

# The Effects of Globalization On Economic Development of Islamic Countries Metropolitans with the Emphasis on Istanbul and Tehran Metropolitans

Hooshang Sarvar \* <sup>1 a</sup>

<sup>1</sup>Assistant Professor, Department of Geography and Urban Planning, University of Maragheh  
<sup>a</sup> [h.sarvar1351@gmail.com](mailto:h.sarvar1351@gmail.com)

Manijeh Lalepour

Assistant Professor, Department of Geography and Urban Planning, University of Maragheh

\*Corresponding Author

**Keywords:** Globalization, Metropolitans, Economic development

**Abstract.** Space is a reflection of economic and social processes during time. Since the late 1980s, a new wave entitled globalization which has economic and social weight, has affected geographical spaces of countries, especially metropolitan areas. Some Islamic countries in regard to their strategic geographical position regarding energy supply and goods transit position has had developed relationship with capitalist countries. Metropolitans in developing countries which include Islamic countries as main canters of development have important place in globalization process and social-economic evolution of countries. The result of globalization had been facilitation of transportation and movement of foreign capital, relation and information technologies, increase in the volume of foreign trade and increase in movement of human force to new geographical regions in developing countries including metropolitans. The aim of this paper is the investigation of economic effects of globalization on Islamic countries metropolitans. To fulfil this aim, four metropolitans namely, Istanbul in Turkey; and Tehran in Iran has been selected and according to information and data of internal and global organization, economic indices of globalization such as the volume of foreign trade, the rate of foreign investment, the numbers of foreign tourists and etc in these two metropolitans during the years after 2000 AD. has been considered. The results show that among studied metropolitans except Tehran, other metropolitans, i.e. Istanbul, have desirable place in economic indices of globalization. Policies and actions of governments and urban management of these metropolitans in the face of globalization phenomenon and the use of globalization opportunities have had better results. This paper has organized in 4 sections. After introduction, in the second section theoretical principals of globalization and global cities have been presented. In the third section, the effects of globalization processes on economic indices in selected metropolitans have been considered. Finally, in the fourth section, conclusion and desirable approaches for role-playing of metropolitan regions of Islamic countries in the process of globalization of economy has been present.

## 1. Introduction

In recent decades, globalization as a important phenomenon has attracted the attention of researchers in different political, economic and social fields. The extension and intensity of this phenomenon's

realms effectiveness on the economic and social situation of countries and cities has caused that managers and leaders of countries and cities attach specific importance to globalization in policymaking and economic, social and spatial planning. So, in recent years area has been provided for activity of researchers in order to investigation and recognition of globalization phenomenon and its effects on different parts and the subject of many researches in university and research centers has been allocated to globalization with its different dimensions. From the beginning of 1990s, widespread application of this concept in scientific and research centers is seen clearly. Apart from political topics of globalization, from geographic point of view, globalization is considered as one important historic period after 1980s, movement of private capital, production technologies, the formation of multinational companies, freedom in goods exchange, human force, the formation of regional cooperation and economic merger of countries in this cooperation also in global economy are the most important results of globalization. The effect of globalization on cities, especially metropolitan areas in recent years is clear and obvious matter so that more field studies and investigations has been done by geographers and urban sociologists and other majors related with urban matters and appearance of city phenomenon or global cities in urban geography literature is the result of globalization and certainty of these researchers' assumptions. In fact, metropolitan areas rather than these economic and social evolutions not only are not indifferent but also as one of the most important geographic spaces, have provided necessary economic, infrastructure and human conditions for this event achievement . Metropolitan areas of Islamic countries holding suitable geographic situation such as political and economic centrality has played important role in the field of global and national economy evolutions. Metropolitan areas which have been selected in this study in order to assessment of globalization effects and results are Tehran as political capital and important economic center and Istanbul as important economic and political center and one of the Turkey's important cities. In recent years, policies and regional and national programs in both metropolitans have tried to guide development toward global economy and use of metropolitans capacities. Although achievement of this goal about Tehran metropolitan because of political problems and obstacles had been difficult to some extent, but about Istanbul metropolitan economic, human and geographic capacities has been used desirably and nowadays it is considered as one of the most important global cities and plays economic, social and political roles in global cities network.

## 2. Theoretical Principals

In some development economists 'opinion, especially liberals, globalization is a result of capitalism system completion during history and its spread to geographic boundaries of world's countries. From this point of view, globalization is the result of different process such as industrial revolution and revolution in information technologies which is by mechanization and in the other word more relying of production process on artificial forces[1]. The result of this evolution is the spread of urbanization in the world, especially developing countries which have begun the development process with one century delay. World urban population between 2000 to2030will reach to4.94 million from 268 million. According to the predictions of experts, most of this increase in population will be added to the population of developingcountries' cities. Based on the results of these studies, cities in developing countries in recent decades had been faced with negative population growth[2]. But the other feature in development of urbanization in developing countries which include Islamic countries is concentration of economic and social facilities in some metropolitan areas that globalization process intensity the concentration so that most current global cities in developed and developing countries have been formed and evolved metropolitan areas. Joint researches of Castells with Peter Hall about Technology industrial productions of information era shows that these innovation environments of developed industries which is considered as "Technology Center",in spite of different urban forms, often in most countries except United States and to some extent Germany are main metropolitan areas [1]. Therefore cities, especially large cities, have been the main axis of global evolution. They have been the connector between core and

surrounding areas in the economic system of colonization period. In the period of globalization, through the attraction of multinational companies' capital they have caused the stream of capital, technology and other production factors. Entrance and role-playing into this network for large systems of metropolitan areas because of the stream of goods, capital, human force (tourism) and positive outputs resulted from this matter have vital role. But this network and relationship with it requires a set of rules which is relates to urban management and local governments. In most of metropolitan areas in developing countries, important actions have been done in order to promotion of these cities situation for change into global cities order. These actions which Malaysia government has done and through it two new cities namely, Ciberjaya (virtual city) and Potrojaya (new political and administrative) was built and is being completed. In shanghai metropolitan area ,Pudong new area is in order to attraction of foreign investments and use of globalization opportunities of economy. According to the study which Peter Taylor et al. in the university of Loughborough in order to determination of global cities in 2000 have done, most metropolitans of developing countries such as Istanbul, Jakarta, Kuala Lumpur, Shanghai, Seoul etc. which are more affected from the process of the globalization of economy were global cities. While Tehran metropolitan in this study is out of global cities network and has minimum signs of connection to the process of globalization.[3]

### **3. Method**

Current research is Analytical-Descriptive one which has been done based on library and internet studies. Its purpose is to identify the globalization process of economy's effects on economic development of Islamic countries metropolitans. It is clear that the investigation of the effect of the globalization of economy on the all Islamic countries metropolitans with respect to their geographic spread and lack of access to information is not possible in this paper. Two important metropolitans which are important political and economic cities and centers in region and in the world have been selected. Indices which were used in order to the assessment of the process of the globalization of economy's effects on these metropolitans are the volume of foreign trade and rate of foreign investment which is an important index which valid global institute such as foreign policy and globalization and world cities research network research group emphasize on it in assessment of degree of freedom of countries economy and global cities order.

### **4- Investigation of Tehran and Istanbul position from the economic dimension of globalization indices view with emphasis on foreign trade and foreign direct investment**

#### **4.1. Tehran Metropolitan**

More than 200 years pass from the selection of Tehran as Iran's capital. Nowadays, according to census in 2011, more than 8 million people in Tehran and about 4 million people in other cities and villages of Tehran urban areas inhabit which totally it reaches to 12 million. From 1970s, great volume of investments in projects such as international Emam Khomeini airport, construction of different intercity terminals and highways, subway, industrial complexes and towns and new cities etc. in this area (within 30-60 kilometers radius of Tehran) has been done which this investment has caused growth and development of Tehran metropolitan as a metropolitan area. Gross domestic production of this metropolitan in 2009 was about 111.7 billion dollars and 30 percent of country's gross domestic production [4].

##### **4.1.1. The volume of foreign trade of Tehran Metropolitan**

Throughout the world, because of concentration of infrastructural facilities; powerful work force; scientists and experts, metropolitans are the main factor of production of services and disposable goods to global markets. Due to this matter, they have considerable share in foreign trade of countries. The volume of foreign trade of Tehran province in 2003, 2004, 2008 and 2009 was 6454, 7441, 12182, 13638 million dollars, respectively which was 15 percent on average during these years. Of course, part of this figure with respect to main role of Tehran province in transportation in

country maybe is related to other province. But it is obvious that this trade volume isn't proportion to economic weight and situation of Tehran metropolitan in national and international areas, especially if these figures are compared with metropolitans of developing countries such as Istanbul and Seoul, weak role of this metropolitan area in foreign trade will be clear. The other matter which there is in foreign trade of Tehran metropolitan is high volume of import in comparison to goods export (only non petroleum exports). In recent years, this matter has direct relation with increase of Iran's oil income which its global price increase has increased the import of consumer goods, especially in large cities.[4]

Table2

The volume of Tehran Province's foreign trade in 2008 and 2009 (numbers in million dollars)

Year	The rate of export	The rate of import	Total volume of trade	Percentage of national trade
2003	1018	5435	6454	17.83
2004	1226	6215	7441	16.83
2008	1851	10331	12182	14.9
2009	2273	11365	13638	14.11

Source: Management and Planning Organization of Iran and Islamic Republic Iran's Statistics and Communication and Information Technology Office, 2010

#### 4.1.2. Foreign Direct Investment

Foreign investment is divided into two types: direct foreign investment (FDI) and foreign portfolio investment (FBI). Direct foreign investment due to establishment in production industries and durability rather than portfolio investment, especially among developing countries have high demand and after crisis in 1990s in eastern As it is dealt with consciously.

But according to statistics of organization for investment economic and technical assistance of Iran from 1995-2009 about 37 billion dollars foreign investment has been approved in different activity parts expect oil and gas which Tehran's share is 7 percent and about 2.5 billion dollars. This rate of investment for important metropolitan such as Tehran which has great economic and social potentials is poor. Nowadays, with globalization of economy and freedom of capital, more metropolitans such as developing countries have attracted billion dollars for investments in industrial and services sections each year and have caused economic growth and development of metropolitan and national economy. Obstacles of foreign investments in Iran and Tehran metropolitan is rooted in political matters and dispute with western countries, especially America has caused more political and economic limitation in recent years. But it seems that the establishment of the new government in Iran in 2013 and follow-up of active diplomacy in the ground of solving dispute with west, especially America the field will be provided for active political and economic role of country. It is clear that owing to such approach, positive economic view is predicted for Tehran metropolitan in different economic sections, especially attraction of foreign capital. So that in recent days, Tehran's stock exchange has been faced with considerable increase and its value has reached about 130 million dollars [5].

#### 4.2. Istanbul Metropolitan

Istanbul is the largest city of Turkey and its economic and cultural center. In 1923, with formation of republic of Turkey, the capital changed from Istanbul to Ankara. But Istanbul maintained its centrality as commercial and industrial center of Turkey. This metropolitan in 2010 with 13256000populationsis considered as one of the Turkey's and Middle East largest metropolitan areas. Also this metropolitan during history and nowadays as one of the important political and

economic centers has been considered. So that gross domestic production of this country in 2012 has been 322.4 billion dollars [6]. In the same year gross domestic production of Turkey was 788.299 billion dollars which 40.9 percents of gross domestic production have been produced in this metropolitan (IMF<sup>1</sup>, 2012). Also, this city has been as one of the historic-cultural centers and important tourism destinations in the world.

In 2011 and 2012, the numbers of tourists entered to this city have been 10.5 and 11.5 million people, respectively. It is obvious that tourism is one of the important economic sections of this city [7].

#### 4.2.1. The volume of foreign trade of Istanbul Metropolitan

In recent years, Turkey has done large investments in industry and services. Some international institutes such as United Nations categorize this country as developed. It is one member of the G20. Owing to this, Turkey has had high economic growth and the result of this economic growth have played important role in the considerable increase of foreign trade (Table 3). Istanbul metropolitan in addition to services and tourism advantages is one of the most important industrial centers of this country. According to statistics, more than 50 percent of foreign trade of this country is produced by this metropolitan. So that, in 2004, the volume of international trade of this city has been more than 110 billion dollars which is 58.8 percent of Turkey's foreign trade [8].

Table 3

The situation of Turkey's foreign trade from 2007 to 2011 (numbers in million dollars)

Subject	2007	2008	2009	2010	2011
Export	107.272	132002	102.144	113.883	134.969
Import	170.063	201.961	140.929	185.544	240.83
Whole Trade	277.334	333.963	243.072	299.428	375.807

Source: The Republic of Turkey Prime Ministry, Investment Support and Promotion Agency.

#### 4.2.2. Foreign direct investments in Istanbul metropolitan

Istanbul metropolitan is one of the most important economic centers for foreign investors. According to the results of one academic research from 12.9 billion dollars foreign direct investment entered Turkey, about 75.39 percent which is equal to 9.74 billion dollars has been invested mainly in industry and services section [9]. Also in this year, 63.3 percent of total numbers of foreign investment companies have invested in this city. Also the value of Istanbul's stock exchange in 2005 had been calculated about 161.5 million dollars by World Bank (World Bank, 2005). Commercial value of shares in 2012 has increased to 348 million dollars. The value of foreign investment in Turkey in 2007 has been about 21.7 million dollars [10,11].

### 5. Conclusion

The process of globalization of economy has caused the increase in stream of goods and capital, human force and ideas in transnational boundaries. Metropolitan areas due to developed infrastructure and production advantages have been more affected from this process. Metropolitan areas of Islamic countries because of strategic situation and holding developed infrastructure are considered as one of the most important economic point of the world. In this research, the effects of the process of globalization of economy on economic development of Istanbul and Tehran

<sup>1</sup>- International Monetary Fund

metropolitans through measurement two important indices, i.e. foreign trade and foreign direct investment has been assessed. The results showed that Istanbul metropolitan because of compilation of suitable policies has had great share in national and regional levels in these indices. Gross domestic production of this metropolitan in 2012 has been 322.4 billion dollars. The volume of foreign trade of this metropolitan has attracted about 110 billion dollars in 2004 and 9.7 billion dollars in 2005 in different industrial and services sections. Also this metropolitan's commercial value of share in 2012 has been calculated about 348 billion dollars. Therefore, according to these economic evolutions also based on the results of global researches such as globalization and world cities research network this metropolitan is in the global cities network and have economic roles such as services, marketing, accounting and legal. But about Tehran metropolitan in spite of great investment in the field of communication and information infrastructure such as industrial towns, Emam Khomeini air port, subway etc. also fourth development program emphasis on the use of metropolitans capacities in globalization era, practical steps in order to Tehran presence in global cities network and as a result acceptance of active social and economic roles proportion to geopolitical and economic situations hasn't been taken. So that foreign direct investment statistics during 15 years from 1995-2009 isn't equal to foreign direct investment in Istanbul metropolitan in one year. By comparison with Istanbul, foreign trade volume of this metropolitan is poor. It seems that by establishment of the new government in 2013 in Iran and follow-up of active diplomacy in the ground of solving dispute with west, especially America the field will be provided for active political and economic role of country. It is clear that due to such approach, positive economic view is forecasted not only for Tehran metropolitan but also for other cities such as Tabriz, Isfahan, Shiraz and Mashhad in different economic fields, especially the attraction of foreign capital and the increase in foreign tourists.

## References

- 1- Castells manuel, The rise of the Net workSociety, Oxford, 1999
- 2- Clark d .,Urban world/ global city; Routledge, 1996.
- 3- <http://www.lboro.ac.uk/gawc/>
- 4- Sarvar hooshang globalization economies and sustainable metropolitan area case study Tehran metropolitan area Thesis of PhD, modarres university , Tehran 2008
- 5- [www.boursenews.ir](http://www.boursenews.ir)
- 6- ForeignPolicy.com 2012,Moste Dynamic cities of 2025
- 7- Ebru KERIMOGLU and Hale CIRACI, URBAN TOURISM: AN ANALYSIS OF VISITORS TO ISTANBUL,2006
- 8- Feyzan E. ;Viewpoint global transformations versus local dynamics in Istanbul planning in a fragmented metropolis; Bilkent University, Faculty of Art, Design and Architecture, 06533, Ankara,Turkey.
- 9- Lale BERKÖZand S. SenceTÜRK,2009 ,LOCATIONAL PREFERENCES OF FDI FIRMS IN TURKEY
- 10- *Borsaistanbul.com* 2012,BORSA İSTANBULAT A GLANCE
- 11- OECD, 2008,OECD Territorial Reviews: Istanbul, Turkey