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Beginning of the 21st Century (WP)**

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Area: Europe
Working Paper 63/2009
14/12/2009

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Madrid – Spain
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(1) Introduction

The purpose of this working paper is to discuss Turkey's new role in international politics at the beginning of the 21st Century and to analyse the main political and economic challenges for the country to become a regional power of medium size.

The paper has three main parts. The first provides a brief overview of the main characteristics of Turkey's international relations during the Cold War period. Then it examines Turkey's present economic and political development in order to identify its basic handicaps and the pre-conditions necessary for becoming a regional power. The final section focuses on the future prospects of Turkey's place in the international order.

Turkey's international relations after the Second World War were mainly determined by three interdependent factors: (1) national security; (2) economic cooperation; and (3) the country's full integration into 'Western civilisation' through the so-called 'Europeanisation process'.¹

Security Aspects

Turkey's external relations with the Western world intensified immediately after the Second World War, when the militarist and traditional expansionist policies pursued by Stalin began to threaten Turkey. Despite the Turkish-Soviet treaty of Friendship in the 1920s, the Soviet Union made territorial claims to Turkey's north-eastern provinces of Kars and Ardahan in 1945. The Soviets also called for joint Turkish-Soviet control over the Straits (the Bosphorus and the Dardanelles). As a result, the Ankara government, at the time led by Kismet Innu, decided to adopt the Truman Doctrine in 1948 and Turkey joined NATO in 1952. With these decisions, Turkey gradually became 'a reliable NATO partner', playing the role of 'south-east pillar, bulwark and last bastion' against any military expansion by the Soviet Union towards the Mediterranean or the Gulf region. Therefore, Turkey came to be directly involved in the East-West conflict and antagonism.

Economic Aspects

At the beginning of the 1950s, Turkey was indisputably a poor country. Its economy showed characteristic socioeconomic features of underdevelopment. It had an annual per

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¹ Heinz Kramer (1988), *Die Europäische Gemeinschaft und die Türkei*, Nemos Verlag, Baden-Baden, p. 159.

capita income level of roughly US\$210, with a population of 20 million people who were mainly employed in the agricultural sector. The striking negative factors were the obvious scarcity of savings and foreign exchange and an extremely high level of unemployment. There was a lack of infrastructure in all fields. However, as Turkey was clearly unable to overcome its pressing economic problems with its own resources, it was unable to fulfil its military commitments as a member of NATO without military and economic assistance from the West. Apart from security interests, therefore, economic considerations played an important part in reinforcing Turkey's pro-Western and unilateral foreign policy. Foreign aid and close economic cooperation with the industrialised NATO member states, which were mainly regulated and financed by the US and partly by West Germany, were obviously of vital significance for Turkey. The country would only be in a position to promote its economic development and thus meet its NATO commitments with the help of Western economic support. In line with the assignment of tasks within NATO, military assistance and financial aid were combined; the US and partly West Germany primarily shouldered the burden. This was one of the main reasons why the EC Commission accepted Turkey's application for an association partnership.

Westernisation/Europeanisation/Modernisation through Negotiations with the EU

Turkey's close cooperation with the West was not only designed to serve security and economic policy objectives but was also an indispensable component of the process of Westernisation, which had been initiated over 150 years ago and which was intensified after the republic was founded in 1923. This process served to strengthen Turkey's bonds with Western civilisation. At the same time, it was hoped it would help to improve the country's economic and technological performance and correct its deficiencies in democracy and human rights. The policy of Westernisation initially pursued in political life by the Western-oriented elite gradually gained increased popular support over the years, despite fundamentalist opposition. The finalisation of this process remains the guiding principal and irrevocable goal of Turkish domestic and foreign policy. It is one of the main reasons why Turkey is so eager to become a full member of the EU.

To Sum Up

Turkey's close cooperation with the West during and after the Cold War period was mainly designed to serve security and economic policy objectives and was also a result of the Westernisation process. For the West, security interests played the dominant role in its relations with Turkey against Soviet expansionism.

On the collapse of the Soviet Union and the breakdown of the Communist regimes in Eastern and Southern Europe in the 1990s, Turkey was suddenly and unexpectedly forced to take a major political role and responsibility in the region, which was originally part of the Ottoman Empire and had been lost at the end of the First World War in 1918 in the wake of that empire's dissolution. Turkey became a centre of political activities in the

‘devilish triangle’ of the regions defined by the Balkans, the Caucasus and the Middle East.

At the beginning of the 1990s, Turkey was regarded as a potential regional power, that could play a dominant role in the region by re-shaping the international order from the Balkans, over the Middle East and the Caucasus, to Central Asia. With a growing self-confidence, policy-makers in Ankara underlined the country’s new role in international politics in each government programme presented to the Turkish Parliament.² In 1991 the collapse of the Soviet Union opened up a new dimension for Turkey with the establishment of diplomatic relations with the new ‘Turkic Republics’.

The opinion in the West was that in this new situation Turkey had a major role to play in the region. Under Turkey’s leadership and in cooperation with the US and Western Europe, conditions in the Caucasus and Central Asia should be re-shaped in such a way as to fill the power vacuum. One central idea was the export of the so-called ‘Turkish Model’ to the countries of both regions, based on three main pillars: (1) secularism in an Islamic society; (2) a western-style pluralistic-democratic system; and (3) a free market economy. Turkey was ascribed the role and function of a stabilising element or buffer zone and a political and social model in order to curb fundamentalist Islamic tendencies in both regions.

However, 18 years and several Turkic summits later, the slogan of the Turkic area ‘from the Adriatic to Great Wall of China’ now has a hollow ring to it. The enthusiasm of the initial (re-)encounter with the people from Central Asia was followed by a return to business as usual.

(2) What Went Wrong?

Here are some plausible arguments:³

- One of the main reasons for this is that, like every other country, Turkey was caught unaware by the events of 1989-90. At the time, it was in the middle of a heated election campaign in which parties were busy with domestic issues. The major factor was that Turkish foreign policy actors have so far failed to adjust to the resulting situations of conflict. During the Cold War period, Ankara was not well prepared to diversify its foreign relations and never tried

² Prime Minister Bülent Ecevit said in his government program (Programme of the 57th Government, presented to the Turkish Parliament –TBMM– on 4 June 1999): ‘Turkey’s traditional strategic importance and weight has become all the more pronounced as a result of recent developments in the Balkans, Caucasia, Central Asia, the Black Sea, the Mediterranean region and the Middle East. Turkey is now a key player in this axis, which might be called the process of “Euroasianisation” (*Avrasya*). Our government is resolved to make use of the opportunities and responsibilities of this position of our country to the benefit of our nation’.

³ Bahri Yilmaz (1994), ‘Turkey’s New Role in International Politics’, *Aussenpolitik*, nr 45, January, p. 94.

to seek possible foreign policy alternatives. Under the awkward foreign policy circumstances and the resultant involvement in the East-West conflict, it settled on the country's incorporation into the Western system and it did not want or need to play an active part in international relations.

- The end of the bipolar system and the Cold War not only caused radical changes around Turkey but also had an immense impact on domestic affairs. Consequently, existing political taboos were broken. Issues and problems such as human rights, ethnic and religious identities and democratisation as a frank discussion, all of which had been forbidden and suppressed for decades, began to be aired openly in public and in the media. The need for radical changes and sweeping transformations are imperative in every field of economic, social and political life. Economic problems, the widespread nepotism in state-owned enterprises, corruption and the abuse of power by many politicians remained at the top of the list.
- Party leaders and governing elites, who grew up and served under Cold War conditions, have been shocked by the partly unexpected radical political and economic changes taking place around the world. In fact, it was quite difficult for politicians and established institutions to interpret the new circumstances and to adjust adequately and correctly by reviewing and improving party politics and programmes. A political 'changing of the old guard' and a generational shift not only in the political landscape and in the state but also in all institutions –private and state-owned alike– was therefore absolutely essential. Turkey has been challenged both domestically and internationally and, thus, the pressure on Turkey has grown irresistibly.
- However, much of the establishment appeared to be indifferent to –and uninterested in– a series of political and criminal scandals. At this stage, the country's need for a political leadership with a long-term perspective, vision, determination and willingness became very urgent, as it became necessary to ensure internal political stability and solve current problems with well-prepared programmes within a democratic pluralist system. On the economic side, Turkey began to open up its economy to the world markets in the 1980s, before the transformation process in the Eastern and South-Eastern European countries was underway. Since the mid-1980s Turkey made impressive progress by restructuring its economy from inward to outward looking. The new economic policy forced the country's industrial sector to compete in the international markets. It is regarded as one of the most promising economies among newly-emerged markets. But, unfortunately, at the beginning of the 1990s, due to populist and inconsistent policies, 'a two steps forward and one step backward' sequence was established, with the outward looking

development strategy being interrupted on account of significant failures by Turkey's policy makers. A country that intends to become a full member of the EU would under real circumstances have had to begin switching import-substitution policies for export-oriented policies much earlier than in the 1980s, and preparation for full integration into the EU would have had to be actually completed before the establishment of the Customs Union in 1996.⁴

- In the 2000s, the three main issues on the Turkish political agenda have been: (1) the rolling back of secularism, the spread of the Islamic movement in the country and the advance of the Islamists within Turkey's power structures; (2) the so-called 'South-Eastern question' (or Kurdish issue); and (3) the incapacity of Turkey's political system to adjust to the rapid economic and social changes that have taken place since the collapse of the Soviet Union. The country has suffered from the inability and unwillingness of the short-sighted politicians of the Cold War period. Due to these factors, the 1990-2002 period can best be described as a decade of political and economic instability created by various coalition governments. It has also been a 'lost decade', characterised by economic and political crises.

(3) Milestones in the Period 1990-2008

There were three radical political and economic events that changed the Turkish scenario after 2002.

- (1) The start of an open-ended negotiation process for full EU membership. The EU finally decided to start membership negotiations with Turkey on 3 October 2005. As promised by Europe's leaders at the 2002 Copenhagen summit meeting, the EU-25 unanimously agreed to open accession negotiations with Turkey on the basis of 'The Progress Report on Turkey' of 2004 and the Commission's recommendations of 6 October 2004.⁵
- (2) The Turkish economy recorded tremendous growth and a remarkable recovery after the 2001 economic and financial crises.⁶ The coalition government formed after the April 1999 elections made fighting inflation its

⁴ Decision No:1/95 of the EC-Turkey Association Council of 22 December 1995, *Official Journal of the European Communities*, Turkey, 13/II/1996.

⁵ In December 2004, the European Council said that: 'The European Council welcomes the decisive progress made by Turkey in its far reaching reform process and expressed its confidence that Turkey will sustain that process of reform [...]. Turkey sufficiently fulfils the Copenhagen criteria to open accession negotiations [...]. The European Council invites the Commission to present to the Council a proposal for a framework for negotiations with Turkey with a view to opening negotiations on 3 October 2005'.

⁶ Bahri Yilmaz (forthcoming), 'The World Economic Crisis and its Impact on the Turkish Economy', Carnegie Melon Middle East Center, Beirut.

first priority. In this respect, Ankara signed a ‘stand-by agreement’ –or new stabilisation policy– with the IMF on 22 December 1999. Despite some initial success, the programme collapsed in February 2001 for three basic reasons: (a) a lack of coordination of economic policies; (b) an unwillingness to implement structural reforms and privatise deeply mismanaged state-owned enterprises; and (c) distrust in the banking system, mainly in the state-banks ruined by politicians. Since November 2002 the AKP government, headed by Recep Tayyip Erdoğan, held strictly to the stabilisation programme by following tight monetary and fiscal policies. The Turkish economy recovered impressively from the 2001 crisis in only a short time. Over the 2002-07 period, average economic growth exceeded 7% annually. Inflation was brought down from 70% to single digits in 2004 for the first time in three decades. Net public debt decreased from over 90% of GNP in 2001 to 45% in 2006. Turkey’s remarkable economic performance, based on the credible and sustainable stabilisation programme imposed by the IMF, improved confidence among foreign investors and thus created a favourable climate for higher levels of FDI.⁷

- (3) The long march of the Islamists to power. Turkish voters went to the polls on 3 November 2002, and this election was widely seen as the most important for many years. The results of the general election confirmed in an impressive way the Islamists’ expectations. Erdoğan’s AKP gained a massive parliamentary majority, with more than a third of all votes cast and 363 out of 550 seats. The Republican People’s Party (CHP) will be in the new parliament as an opposition party. In 2007, the AKP was financially, numerically and organisationally ready to pursue its permanence in power over the following decades. Its second breakthrough came in the general election of 22 July 2007, the results of which were an historic success: it increased its share of the vote from 2002’s 34% to 47% and was especially successful in the East and South-East. Finally, a party with deep Islamic roots had won a landslide victory in Turkey.

The reasons for the heavy defeat of the established political parties after 2002 and for the unstoppable rise of the Islamists can be summarised as follows:

⁷ It is commonly accepted that the impressive economic performance between 2002 and 2007 was supported by three basic factors: (1) a favourable international environment based on expanding world trade, relatively low inflation, low interest rates and strong demand for emerging market assets; (2) the important role of two external anchors, namely the IMF and the EU, in the implementation of the structural reform process and in establishing macroeconomic stability through sound fiscal and monetary policies during the past six years; and (3) the reform of economic institutions under pressure from external anchors and the full engagement and participation of the State’s apparatus in the process.

- It is widely believed that one of the main reasons for the AKP's successive election results was the splintering in Turkey's political scenario, with none of the established parties being able to gain more than 20% of the votes regardless of their position in the political spectrum. Turkey's present parliament consists of two centre-right parties (AKP, MHP), one centre-left party (CHP) and the Kurdish Party (DPT).
- Another reason is that the established parties, regardless of their political attitudes or programmes failed to solve the huge economic, political and social problems that had accumulated over the decades. In other words, the governments led by the parties of the existing system showed neither the determination to carry through the right policies nor the political will or resolution for carrying out radical reforms. Therefore, their policies became unpredictable and confused, putting the government's reputation at stake.
- Policy uncertainty prompted a decline in investment, intensified speculation, a stronger underground economy and, accordingly, contributed to deepening the existing economic crisis. This caused dissatisfaction among those who were heavily affected by the high rate of inflation and the deterioration of the labour market, including small farmers, employees, the unemployed and marginal groups living on the outskirts of the big cities.
- Given these circumstances, lower income groups and the working class began searching for something more promising, a political party that held out some hope for the future. Until the breakdown of the communist system that role had been played by the socialist and social-democratic parties, but now the Islamists and the AKP took it up. An election analysis indicates that the AKP's voters not only consist of traditional-minded voters but also of ordinary people affected by economic instability and of so-called protest voters. These groups have apparently been persuaded by the Islamists' 'Change' slogan. Over time it has become obvious that the main goal of the AKP and its predecessors (MSP, RP and FP) is the step-by-step re-Islamisation of society and the domination of Islam over all aspects of life, including the 'modernisation and liberalisation of Turkish society'.
- The AKP has promoted a moderate and sometimes centrist image as a ruling party, in stark contrast with the extreme political rhetoric and positions it had assumed as an opposition party. So far the Islamists give the impression that, in power, they first of all intend to consolidate their power and are trying to hold on to it under any circumstances.⁸

⁸ Another AKP tactic was the so-called *takkiye*, defined as the 'permitted behaviour of disguise for the sake of promoting the cause of Islam or furthering Islam in Turkey and elsewhere as a modern way of reconciling Islam with democracy'.⁸ Between 2002 and 2008, the AKP was trying to provide job opportunities for its supporters and

(4) What Should be Done?

Turkey's future and possible leading role in the region depend to a great extent on three main factors:

(a) Macroeconomic stability, sustainable economic growth and diversification of economic relations with non-EU countries

An important aspect of international relations is that political and economic interests are intertwined. To the extent that there is an overlap in mutual economic interests, sustainable political relations can be launched. Consequently, the ability of a country to offer sizeable and stable economic opportunities is a pre-requisite to enter into sustainable international economic relations. Therefore, the capacity to create and maintain a stable domestic economic structure is of the utmost importance. One of the dimensions of that capacity is the existence of political structures, which can be only achieved with long-term stable macroeconomic policies within an open economy. In other words, the envisaged leading role in the region cannot be successfully achieved without a considerable national economic effort in creating sustainable economic growth and macroeconomic stability.

The high unemployment rate, rising current account deficit and unequal income distribution will continue to be at the top of the economic agenda in the coming years. Additionally, Turkey is facing very serious demographic, economic and democratic challenges such as rapid population growth, poverty, deficiencies in infrastructure, natural disasters (eg, earthquakes), poor education and research, health services, energy resources, environmental degradation, rule of law, human rights and reformation of economic and political institutions.⁹ Apart from the country's still unresolved economic problems, the widespread nepotism in state-owned enterprises, ongoing corruption, abuse of power by many politicians and bribery have hit the headlines and top the domestic policy agenda.¹⁰ Both macroeconomic policy reforms intended to correct serious macroeconomic imbalances and structural reforms aimed at reducing the country's considerable regional differences in income, as well as the infrastructure gap between

important echelons of power were occupied by bureaucrats who were close to the governing party.

⁹ The short- and long-term economic and political deficiencies and the still incomplete part of the Copenhagen criteria were underlined by the European Commission in the Progress Report on Turkey over the period 2002-07.

¹⁰ William Chislett (2009), 'Turkey's EU Accession Reaches an Impasse', Working Paper nr 34/2009, Elcano Royal Institute, p. 1: 'In Turkey, the pace of reform has stalled. By June 2009 only around one-sixth of a self-developed list of legal reform measures announced in April 2007 had been passed. Global rankings show that the country is seriously underperforming in a wide range of areas. It stands 59th in the World Bank's latest Doing Business Report, 58th in Transparency International's 2008 Corruption Perceptions Index, 75th in the Heritage Foundation's 2009 Economic Freedom Index, 84th in the latest UN Human Development Index, 102nd in the Reporters Without Borders 2008 Press Freedom Index and 123rd in the World Economic Forum's Gender Gap Index. It is listed as only "partially free" in Freedom House's 2008 Freedom in the World Report, and as a "hybrid" regime, ranking 88th, in the Economist Intelligence Unit's first-ever survey of democracies (2007)'.

urban and rural areas, which, in turn, induce political instability. The economic stability and structural policy reform will foster the economic integration process into not only the EU's markets but also other regional markets.

(b) Europeanisation of political, economic and social life through the negotiation process and adaptation-implementation of the acquis

Turkey's basic aim is to become a full member of the EU in the next decade, but there are major counter arguments to this. Turkey is different in many ways. It is the biggest, poorest country ever to have been invited to start talks, and the most culturally challenging. Obviously, its economic backwardness in comparison to the EU is one of the main obstacles. Therefore, it seems reasonable for Turkey to follow the logic of, on the one hand, moving towards full membership and, on the other, towards economic integration, including membership of the Monetary Union. It is often forgotten that Turkey's political integration into the EU demands sustainable and stable economic development in the first place –in the spirit of Jean Monnet's concept of political integration through economic integration–. So far, Turkey is the only country to have joined the Customs Union without being a full member of the EU. The considerable costs entailed by becoming a member of the Customs Union were shouldered without substantial financial assistance from Brussels. Independently from Turkey's full membership of the EU, it should be fully integrated into the European Economic Union. This means that the free movement of manufacturing goods must be extended to the free movement of agricultural products and services.

The negotiations for EU membership appear to be the best choice to reform not only institutions but also to improve Turkey's political system by changing its political culture. In this respect, the Turkish governments in power have to put their own house in order and continue to enforce and promote the so-called 'Europeanisation Process' – restructuring and modernising policies in all realms–. Regardless of its quest for full membership, implementation of EU legislation, norms, standards and regulations is essential for Turkey. Furthermore, as long as it does not achieve this, Turkey's full membership will remain only a distant possibility.

(c) Political stability through modifying but retaining the Republic's fundamental principles, with a contemporary re-definition of Atatürk's legacy

Naturally, the government change in Ankara gave rise to speculation: would Turkey stand up against the 'Iranian way'? After Iran and Algeria, might Turkey be next? Does the era of Atatürk and with it a modern, western-oriented and relatively liberal system of society come to its end? Would the first and last stronghold of a secular-oriented country in the Islamic world fall into the hands of fundamentalists? Can the advance of the fundamentalists be halted within a democratic-parliamentarian system? Would Turkey leave its Western allies?

In the Constitution of the Turkish Republic it is strictly underlined that Turkey is a ‘social, secular, democratic and legislative country’. Secularism is one of the fundamental pillars of the Republic, and is also closely related to women’s rights. Islamic societies have never faced the Reformation and the Enlightenment that changed Western Europe. Turkey’s Parliament has approved two constitutional amendments by significant majorities easing the ban on women wearing Islamic headscarves in Turkish Universities. The issue will create deep divisions within the Turkish population, in pro-secularist and anti-secularist groups,¹¹ and this might result in very serious political instability. It is argued by secularists that ‘this step will encourage radical [Islamic] circles in Turkey, accelerate the movement towards a state founded on religion and lead to further demands against the spirit of the republic’, whereas the governing AKP and the nationalist MHP say it is an issue of human rights and freedoms.¹²

The Ottoman Empire was a multi-cultural and multi religious state from the Adriatic Sea to the Yemen. Imperial vassals belonged to different religions, including Islam, Christianity and Judaism. However. The State’s legal system was based on the Sharia and represented by a powerful religious class of priests (*ulema*), who later became civil servants of the State. Since 1774 the Ottoman Sultans had actively exercised the function of head of the Empire and leader of the Muslim Caliphate at the same time.

Turkey adopted the so-called French integrationist model, which is based on the separation of State and religion.¹³ Religion is considered part of private life and religious affairs are not admitted in the public sphere, while religious communities must operate under public law. Among a series of secular measures put into force were that the weekend holiday was moved from the Islamic holy day to the Christian Sunday and the Gregorian calendar replaced the Islamic lunar calendar. Discrimination of women in public life and public institutions was officially ended and the Swiss civil code replaced the former Islamic legal system. The Islamic education system was abolished and public religious schools were closed in order to safeguard secular education against both preachers and theologues. In taking these measures, the young Republic had a twofold objective. First, it aimed to overcome the country’s backwardness in the economic, technical and other fields. Secondly, it expected the political influence of religion on politics to be limited and any return of a political Islam to power prevented.¹⁴ The

¹¹ Roger Cohen has named the opposing sides as the ‘secular fascists’ of the Kemalist establishment and the ‘Islam of fascists’ of the ruling AKP. See Roger Cohen (2008), ‘The Fight for Turkey’, *New York Times*, 23/VI/2008.

¹² BBC News, 30/I/2008 and 7/II/2008.

¹³ The second model is the English pluralist model. Under this, each individual belongs to a multiplicity of communities and there is a backbone of common legal rules and principles that must apply to all.

¹⁴ The senior prosecutor of the Republic, Abdurrahman Yalçınkaya, has made the charges official by asking the constitutional court to shut AK down because it has become ‘a centre for anti-secular activities’. In a 162-page indictment, the prosecutor argued that AK is using democracy as a vehicle for imposing sharia law. He asked the court to slap a five-year ban on more than 70 AK officials, including the Prime Minister, Recep Tayyip Erdoğan, and the President, Abdullah Gül. However, the Constitutional Court decided not to ban the

leadership believed, as Philip Robins put it, that ‘... Islam was repugnant as a manifestation of oriental mysticism which offended the rigour of European rationalism’.¹⁵

It should be borne in mind that Turkey is the only Islamic country that has consistently imposed laicism, despite the various political fluctuations and tensions over the decades, both domestically and internationally. Now one of the fundamental pillars of the secularist state seems to be breaking up and is being challenged by political Islam. A secularist Turkey is already facing serious difficulties in becoming a full member of the EU and, unfortunately, an overwhelmingly Islamised Turkey would have no chance at all.¹⁶

In our view, all parties represented in the parliament should accept the basic rules of the democratic game. They have to govern the country on the basic principles of a western-type democracy within the present constitutional framework. In these respects, the AKP has made two fundamental mistakes since 2002. First, it does not have sufficient experience or qualified leaders to deal with the country’s serious economic and political problems. Therefore, the AKP government has been forced to cooperate with the pro-Western oriented and secular institutions in a peaceful and efficient way. Secondly, each elected democratic government should look for peaceful solutions.¹⁷ For these purposes, a broad consensus among the main interest groups and political segments of society and a readiness to share the costs of the new economic and political changes among all social groups are pre-conditions for successful restructuring and reform policies. Until now, the AKP leadership gives the impression that its absolute majority in Parliament entitles it to ‘change what they want according their own will regardless of the expectations of the rest

AKP because although it voted six to five in favour of the ban, a seven-vote majority was needed. The chief judge said the party would be deprived of its state financing for a year, and said this was a ‘serious warning’ to it.

¹⁵ Phillip Robins (1991), *Turkey and the Middle East*, Royal Institute of International Affairs, London, p. 8.

¹⁶ Some European and US media seem to underestimate the importance of ‘secularism’ in a Muslim world. They suspect the decisions to be taken by the Turkish Constitutional Court concerning the banning of the AKP: ‘But Turkish secularism can be overly fundamentalist, implying not just a healthy separation of church and state but the total control of religion by the state. As for the constitutional court, it has a spotty, partisan record and a history of banning political parties, not always with good reason. Some 24 parties have been banned in Turkey since 1961 (against only three in Western Europe since 1950)’ (*Economist*, 12/VI/2008, p. 16b and 64). See also *Economist*, ‘Flags, Veils and Sharia’, 19/VII/2008, p. 33-36; and Wolfgang G. Lerch, ‘Der türkische Graben’, *FAZ*, 19/VI/2008, p. 1.

¹⁷ Some academics believe that ‘A resentful, authoritarian, and nationalist Turkey would be the opposite in every aspect. More broadly, the success of Turkey’s experiment in synthesising Islam, secularism, and liberal democracy would be a rebuke to the clash of civilisations argument’ (Ömer Taşpınar, 2007, ‘The Old Turks’ Revolt. When Radical Secularism Endangers Democracy, *Foreign Affairs*, vol. 86, nr 6, p. 130). Ziya Öniş argues that ‘... one of its (AKP) objectives is to extend the boundaries of religious freedom and encourage religious diversity as opposed to challenging the notion of secularism itself...’ (Ziya Öniş, 2006, ‘Turkey’s Encounters with the New Europe: Multiple Transformations, Inherent Dilemmas and the Challenges Ahead’, *Journal of Southern Europe and the Balkans*, vol. 8, nr 3, December, p. 287. Almost the same political arguments, using the same sources, is presented by Asiye Öztürk (2009), ‘Der innenpolitische Kontext des ausserpolitischen Wandels der Türkei’, Discussion Paper/Deutsches Institut für Entwicklungspolitik/Bonn.

of the population, even the main pillars and untouchable principles of the Republic, such as secularism'.¹⁸

The South-Eastern/Kurdish Issue

One of the main reasons why the 'South-Eastern' or 'Kurdish' issue cannot be solved is the experience of Turks with the micro-nationalist movement initiated by great powers such as the UK, France and Russia against the Ottoman Empire throughout the 18th and 19th centuries. The Treaty of Sevres of 1920, which foresaw dismembering the Ottoman Empire was never ratified by the nationalistic forces of Mustafa Kemal but had a significant influence on the Turkish leadership and armed forces. The fear of dismemberment by foreign powers is deeply rooted and, therefore, any attempt that could be interpreted as leading to the collapse and dissolution of the Turkish State is intellectually resisted by its elites.

After terrorist activities started in 1984, the dominant belief was that the military solution was the best policy to tackle the issue and to preserve national unity within the existing borders. Thus, all previous governments left the solution in the hands of the military. However, the business community, the press and some of the Turkish intelligentsia have come to think that the military option is only part of the solution and that the problem should be resolved within the economic and political context of a democratic system with the participation of all groups.

In this framework, the economic solution of the issue now plays a dominant role and has the priority on the agenda. According to the SPO report, most investments and economic activities in the South-East are carried out by the state, which is the largest employer in the region. Private sector activities are negligible compared with the western part of the country. As long as the present economic conditions are not improved gradually and if the gap between the western and eastern parts of the country continues to broaden, no settlement will be possible for the time being and prospects would be more difficult for the future.¹⁹

Some commentators hope that Ankara will make some cultural and linguistic concessions and allow the Kurds to form their own political parties. Certainly, these small steps would contribute to solving the problem but would not resolve the fundamental economic issue: a firm and permanent political solution cannot be achieved unless it is linked to the economic performance of the country as a whole. There are two pre-conditions for the region's economic development to catch up with the rest of Turkey: (1)

¹⁸ See decisions given by the European Court of Human Rights regarding 'headscarf at the universities, headscarf in the public services and the ban of the "Welfare Party", the mother party of the AKP, the application of pupils from the religious schools (imam-hatip Lisesleri) for the military schools. See <http://www.echr.coe.int/ECHR>, European Court of Human Rights.

¹⁹ See 'Research for Social and Economic Grading', DPT/SPO, Ankara, December 1966, p. 98.

the Turkish State must regain the trust of the people and re-establish law and order with their participation; and (2) a new and long-term oriented economic and social development plan must be prepared and enforced immediately in cooperation with the State, private business and local representatives.

The development plan should have a two-fold economic target. On the one hand, State economic activities should be replaced by private enterprise. So far, the Turkish State has invested huge amounts of money for infrastructure and created job opportunities for the limited amount of local civil servants and around 40,000 'village guards' that are dependent on the financial support of the government. At this stage, the 'war economy' is the main source of economic activity in the region. Many people would face losing jobs if the armed struggle were to cease. The private incentive should be based on small-size enterprises and small farmers must be financially supported and protected by the State as regards market conditions for a certain period. For these purposes, a creative, profit-oriented business class for the region is requisite, who can take risks in managing economic activities.

The necessary financial funds can be created from three sources: (1) the introduction of new 'extra-solidarity funds' in the form of new taxes for the South-Eastern region, such as for the former East Germany after unification; (2) funds from international institutions and special financial help from the EU should be channelled towards the region; and (3) the State should support investments and production plants in the region by helping domestic and foreign investors from outside the region through credit guarantee funds, venture capital funds, tax exemptions and reductions and discounts in the cost of services. If all these measures hold, rapid economic growth could change the region's face and economic structure, while also positively affecting its social structure and helping to abolish the feudal system. Meanwhile, the transformation process might be accompanied by new infrastructure investments in the field of education, health, roads and trade. A region with increasing self-confidence and a growing economy linked with the western part of the country and neighbouring nations would not only help the people in the region but also contribute to Turkey's economic development.

An Assessment

The impression is that many politicians and people still believe that the failures of the Parliamentary system and governments can be corrected and their interests be protected by the military, as occurred in 1960, 1971 and 1980. However, in the long term globalisation and international competition will continue to re-enforce the democratisation process and help correct deficiencies. Reforms would undoubtedly be a long and sometimes painful and costly process, and the results less immediate. Thus, an economic liberalisation process should go hand in hand with a political liberalisation programme. Interest groups, who have continued to benefit from Cold War conditions in economic and political terms, are trying to maintain their status quo with all instruments

available and on all fronts. For all that, the democratisation of Turkish society is proceeding in cooperation with the EU. It became obvious since 1991 that, first, the country's necessary radical transformation process cannot be realised with the traditional policy instruments and practices based mainly on Cold War approaches within the old structure, and, secondly, that the degree of transformation will largely depend on the replacement of the politicians and civil servants who served in the Cold War period by a more open-minded generation. Those who desire the replacement of leadership in the political parties have, however, not yet demonstrated their willingness and ability to set in motion and resolutely effect tough, long-overdue processes of change.

Turkey has adopted all the political and economic institutions,²⁰ the rule of law and the fundamental principles of Western-type democracies, especially from Western Europe. However, it has not been able to enhance the quality of these institutions by having highly-qualified civil servants and experts. In other words, the institutions have not been fully respected and have been unable to gain a strong upper hand.²¹ The basic problem seems to be the unwillingness, weakness and operational inability of the political power to restructure the state apparatus from bottom to top over time, under changing national and international circumstances. Knowing what is the right policy is not enough, it is also necessary to have both the political will and the power to implement it.

In our view, it seems to be a serious mistake to argue that political and economic liberalisation can be achieved through the re-Islamisation of Turkish society. The most suitable way would be the re-interpretation and the modification of the fundamental principles on which modern Turkey is based. It means that, as the Congress Party did in India by introducing comprehensive economic reforms in 1991, Ataturk's party –the CHP– should renew itself by organising a great 'reform convention' to discuss and update all political and economic principles established by the founder of the Republic.²²

It is a fact that economic and political challenges can be tackled by the political power within a free democratic society. Among the basic challenges facing Turkey are the quality, willingness and capability of Turkey's political power. History shows that besides Atatürk's revolution, which was achieved by a strong hand from above in the 1920s and 30s, the reform movements in the country were initiated and were mostly put into effect under pressure or sometimes blackmail from external forces or/and external anchors.

²⁰ We define political power as the set of politicians, political parties and free elected governments. See Daron Acemoğlu, 'Political Economy of Development and Underdevelopment- What are institutions', Gaston Eyskens Lectures, Leuven, 10/X/2005, and Daron Acemoğlu, Simon Johnson & James Robinson (2005), 'Understanding Institutions', Lionel Robbins Lectures, LSE, 23-25/II/2005.

²¹ According to opinion polls by the International Republican Institute, 86.5% of Turkish citizens trust the military forces more than any other institution including the political power. See Yalçın Doğan, *Hürriyet*, 10/VI/2008.

²² Anvind Panagariya (2002), 'India's Economic Reforms', Asian Development Bank, ERD Policy Brief Series, nr 2, p. 1-9, <http://www.adb.org>.

Neither the late Ottoman rulers nor the governments of the Republic after 1950 were able to reform political and economic institutions of their own will. Interestingly, since the foundation of the Republic in 1923 none of the elected governments was able to introduce a new constitution or amend the current one deeply enough by their own initiative. All three republican constitutions implemented over the past 80 years –1924, 1960 and 1982– were put into effect by the military or by military regimes after a *coup d'état*.

(5) What Will the Future Look Like?

Security aspects

US President Bill Clinton underlined the importance of Turkey for the region and for the US itself in a speech addressing the Turkish Grand National Assembly on 15 November 1999. He said that ‘Turkey has become an engine of regional growth. In the months ahead, together we will launch new projects worth billions of dollars mostly in the energy sector, to bring jobs to Turkey and to bring our two nations even closer’.²³ Turkish-American cooperation not only covers co-operation in the newly-independent states of the Caucasus and Central Asia, but also in the Balkans. Turkey has demonstrated its loyalty to NATO and also underlined the importance of its strategic position for any possible and perhaps inevitable regional conflicts. Then the Turkish government stated its intention of sending Turkish troops to conflict regions such as Afghanistan, Somalia, Bosnia-Herzegovina and Kosovo under UN and NATO Commands. Washington supported Turkey joining multinational peacekeeping forces in Bosnia-Herzegovina in the framework of the Dayton Accords and in Kosovo. The US as the leading military force within NATO helped to end those wars and to establish peace in the Balkans. Furthermore, Washington supports the close Turkish-Israeli cooperation in the Middle East.

There are still no clear-cut and well-defined common European security and foreign policies regarding the Middle East, Central Asia and the Caucasus. Each member country follows its own interests and takes its own decision, as seen in the Iraq war in 2003. In this respect, it is not surprising that the Europeans were also unable to redefine and to clarify their security and economic interests for the next decades in their relations with Ankara as Washington did.²⁴ The EU still considers Turkey a bridge between Europe and the East, and as a bulwark against the growing of danger of Islamic fundamentalism and terrorism. In conclusion, it can be argued that Turkey will remain in NATO both for its own security and for the security of other member countries as long as NATO exists.

²³ The White House, ‘Remarks by President Bill Clinton in an Address to the Turkish Grand National Assembly’, Office of the Press Secretary of the American Embassy, 15/XI/1999.

²⁴ The new European security interests are defined in general and imprecise terms: stability, prosperity and peace in Europe and its neighbourhood. see Heinz Kramer, ‘A Changing Turkey’, p. 223.

Economic Aspects

Turkey already reaps substantial economic benefits thanks to the Association Agreement signed with the EEC in 1963. After a series of negotiations, the agreement to establish the Customs Union was signed on 6 March 1995. With the final approval of the European Parliament in December 1996, the last barrier for accession to the Customs Union was to be removed as of 1 January 1996. According to the decision (No 1/95) of the Turkey-EC Association Council of 22 December 1995 on implementing the final phase of the Customs Union, Turkey would first eliminate all custom duties, quantitative restrictions, all charges having equivalent effect to customs duties and all measures having equivalent effect to quantitative restrictions in trade with the EU as of 1 January 1996.

This meant that Turkey had to open its economy completely to international competition. The Customs Union only covers the free trade of manufacturing commodities and processed agricultural products and not primary products and services. In the experiences of other member countries, the Customs Union would bring more costs than benefits in the short run. However, as far as the long term is concerned, the economic integration process with the Community will help Turkey transform its economy and catch up with the EU. Aside from the question of Turkey's full membership of the EU, Turkey will be fully integrated into the European Single Market in the next decade.

At this stage of economic development, the new markets in the region have a complementary character and cannot replace the markets in the industrialised countries in the near future. The Black Sea Economic Cooperation (BSEC) and the Islamic countries cannot provide serious alternatives to economic relations with the OECD and particularly with the Community. Only an economically strong country, which is fully integrated with the world's most advanced economies, can have influence and play a leading role in the region.

Europeanisation Process

To join the EU, a new Member State must meet three criteria:²⁵

- (1) Political: stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.
- (2) Economic: existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union.
- (3) Acceptance of the Community *acquis*: ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

²⁵ Any country seeking membership of the EU must conform to the conditions set out in Article 49 and the principles laid down in Article 6(1) of the Treaty on European Union. The relevant criteria were established by the Copenhagen European Council in 1993 and strengthened by the Madrid European Council in 1995. They were finally stated in the Lisbon criteria set by the European Council Meeting in Lisbon in December 2007.

The negotiation process will help Turkey reduce its democratic deficiencies through adopting and implementing European norms and standards. If Turkey is able to complete the whole process successfully, its political and economic role in the region could change markedly.

We will have to wait and see whether institutional changes through the adaptation and implementation of the Copenhagen Criteria over time will have any radical impact on Turkey's political system, political culture and mentality, and therefore on its economic institutions and lead to long-term sustainable economic growth. There are two scenarios for Turkey's future role in the region:

- (1) If Turkey enters the EU as a full member, then it will coordinate its political and economic activities with the EU. This means that Ankara will be fully integrated in the European security, economic and common foreign policy realms and it will follow policies in coordination with and on behalf of the EU.
- (2) If Turkey fails to become a full member of the EU, for whatever reason, it will be integrated into the European Economic Union, remain in NATO and complete its Europeanisation process. In that case there could be four possible sub-scenarios:
 - (a) Privileged partnership: Turkey is fully integrated in the European Economic Union but not in the Political Union.
 - (b) Membership of the Mediterranean Union. These two options have been strictly rejected by Turkish governments.
 - (c) Forever a candidate: in this scenario the negotiation process can continue forever without a happy end, letting Turkey hope against hope in the future.
 - (d) Turkey can follow an independent foreign and security policy concerning its own national interests in close cooperation overwhelmingly with the US in the region. In an extreme case it could be fully anchored in the Middle East with all the features of an Islamic society.

In order to achieve its proclaimed target as a regional power, it is obvious that the need for political and economic change and its implementation made the initiation of radical reform measures in all fields of political and economic life inevitable. Therefore, the changes in political attitude and the rethinking process seem to be pre-conditions for an adjustment in the new international order after the collapse of the bipolar system, which existed since 1945. Turkey has been challenged both domestically and internationally and the pressure on it has therefore been mounting. At this stage, the country's need for a political power with a long-term perspective, vision, determination and willingness has become very urgent, as the country wonders who will be able to establish internal political and economic stability and solve current problems with well-prepared programmes within a democratic pluralist system.



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As a final note, it is sometimes forgotten that Turkey is a successor State to the Ottoman Empire and that it rests on the latter's heritage. The good and bad experiences of the Ottoman times should help Turkey overcome its internal and external problems and to build genuine cooperation, progress and prosperity by working side by side with its neighbours and allies for an enduring peace in the region.

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