & Woo, J. (2017). The Puzzle of Persistently Negative Interest-Rate–Growth Differentials: Financial Repression or Income Catch-Up?. *Fiscal Studies*, *38*(2), 179-217.

Fabozzi, F.J., and Drake, P. P. (2009). *Finance: capital markets, financial management, and investment management* (Vol. 178). John Wiley & Sons.

Fettahoğlu, A. (2003). Menkul Değerler Yönetimi, 1.Baskı, İstanbul:Rengin Matbaası.

Ganiev, J. (2014). Küreselleşme, Finansal Piyasalar ve Kriz. *İktisat Politikası Araştırmaları Dergisi*, *1*(2):117-129

Giddens, A. (1999). Küreselleşmenin İklimleri. *Sosyal Demokrat Değişim Dergisi*, 12

Giddens, A. (2000). Elimizden Kaçıp Giden Dünya. İstanbul: Alfa Basım Yayınları

Goldberg, L. S. (2009). Understanding banking sector globalization. *IMF Staff Papers*, *56*(1), 171-197.

Granger, C.W.J. (1988). Journal of Economic Dynamics and Control. New York: Elsevier

Güler, B.A. (1996). Yeni Sağ ve Devletin Değişimi. Ankara: TODAİE

Güloğlu, B. and Altunoğlu, E.(2002). Finansal Serbestleşme Politikaları ve Finansal Krizler: Latin Amerika, Meksika, Asya ve Türkiye Krizleri. *İstanbul Üniversitesi Siyasal Bilgiler Fakültesi Dergisi,* 27:2-29

Harris, N. and Prendergast, R.(Eds.)(1995). Milliyetçilik ve Ekonomik Gelişme, Piyasa Güçleri ve Ekonomik Kalkınma. (Çev.İ.Eser).İstanbul:Yapı Kredi Yayınları

Held, D., McGrew, A., Goldblatt D., Perraton, J. (1999). Global Transformations: Global Transformations-Politics, Economics and Culture. Cambridge: Polity Press

HM Tresury. (2008), Embracing Financial Globalisation. http://www.hmtreasury.gov.uk/d/embracing_financial_globalisation300508.pdf

Hirst, P. and Thompson, G.(1998). Küreselleşme Sorgulanıyor.(Çev. Ç.Erdem ve E.Yücel). Ankara:Dost Kitabevi.

Hisarcıklıoğlu, R. (2001). Küreselleşme ve Türkiye. İktisat Dergisi, 416, İstanbul: İFMC Yayınları

İşler, D. (2013). Küreselleşmenin Uluslararası Finansal Piyasalara Etkisi ve Türkiye Uygulaması, Master Thesis, Beykent University Social Sciences Institute, İstanbul.

Jannsen, N., and Klein, M. (2011). *The international transmission of euro area monetary policy shocks* (No. 1718). Kiel Working Paper.

Kabaş, T. (2008). 1990'lı Yıllarda Gerçeklesen Finansal Krizlerin Değerlendirilmesi ve Türkiye Üzerinde Görüşler, Uluslararası Sermaye Hareketleri ve Gelişmekte Olan Piyasalar Uluslararası Sempozyumu Bandırma: Balıkesir Üniversitesi Bandırma İ.İB.F., 24-27 Nisan 2008

Kara, T. (2007). Yeni Teknoloji ve Basın İşletmeleri Üzerine Etkisi, Küreselleşme Üzerine Notlar, Oğuz Kaymakçı (Drl), Ankara: Nobel Yayın Dağıtım.

Kara, H. (2012). Küresel kriz sonrası para politikası. *TCMB Çalışma Tebliği*, *1217*.

Karabıçak, M. (2002). Küreselleşme Sürecinde Gelişmekte Olan Ülke Ekonomilerinde Ortaya Çıkan Yönelim ve Tepkiler. *Süleyman Demirel Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi*, *7*(1).

Kaypak, Ş. (2011). Küreselleşme Sürecinde Sürdürülebilir Bir Kalkınma İçin Sürdürülebilir Bir Çevre. *Mustafa Kemal Üniversitesi Sosyal ve Ekonomik Araştırmalar Dergisi.* 13(20), 19-33.

Kazmirci, K. and Ömerbeyoğlu, F. (2004). Güvenli EFT ve Swift Ortamları. *Active Bankacılık ve Finans Dergisi*, 7(38):24-28

Kiper, H.P. (2004). *Küreselleşme Sürecinde Kentlerin Tarihsel-Kültürel Değerlerinin Korunması: Türkiye- Bodrum Örneği.* Ankara Üniversitesi Sosyal Bilimler Enstitüsü, Ankara

Koçdemir, K. (2000). Atatürk Dönemi Kültür Politikası ve Küreselleşme, *Türk İdare Dergisi*, 72(429), 147-169.

Konuralp, G. (2005). Sermaye Piyasaları: Analizler, Kuramlar ve Portföy Yönetimi, 2.Baskı, İstanbul: Alfa Yayınları.

Koray, M. (2005). Reel Küreselleşme veya Küreselleşmenin Realitesi. *Çalışma ve Toplum Dergisi*, *4*(7), 11-45.

Kose, M. A., Otrok, C., & Whiteman, C. H. (2003). International business cycles: World, region, and country-specific factors. *The American Economic Review*, *93*(4), 1216-1239.

Kumagai, J. (2005). Structural Changes and Key Issues in the Globalization of Financial Markets. *NLI Research, http://www.nli-research.co.jp/files/topics/51458_ext_18_en_0.pdf*

Kürkçü, D.D. (2013). *Küreselleşme Kavramı ve Küreselleşmeye Yönelik Yaklaşımlar.* İstanbul Kültür Üniversitesi Sanat ve Tasarım Fakültesi, İletişim Sanatları Bölümü. İstanbul.

Leijonhufvud, C. (2007). Financial globalisation and emerging markets volatility. *The World Economy*, *30*(12), 1817-1842.

Mahiroğulları, A. (2005). Küreselleşmenin Kültürel Değerler Üzerine Etkisi. *Sosyal Siyaset Konferansları Dergisi.* 50: 1276-1288.

Mishkin, F.S. (2004). The Economics Of Money Banking And Financial Markets, 7.Baskı, USA: The Addison-Wesley.

Naisbitt, J. and Aburdene, P.(1990). Değişen Dünyada 1990'ların On Yeni Hedefi, Megatrends 2000, Büyük Yönelimler.(Çev.Erdal Güven).İstanbul:Form Yayınları

Oksay, S. 2000. "Finansal Piyasalarda Yeni Yasal Düzenlemeler İhtiyacı ve Türk Finans Sistemi." Marmara Üniversitesi Sosyal Bilimler Enstitüsü Öneri Dergisi, 35.

Olgun, H. (2006). Küreselleşme kavramı ve içeriğine genel bir bakış. *Sosyoekonomi*, *3*(3).

Özdemir, M. (1992). Turizmin Türkiye'nin Sosyo Ekonomik Yapısına Etkileri. Ankara: KÖKSAV

Parasız, İ. (2000). Para Banka ve Finansal Piyasalar. Bursa: Ezgi Yayınları

Parasız, İ. (2007). Modern Bankacılık Teori ve Uygulama, 1.Baskı, İstanbul: Ezgi Kitapevi.

Reinhart, C. M., and Rogoff, K. S. (2013). Banking crises: an equal opportunity menace. *Journal of Banking & Finance*, *37*(11), 4557-4573.

Ritter, L. S., Silber, W. L., Udell, G. F., & Fan, L. (1991). *Principles of money, banking, and financial markets*. Basic Books.

Rodoplu, G. (1993). *Türkiye'de sermaye piyasası ve işlemleri*. Marmara Üniversitesi Nihad Sayar Eğitim Vakfı.

Rybiński, K. (2006). Globalization Versus Financial Market. *BIS Review*, (60).

Seymen, A.O. and Bolat, T. (2005). *Küreselleşme ve Çok Uluslu İşletmecilik*. Nobel Dağıtım. Ankara

Somel, C. (2002). Azgelişmişlik Perspektifinden Küreselleşme. *Doğu Batı*, 18, 142.

Songur, H. (2009). Küresel Krizin İstanbul Borsası Üzerindeki Etkisi. *Maliye Finans Yazıları*, *1*(82).

Soros, G. (01.04.2003). Küreselleşme Üzerine. (19.12.2012), http://www.altinicizdiklerim.com/ozetler /KuresellesmeUzerine.pdf

Sönmez, S. (1998). Dünya Ekonomisinde Dönüşüm. Ankara: İmge Kitabevi.

Sönmez, P. (2006). Küreselleşme, Avrupa Birliği ve İstihdam: Çalışma İlişkilerinde Yaşanan Dönüşüm. *Ankara Avrupa Çalışmaları Dergisi.*5(3): 177-198.

Stiglitz, J. E., Taşçıoğlu, A., ve Vural, D. (2006). *Küreselleşme Büyük Hayal Kırıklığı*. Plan B İletişim, Tasarım, Tanıtım, Yayıncılık.

Süslü, B., and Dişbudak, C. (2012). TCMB'nin Para Politikası Duruşunun Alternatif Açıklaması: Parasal Durum Endeksi (MCI). *Yönetim ve Ekonomi: Celal Bayar Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi*, *19*(2), 67-85.

Şenel, A., & Gençoğlu, S. (2003). Küreselleşen dünyada teknoloji eğitimi. *Gazi Üniversitesi Endüstriyel Sanatlar Eğitim Fakültesi Dergisi*, *11*(12), 45-65.

Tağraf, H. (2002). Küreselleşme süreci ve çokuluslu işletmelerin küreselleşme sürecine etkisi. *CÜ İktisadi ve İdari Bilimler Dergisi*, *3*(2), 33-47.

Türkiye Cumhuriyeti Merkez Bankası, (2002). Küreselleşmenin Türkiye Ekonomisine Etkileri, Ankara, 2002

Türkiye Cumhuriyet Merkez Bankası (2010), Para Politikası Çıkış Stratejisi, 14 Nisan 2010, Ankara, http://www.tcmb.gov.tr/.

Türkiye Cumhuriyet Merkez Bankası (2015), 2016 Yılı Para ve Kur Politikası, 9 Aralık 2016, Ankara, http://www.tcmb.gov.tr/

Türkiye Cumhuriyet Merkez Bankası (2016a), Enflasyon Raporu 2016-IV (ISSN No: 1306-4509), Ankara.

Türkiye Cumhuriyet Merkez Bankası (2016b), Finansal İstikrar Raporu. Mayıs 2016 (Sayı: 22), Ankara.

Türkiye Cumhuriyet Merkez Bankası (2016c), İstatistikler, http://www.tcmb.gov.tr/

Türkiye Cumhuriyeti Kalkınma Bakanlığı (2016), Gösterge ve İstatistikler, http://www.kalkinma.gov.tr/.

Udell, F.G. and Wachtel, P. 1994. *Financial System Design for Formerly Planned Economies: Defining the Issues Working Paper Series*. NewYork: New York University

Vasquez, I.(Ed.) (2003). Kapitalizm ve Küresel Refah. Ankara: Liberte Yayınları

Vural, Ö.S. (2007). Yakın Dönem İtibariyle Ekonomik Dönüşüm Dinamikleri ve Yabancı Yatırımcıların Sermaye Piyasasında Etkinliğinin Analizi, Yüksek Lisans Tezi, Marmara Üniversitesi, Bankacılık ve Sigortacılık Enstitüsü, İstanbul, 2007.

Went, R. (2001). Küreselleşme Neoliberal İddialar, Radikal Yanıtlar.(Çev. E. Dinç).İstanbul: Yazın Yayıncılık.

Wheeler, Graeme (2008), "Financial Market Cycles, Globalization, and the Current banking Crisis". World Bank. worldbank.org/html/extdr/.../pdf/fin_market_cycles-gw.pdf

Yahşi, F. (2007). Küreselleşme ve İstihdam. Yüksek Lisans Tezi, Çukurova Üniversitesi Sosyal Bilimler Enstitüsü, Adana.

Yeldan, E. (2009). Kapitalizmin Yeniden Finansallaşması ve 2007/2008 Krizi: Türkiye Krizin Neresinde?. *Çalışma ve Toplum*, *1*, 11-28.

Yeldan, E. (2016). *Küreselleşme sürecinde Türkiye ekonomisi: bölüşüm, birikim ve büyüme*. İletişim Yayınları.

Yıldıran, M. (2010). İşletme Finansının Küreselleşmesi. İstanbul: Hiperlink Yayınları

Yılmaz, M.G. (2016). Finansal Piyasalarda Karanlık Havuzlar ve Optimal Stratejiler, Yüksek Lisans Tezi, Kadir Has Üniversitesi Fen Bilimleri Enstitüsü, İstanbul.

Zengingönül, O. (2005). Nedir Bu Küreselleşme? Kaçabilir miyiz? Kullanabilir miyiz?. *Siyasa, Yıl*, *1*, 85-106.

Zerenler, M., Türker, N., & Şahin, E. (2007). Küresel Teknoloji, Araştırma-Geliştirme (Ar-Ge) Ve Yenilik İlişkisi. *Selçuk Üniversitesi Sosyal Bilimler Enstitüsü Dergisi*, *1*(17), 653-667.

APPENDIX (A)

Data Set

Year	GDP Growth (annual %)	Gross Fixed Capital Formation (% of GDP)	Foreign Direct Investment, Net Inflows (% of GDP)	Exports of Goods and Services (% of GDP)
1974	5,59	14,78	0,18	5,73
1975	7,17	16,11	0,26	4,42
1976	10,46	17,98	0,02	4,86
1977	3,41	19,21	0,05	3,82
1978	1,5	17,02	0,05	4,15
1979	-0,62	15,58	0,08	3,22
1980	-2,45	15,9	0,03	5,16
1981	4,86	15,13	0,13	8,24
1982	3,56	15,12	0,09	11,86
1983	4,97	14,75	0,07	12,47
1984	6,71	14,4	0,19	15,61
1985	4,24	15,26	0,15	15,86
1986	7,01	17,14	0,17	13,31
1987	9,49	24,75	0,13	15,58
1988	2,32	26,11	0,39	18,65
1989	0,29	22,8	0,62	16,2
1990	9,27	22,87	0,45	13,37
1991	0,72	23,69	0,54	13,84
1992	5,04	23	0,53	14,39
1993	7,65	25,52	0,35	13,67
1994	-4,67	24,46	0,47	21,36
1995	7,88	23,84	0,52	19,89
1996	7,38	25,1	0,4	21,54
1997	7,58	26,42	0,42	24,58
1998	2,31	23,46	0,34	20,57
1999	-3,39	19,91	0,31	18,58
2000	6,64	22,3	0,36	19,45
2001	-5,96	18,07	1,67	26,58
2002	6,43	19,61	0,45	24,46
2003	5,61	20,85	0,55	22,24
2004	9,64	25,42	0,69	22,75
2005	9	26,66	2	21,02
2006	7,11	28,69	3,65	21,65
2007	5,03	28,1	3,26	21,22
2008	0,85	26,85	2,6	22,83
2009	-4,7	22,37	1,33	22,57
2010	8,49	24,87	1,18	20,45
2011	11,11	28,07	1,94	22,26
2012	4,79	27,32	1,56	23,67
2013	8,49	28,52	1,36	22,27
2014	5,17	28,89	1,37	23,76
2015	6,09	29,71	2,04	23,35

APPENDIX (B)

Augmented Dıckey Fuller Test

LEVEL

Null Hypothesis: GDP has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=9)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-1.493182	0.6076
Test critical values:	1% level	-3.600987	
	5% level	-2.935001	
	10% level	-2.605836	

*MacKinnon (1996) one-sided p-values.

Null Hypothesis: GFCF has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=9)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-1.523821	0.5117
Test critical values:	1% level	-3.600987	
	5% level	-2.935001	
	10% level	-2.605836	

*MacKinnon (1996) one-sided p-values.

Null Hypothesis: FDI has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=9)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-1.744399	0.4020
Test critical values:	1% level	-3.600987	
	5% level	-2.935001	
	10% level	-2.605836	

*MacKinnon (1996) one-sided p-values.

Null Hypothesis: EXP01 has a unit root
Exogenous: Constant

Lag Length: 0 (Automatic - based on SIC, maxlag=9)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-1.523225	0.5120
Test critical values:	1% level	-3.600987	
	5% level	-2.935001	
	10% level	-2.605836	

*MacKinnon (1996) one-sided p-values.

Ist Difference:

Null Hypothesis: D(GDP) has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=9)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-7.036705	0.0000
Test critical values:	1% level	-3.610453	
	5% level	-2.938987	
	10% level	-2.607932	

*MacKinnon (1996) one-sided p-values.

Null Hypothesis: D(GFCF) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=9)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-5.771413	0.0000
Test critical values:	1% level	-3.605593	
	5% level	-2.936942	
	10% level	-2.606857	

*MacKinnon (1996) one-sided p-values.

Null Hypothesis: D(FDI) has a unit root
Exogenous: Constant
Lag Length: 0 (Automatic - based on SIC, maxlag=9)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-5.576804	0.0000
Test critical values:	1% level	-3.605593	
	5% level	-2.936942	
	10% level	-2.606857	

*MacKinnon (1996) one-sided p-values.

Null Hypothesis: D(EXP01) has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=9)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-5.747491	0.0000
Test critical values:	1% level	-3.610453	
	5% level	-2.938987	
	10% level	-2.607932	

*MacKinnon (1996) one-sided p-values.