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**ATTITUDES OF TURKISH STUDENTS TOWARDS MARKETS:  
A COMPARISON**

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## **Summary**

This study evaluates attitudes of Turkish university students towards markets and the influence on these attitudes of studying in economics, and compares the results with those of students in other countries. It is found that the opinions of university students in Turkey about the justice of market relations are negative as compared to those of students from other countries, and that, unlike the case of other countries' students, four years of study in an economics department does not change this.

## 1. Introduction

How does living for many years within a state-controlled economic system affect attitudes to the market? This question has received a lot of attention among academics and policymakers in the wake of the political system changes that took place in socialist/communist countries from the end of the 1980s, and a number of studies addressing this issue have been conducted since the beginning of the 90s. As expected, some of these studies (Alesina and Fuchs-Schündeln, 2007; Mason, 1995) found citizens of former socialist countries to be more distant to market outcomes and have a greater tendency to support state intervention as compared to those who had never lived in such an economic system. However, some other studies (Shiller, Boycko and Korobov, 1991; Hemesath and Pomponio, 1995) showed countervailing results. Moreover, the abovementioned studies<sup>1</sup> also indicate variations among citizens of the former socialist countries, capitalist countries and within countries, implying the influence of other variables, such as education, gender and age on people's attitudes towards markets

Mason (1995) reports that education is a particularly important determinant of people's attitudes towards market mechanisms, with a positive correlation between support for the market and a higher level of education. A comparison of the results of two studies that used the same survey questions in the same countries (USA and Russia), one on general public (Shiller, Boycko and Korobov, 1991) the other on university students (Hemesath and Pomponio, 1995) showed the students to be more market friendly than the general public, in both cases. Rushing (1994) refers to several other studies indicating that youngsters are more sympathetic toward market mechanisms than general public. Some studies discuss that studying economics make students find market a better allocation mechanism and create better/fairer solutions than its alternatives (Cipriani et al., 2009, Haucap and Just, 2003). More specifically, Whaples (1995) and Breden and Lephardt (2005) show that taking a course in economics changes the beliefs of students about the justice of the market. After students take an economics course, they view market solutions as fairer than they had done.

The Turkish Republic has a strong state tradition in economics and politics. Throughout the history of the Republic (from 1923), the state has always played a dominant role in the economy.<sup>2</sup> After the 1980s, when the first steps were taken for the transition to a market

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<sup>1</sup> See also Breden and Lephardt, (2002, 2005).

<sup>2</sup> See Bugra (1994) and Heper (1991) for the dimensions of state intervention in the Turkish economy.

economy, the state continued to play an active role in the economy, although the methods of interventions changed.<sup>3</sup> It may be expected that growing up within this tradition has impacted on the attitudes of Turkish people to the role of the market and related issues of justice.

A recent survey<sup>4</sup> conducted in 2010 by a polling firm, GlobeScan, showed support for the free market in Turkey to be the lowest of the 25 countries polled worldwide. According to survey results, only 27 percent of Turks ‘strongly’ or ‘somewhat’ agreed that the free market is the best system for the world’s future. This ratio was well below not only developed countries like Germany (68 percent) and the US (59 percent), but also developing countries like Kenya (61 percent) and Nigeria (58 percent), as well as ex-socialist Russia (52 percent) and also China (67 percent).

The aim of this study is to evaluate the attitudes of Turkish university students towards the market and seek answers to two main questions:

- Are the attitudes of university students living in Turkey towards the operation of market mechanisms different from those of other countries?
- Does taking courses in economics in an economics department for four years influence the attitudes of Turkish students towards market mechanism?

The method used in the study is described in the following section. The third section gives the study results. The last section concludes the paper.

## **2. Method**

In their pioneering work published in 1991, Shiller, Boycko and Korobov conducted a 36-question survey in order to examine the differences in perception between people living at the heart of the capitalist system (New Yorkers) and those living in the capital of the socialist system (Muscovites) with regard to the operation of market mechanisms. Later, the same survey was administered to Iranians by Habibi (1995), and to Chinese, American and Russian university students by Hemesath and Pomponio (1995). Whaples (1995) examined the impact of receiving a course in economics on attitudes towards the market by using six questions from the Shiller, Boycko and Korobov survey.

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<sup>3</sup> During the 1990s, even the prime minister of Turkey referred to it as the ‘last socialist country’, implying the predominance of the state in the economy and resistance to efforts directed towards change.

<sup>4</sup> For a summary of the survey see [www.globescan.com/news\\_archives/radar10w2\\_free\\_market/](http://www.globescan.com/news_archives/radar10w2_free_market/)

In the present study, questionnaire surveys containing the same<sup>5</sup> six questions used in the study by Whaples<sup>6</sup> (Table 1) were administered to 227 students at two public and two private universities in Turkey, in the 2011-2012 academic year. Of the participating students, 119 were in their fourth year in an economics department and had completed a number of courses directly or indirectly related to economics, while the remaining 108 were in their first year in economics and had not yet completed any course in economics. Both surveys were administered during a lecture, with all students available in the classroom. In the first-year student survey, students were asked whether they had taken an economics course before. Those who answered 'yes' to this question were omitted from the sample. Then, comparisons were made between the positive responses to the subsequent six questions of (1) U.S.A, Russian and Chinese university students (in the study by Hemesath and Pomponio) and Turkish students, and (2) Turkish students who were in their first year in economics department and those who were in their final year.

**Table 1 about here**

The present study uses Hemesath and Pomponio rather than Shiller, Boycko and Korobov because while the latter reflected the opinions of the general public, the former study reflected just the opinions of university students. A review of the studies shows that attitudes of students and average citizens differ at least in two respects. First, as mentioned above, students in higher education are more positive towards markets than average citizens. The second difference is related to participants' capacity for systematic reasoning. The logic of the 1st, 2nd and 4th survey questions is the same (a rise in price as a result of an increase in demand). Nevertheless, the general public gives different answers to these questions, while students tend to be consistent (Whaples and Hemesath and Pomponio). For these reasons, it was decided that it would be more meaningful to compare two student groups. Although, the fifteen-year gap between the studies might be considered as a limitation, this is inevitable since no newer study available for comparison.

For the first comparison, a straightforward approach is used to compare the responses of Turkish students with their foreign counterparts, since we do not have adequate information about the data used in the Hemesath and Pomponio study to use more sophisticated statistical

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<sup>5</sup> With currencies switched from US dollars to Turkish Liras (TL)

<sup>6</sup> The limited number of questions makes Whapels' survey easier to administer in big classes, for which reason it is preferred to the original Shiller, Boycko and Korobov survey.

techniques. To evaluate the statistical significance of the education in economics on the attitudes of Turkish students (the second comparison) probit regressions are carried out. In the model, the student responses to each question is a dependent variable. Independent variables are Years (first or final year of the economics courses), Family Income, Gender, Father's Educational Attainment, Mother's Educational Attainment, and Institution Type (private or public university).<sup>7</sup> All estimations have a constant term and the same independent variables. In order to detect a possible multicollinearity problem VIF test is carried out. VIF values for each variable was below 2, indicating no collinearity.<sup>8</sup>

The mean and median values for independent variables appear in Table 2. As shown in the table, 44.2 percent of the respondents are male, 33.5 percent are private university students and 52.4 percent in their final year. The mean educational attainment of the parents of students at the private and the public institutions are quite similar, with median attainment at high school level. On average, respondents belong to middle income families.

### **Table 2 about here**

### **3. Results**

In Table 3, the proportions of positive answers given by Turkish students to the six questions are shown and compared with those of the American, Russian and Chinese students from the study by Hemesath and Pomponio. In all the questions except for the fourth and the sixth, there is a considerable difference between Turkish students and the others in terms of attitude towards the market.

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<sup>7</sup> The model had the following form:

Answer = f (Years, Income, Gender, Father's Education, Mother's Education, Institution Type)

Where,

Answer = 1 if respondent's answer is 'Yes', otherwise 0

Years = 1 if respondent's final year, 0 if the first year

Income = income level classified into 4 categories (1 lowest, 4 highest)

Gender = 1 if male, 0 if female

Father's/Mother's Education = education level ordered from 1 to 4, with 1 for primary school and 4 for university

Institution Type = 1 if private university, 0 if public

<sup>8</sup>We re-run regressions by dropping one of the independent variables (mother's education) which gives the highest correlation coefficient (0.5841) with father's education. New regressions gave almost the same results. Only difference was the statistically significant coefficient of GENDER in the 5<sup>th</sup> regression.

### **Table 3 about here**

The first, second and fourth questions are similar in content, dealing with the fairness of raising prices in response to increased demand. Therefore one may expect similar responses to these questions, which is the case in the Hemesath and Pomponio study. However, while most Turkish students express the view that the increase in rents and flower prices due to increase in demand is not fair (Questions 1 and 2), they find the rise in table prices due to an increase in demand fair (Question 4). The proportion of 'yes' answers to first two questions here is much lower than that of the students of other counties, while the percentage in Question 4 is very similar to the Russians but lower than the Chinese and the US students. In fact, this is similar to that shown by the (American and Russian) general public in the Shiller, Boycko and Korobov study.<sup>9</sup>

Answers to Question 3 showed that 69% of Turkish students have positive attitudes towards the idea of state intervention in the economy. This percentage indicates that Turkish students see government intervention as an appropriate solution to correct the price increase that they consider 'unfair'. Comparison with the Hemesath and Pomponio results is striking, with Turkish support for intervention very much higher than that of the American and Russian students (five to seven times) and higher also even than Chinese students (over half as high again).

In the present study, less than half (44 percent) of Turkish students find it morally acceptable that enterprises should purchase fruit and vegetables cheaply from rural producers and sell them more expensively in the city (Question 5). Again, this percentage is much lower than those for the students of the other countries.

Most (67 percent) Turkish students express positive towards 'money exchanges' (Question 6). This result may be found surprising, because of the nature of the question, which, unlike the others, refers to a case not normally observed in real life. If 'normality' is an important determinant of our perception of topics in economics (Davies and Lundholm 2012), one may expect lower approval rates (here, less 'yes' answers) in this question than in others. Indeed, this is the case for the Chinese and US students. However, the proportion of responses from

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<sup>9</sup> In Shiller, Boycko and Korobov study, more than 50 percent of respondents found the raise in rents fair, while the percentage of respondents who found the raise in table and flower prices fair was between less than 35 percent.

the Turkish students to this question is higher than that of the Chinese and not much different to that of American students.

Table 4 shows how four-year education in economics affects the attitude of students towards the market. The results show that in Turkey studying economics has almost no affect on student attitudes towards markets. This is contrary to the results for students in the U.S (Whaples, 1995 and Breden and Lephardt, 2005), which show a positive impact (taking an economics course there correlates with increased approval of market operations). Here, only two of the six questions (Questions 1 and 2) show significant change, and of those the second indicates that studying economics actually has negative impact. The only significant positive impact recorded, therefore, is for Question 1. In Questions 3 to 6, which show no significant difference regarding the notion of fairness between the final year and the first year students.

Table 5 shows the coefficients of independent variables found statistically significant in our regressions for the six questions. Among the independent variables, Family income and Father's and Mother's Educational Attainment found insignificant in all regressions. In the fourth and fifth regressions no variable has a significant coefficient. Only Gender is found to correlate with student attitudes in three out of six regressions, although the signs are different. In one of the regressions, the ownership structure of the university had a significant coefficient.

**Tables 4 and 5 about here**

#### **4. Conclusion**

This study is aimed at evaluating the impact of an undergraduate education in economics on in Turkish students' attitudes towards market. In this context, a survey used in several other studies is administered to two groups of students (first and final year) majoring in economics in Turkey. Then, comparisons are made between the answers of the Turkish students and those of students from the USA, Russia and China, and between the two groups of Turkish students.

The study results show that the opinions of university students in Turkey about the justice of market relations are generally negative than those of students from the other countries, and unlike in other countries, studying economics at an economics department for four years does not change this attitude. Also, other variables had either no or minor, and in some cases countervailing, affects on the attitudes of surveyed students.

The motives behind the negative attitude of Turkish students towards markets and their resistance to change are worthy of attention. The answer may lay in education – especially economics education – or broader factors that shape students' mentality. Clearly this topic requires further research, and further speculation is beyond the scope of this paper.

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**Table 1**

**Fairness Questionnaire**

Answer Yes or No.

1. A new highway makes travel between a city and summer homes positioned along the highway substantially easier. Accordingly, summer homes along this highway become more desirable. Is it fair if rents are raised on summer homes there?

2. On a holiday, when there is a great demand for flowers, their prices usually go up. Is it fair for flower sellers to raise their prices like this?

3. Should the government introduce limits on the increase in prices of flowers, even if it might produce a shortage of flowers?

4. A small factory produces kitchen tables and sells them at 200 TL each. There is so much demand for the tables that it can not meet it fully. The factory decides to raise the prices of its tables by 20 TL, when there was no change in the cost of producing tables. Is this fair?

5. A small business buys vegetables from some rural people, bring the vegetables to the city, and sells them, making from this a large profit. The company honestly and openly tells the rural people what it is doing, and these people freely sell the company the vegetables at the agreed price. Is this behavior of the company, making large profits using the rural people, acceptable from moral point of view?

6. You are standing in a long line to buy something. You see that someone comes to the line and distressed that the line is so long, saying he is in a great hurry and absolutely must make this purchase. A person at the front of the line offers to let him take his place in line for 10 TL. Would you be annoyed at this deal though it won't cause you wait any longer?

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<b>Table 2 Basic Statistics of Independent Variables</b>		
<b>Variable</b>	<b>Mean</b>	<b>Median</b>
<b>Gender</b>	0.442478	0.000000
<b>Income</b>	2.39535	2.00000
<b>Father's Education</b>	2.78924	3.00000
<b>Mother's Education</b>	2.38182	3.00000
<b>Institution Type</b>	0.334802	0.000000
<b>Years</b>	0.524229	1.00000

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<u>Questions</u>	<u>Turkey</u>	<u>USA</u>	<u>China</u>	<u>Russia</u>
1. Is it fair to raise rents?	44	84	84	86
2. Is it fair to raise flower prices?	41	88	83	77
3. Should government limit the increase in flower prices?	69	10	44	13
4. Is it fair to raise table prices?	65	82	73	64
5. Is it fair that middleman make a large profit?	44	78	76	75
6. Would you be annoyed when someone sells/buys a place in line?	67	63	50	76
<u>Sample size</u>	<b>227</b>	<b>251</b>	<b>231</b>	<b>361</b>

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**Table 4 Percentage Responding 'Yes' to Each Question**

<u>Questions</u>	<b>First Year</b> %	<b>Final</b> <b>Year</b> %	Is the difference statistically significant?
1. Is it fair to raise rents?	37	51	YES*
2. Is it fair to raise flower prices?	46	39	YES*
3. Should government limit the increase in flower prices?	69	67	NO
4. Is it fair to raise table prices?	69	63	NO
5. Is it fair that middleman make a large profit?	41	46	NO
6. Would you be annoyed when someone sells/buys a place in line?	69	65	NO
<u>Sample size</u>	<b>108</b>	<b>119</b>	

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\* significant at 10 percent level

<b>Table 5 Statistically significant coefficients for each regression</b>						
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q5</b>	<b>Q6</b>
<b>Constant</b>	-0.804417**	-	0.710588**	-	-	-
<b>Gender</b>	0.373759**	-	-0.348245*	-	-	-0.395441**
<b>Income</b>	-	-	-	-	-	-
<b>Father's Education</b>	-	-	-	-	-	-
<b>Mother's Education</b>	-	-	-	-	-	-
<b>Institution Type</b>	-	-0.379952*	-	-	-	-
<b>Years</b>	0.320076*	-0.327283*	-	-	-	-
* significant at 10 percent level						
** significant at 5 percent level						