



# The impact of the Hizmet movement on Turkey's bilateral trade



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## ABSTRACT

In this paper, we investigate the indirect economic effects of the Hizmet movement. Participants of the Hizmet movement have spread all around the world, opening various types of educational institutions (more than a thousand) ranging from kindergartens to universities since the early 1990s. The main motivation of volunteers in the Hizmet movement comes from the ideas of a Turkish scholar, Fethullah Gulen: to help humankind to be better off. This non-profit movement has created mutual economic benefits for Turkey and the host countries where schools have been established. Turkish schools help many nations to recognize Turkish culture, and create bonds between Turkey and these countries. Eventually, these ties might result in better understanding and more sympathy towards each other. Additionally, these Turkish schools work as informal trade officials, making it much easier for Turkish merchants – both followers of the Hizmet movement and independent merchants – to have trade connections with other countries. In this paper, we show that there is a substantial increase in the volume of exports from Turkey to the countries where Turkish schools have been opened. In particular, we observe this increase in the countries where Turkey did not have a close economic relationship previously. Moreover, we show that Turkish schools have boosted not only Turkish exports to these host countries but also imports from them.

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## 1. Introduction

In the last two decades, Turkey has diversified its international trade partners. Prior to the late 1990s, Turkey's trade partners were mostly its neighbors and/or European Union (EU) countries. Trade with other Asian, African and American countries (except the United States) was almost non-existent. However, as a result of the "structural transformations" of the 1980s – especially after the second half of the 1990s, Turkey increased its bilateral trade volume with countries in these geographic regions (Kilinc, 2013). Several economic and political explanations are provided for this trend in the literature.<sup>1</sup> The increased shares of these geographic areas on world income made it economically important to trade with them. Moreover, especially in the last decade, Turkey has shifted from solely relying on the West for its international affairs. It had diversified its interest and partnerships to other issues and regions. Economic ties and political ties have reinforced each other in these newly created relationships. (Civan et al., 2013) In this study, we analyze an alternative and complementary factor for this increase in the scale and scope of Turkey's international trade. Starting

at the beginning of the 1990s, Turkish entrepreneurs have founded schools and cultural centers in Central Asian countries. Later on, more than 1000 Turkish Schools and cultural centers were established in 160 + countries. We hypothesize that these schools increased the volume of bilateral trade between the host countries and Turkey by easing the language and cultural barriers.

The majority of these Turkish educational institutions are inspired by the Turkish preacher Fethullah Gülen. Fethullah Gülen encouraged many activities in a variety of areas, including education, philanthropy and intercultural dialog (Ebaugh, 2010). The general term used for these activities is the Hizmet Movement (HM). The HM has become transnational social movement with the launch of first schools in Central Asia in the early 90s, and since then, the movement has embarked on pro-globalization activities. (Kuru, 2005) The teachings of the HM consider ignorance, poverty and discord to be the enemies of humankind. The volunteers of the HM plan and conduct different projects to overcome these common enemies. These projects are quite heterogeneous both in scale and scope. They range from establishment of universities to fundraising for disaster relief, from eye exam screening in Africa to intercultural dialog activities in the US. The participants are also quite heterogeneous in their socioeconomic, religious and ethnic backgrounds and in the degree of their involvement on these activities. (Cetin, 2012; Ebaugh, 2010).

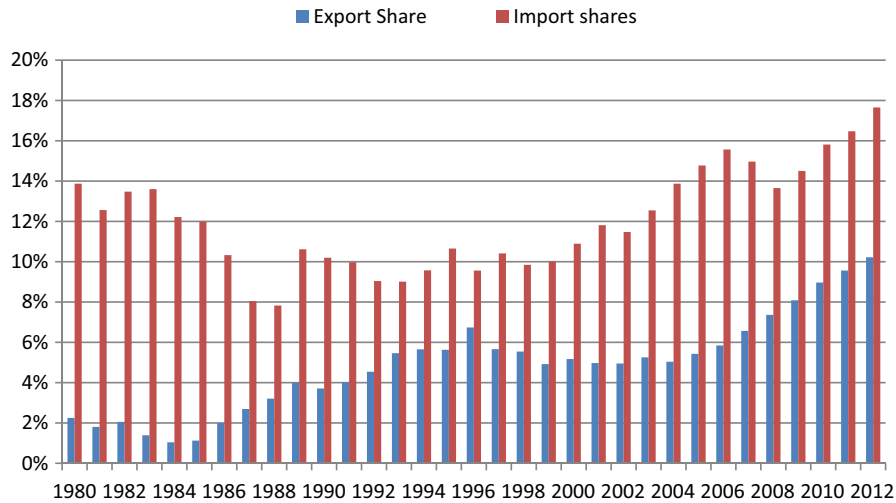
In these Turkish schools, the curriculum is compatible with the requirements of the host country's educational policies. However, it

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<sup>1</sup> For a more detailed analysis, see Tekin (2012).

### Export and Import Shares of countries That Hizmet Movement has Schools or Cultural centres in Total Export Volume of Turkey



Source: IMF's Direction of Trade Database and Authors' own calculations.

Fig. 1 Export and import shares of countries that Hizmet Movement has schools or cultural centres in total export volume of Turkey.

could be said that the curriculum in these schools is tuned towards a scientific education, with an emphasis on personal moral values. Turkish teachers and administrators, along with local teachers and administrators serve in these schools. Moreover, in most of these schools, Turkish as a foreign language is provided as an elective or mandatory course. During summer terms, many students of these schools visit Turkey to improve their language skills, and to learn more about Turkish culture and the social and economic structure of Turkey. Turkish teachers and their families usually learn local languages as well. Moreover sponsors from Turkey regularly visit these schools. All of these factors help these schools to function not only as cultural centers but also trade centers. We hypothesize that these schools, by eliminating or moderating the language and cultural barriers, initiate and improve bilateral trade between Turkey and their host countries. However, we have to emphasize that this effect is not unidirectional but bidirectional. The figures and trade data clearly indicate that after the foundation of Turkish schools, the upward trend is not only seen in Turkey's exports to the host country but also imports from these countries. We can loosely interpret this bidirectionality as evidence of the benefits of Turkish schools for both the host country and Turkey. In the next section, we provide more information about these Turkish schools and their motivations.

Giving some numbers would make it easier to understand these effects. Figs. 1 and 2 contain the bilateral trade volumes between Turkey and the countries where the HM has opened schools. In particular, since the early 2000s, we can observe a clear increase in both the exports and imports from these countries (Fig. 2). More importantly, the shares of these countries on the total volume of Turkey's trade have increased during the same period. In our analysis, we more formally analyze the impact of Turkish schools and cultural centers on bilateral trade between Turkey and the host countries by using a standard gravity method. Our analysis contributes to the literature in two ways. First, it provides more evidence of the significance of cultural and language barriers on international trade.<sup>2</sup> Our analysis and conclusions can therefore provide useful lessons for policy makers. The second contribution of our paper is related to the evolution of bilateral trade. Since we analyze bilateral trade with the countries which did not have sizeable trade volumes with Turkey prior to introduction of Turkish schools, our work provides some insights on this topic.

The rest of the paper is organized as follows. Part 2 provides some background information on the HM and potential avenues of their impact on bilateral trade. Part 3 gives the data and descriptive statistics. Part 4 provides an empirical model and the estimation results. Part 5 concludes the paper.

## 2. Background information

The HM's activities can be loosely grouped into five categories: education, philanthropy, health care, intercultural dialog and media. By now, a vast amount of literature has been developed on the HM.<sup>3</sup> This literature stresses three features of the HM. First of all, the movement is non-contentious and non-adversarial (Cetin, 2012), faith-inspired rather than faith-oriented with its loosely connected organization system. HM projects are quite heterogeneous and are mainly non-religious. It is a loose network of volunteers. The volunteers are regarded as supporters, sympathizers and participants. The participants are quite heterogeneous in their socioeconomic, religious and ethnic backgrounds and in the degree of their adherence to the HM's teaching and thus their involvement. Thus the discourse allows people to find a place for themselves in any area they wish. The financing sources are user fees and donations from the participants. The HM usually refrains from soliciting donations from governments and public institutions, including the Turkish government. The HM considers financial independence from the public authorities to be very important, as it is then to conduct its activities according to its principles without the taint of any government agenda. The exception to this principle is the allocation and donation of land and buildings by the host country governments. These donations are only used for HM activities within the donating country.

From kindergartens to universities, schools all around the world are the core organizational body of the HM. The HM introduces itself everywhere through these schools. They came into existence just after the collapse of the USSR in the Caucasus and Central Asia. The early constituents of the HM, who were inspired and motivated by the teachings of Fethullah Gülen, acted very quickly to establish schools in Central Asia. They were welcomed warm-heartedly. The parents of the most talented

<sup>3</sup> Holistic studies of the HM are rare (e.g. Cetin, 2012; Ebaugh, 2010). In addition, Barton et al. (2013), Hunt and Aslandogan (2007) and Yavuz and Esposito (2003) are considered useful guides for a comprehensive understanding of the HM.

<sup>2</sup> See Head and Mayer (2014) for a recent review of the literature on this issue.

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