

## **Jobless growth with imported inputs: The Turkish case**

Topic: Modelling jobs and data issues

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The Turkish economy in the 2000's is characterized by positive growth rates and persistent high rates of unemployment. This paper attempts to gain insight into the concurrence of these two phenomena by taking the role of intermediate imports into account, an aspect which received relatively less attention in the jobless growth literature. Considering the upward trend of intermediate input penetration in the Turkish production sectors, we hypothesize that the same GDP growth rates are feasible with less employment generation. Several hypothetical scenarios (e.g. substitution of 1 %, 5 % of domestic intermediate input use of all the sectors, of major exporting sectors, of highly import dependent sectors, etc.) are calibrated with the input-output data of TURKSTAT for 2002 and estimated employment data for 31 sectors to see the extent of (possibly negative) effects on employment. The methodology provides decomposition of employment generation of policy sectors with respect to origin sectors along with decomposition of import dependency.

Preliminary findings show that the shift from domestic intermediate goods to imported ones in food products, wood products, tobacco, wearing apparel, textiles and agriculture generate the highest job losses in the economy. These industries have sizeable negative effects on employment in agriculture, textiles, leather products, wood products, utilities and metals. In general, adverse affects on employment of a 5 % shift are greater than fivefold of that of a 1 % one, hinting for scale dependency of adverse substitution and calling for further elaboration.