

# ISSUE BRIEF

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## Turkey's Three Transformations

Recall the awful image in the film *Midnight Express* of a barbaric and corrupt Turkey. Or Turks seemingly defiant toward Greece and Greeks on Cyprus, regarding a terrible history with Armenians, or sometimes with their fellow-citizen Kurds. Or the country's history of military intervention – not unique in Europe, but distinctive in its own way. Or the caricature of economic mismanagement so extensive that Ankara's lira had even less value than Rome's. Backwardness, truculence, authoritarianism – many in the West and elsewhere still hold these images of Turkey. They should not.

Such pictures were never accurate or complete in the past. They seem much less so now. For Turkey is in the throes of profound and far-reaching change, the destination or end point of which is uncertain. Three mutually-reinforcing trends in migration, economics and politics stand out.

### Migration

Social and demographic changes are reshaping the image of a rural or at least provincial Turkey that outsiders might have perceived a generation or two ago. Turkey today is big, young and increasingly urban. The population swelled from 56 million in 1990 to over 75 million today, with some 60 percent of Turks now under the age of 35. Perhaps 75 percent of the population lives in urban areas, versus 50 percent in 1990. Istanbul doubled in size from 7.2 million in 1990 to 15 million or more in 2010. Six other cities have over a million inhabitants, and thirty have populations of a

quarter-million or more. In the space of a generation, migration from country to city and from east to west has redefined Turkey, its economy and its politics.

With their rural, more conservative, often pious ways of life and mores, and sometimes different ethnicities, these migrants are changing the country's character. They populate a new middle class that is politically active, and they are an economic boon to the locales where they live. They have ambitious hopes of a better life for themselves and their children. Religion and values are fault lines. Many among this rising new majority expect less estrangement of Islam from urban and national public life than has been the norm for many decades in Turkey. Headscarves constitute one manifestation of this, but by no means the only one. Accommodating all these aspirations is among Turkey's biggest long-term challenges. The ethnic aspect is important, too. Kurds, who traditionally dominated the southeast, have joined the move (in part because of depopulation tactics in Turkey's fight with the Kurdistan Workers' Party or PKK). As many as two million or more Turkish Kurds may now live in Istanbul, for example. The result is that the "Kurdish issue" is now national, not just regional, in scope.

Migration creates its own problems, of course. Many cities find themselves swamped with demands for services they cannot meet. Not all newcomers manage to make new lives for themselves in the city. One hears anecdotal accounts of disaffected youth, including Kurds, in cities like Adana, Mersin, Bursa and even Istanbul who may be losing out

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now in Turkey's successful, but highly competitive economy. Should the economy turn south, disappointed expectations about the future could fuel discontent or even unrest.

## **Economic Prosperity**

For many years, Turkey was a picture of economic mismanagement. Evidence includes two decades of double-digit inflation and a currency that tumbled from 45,000 to 1.65 million to the dollar in the period between 1995 and 2001. Government leaders of 20-25 years ago reminisce about nightly meetings to balance the national books and to decide, for example, which oil tankers in Turkish harbors to offload (and pay for) and which had to wait another day.

This Turkey has been replaced by sturdier economic policies and modernization that has both driven and benefitted from Turks' flight to the cities. Living standards have improved dramatically. In just over a decade, Turkey's economy has nearly doubled in size. Exports have increased exponentially to Europe, the former Soviet states and countries in the broader Middle East. Business success at home and abroad has made billionaires of leading Turkish business people; the export-oriented entrepreneurship of the so-called "Anatolian Tigers" has also produced new wealth, jobs, and social change.

Chronic government overspending is now substantially curbed. The Turkish lira became stable enough that a reform in 2005 dropped six zeros from the currency, and the exchange rate has been generally stable at around 1.5 lira to the U.S. dollar since. The business climate improved. Turkey suddenly began to attract serious foreign direct investment (FDI), which in 2005 alone equaled total FDI over the previous dozen years. The privatization of state-held assets has attracted a large share of this money, but Ford Motor Company's 2010 decision to add \$630 million to its existing investments in Turkey showed confidence in what is now the world's sixteenth largest economy.

Turkey's newfound prosperity has many fathers, as such things do. In the 1980s, Prime Minister Özal began dismantling the large state-owned sector, loosening government controls and promoting private development. A customs union with the European Union in 1996 expanded entrepreneurs' access to lucrative Western markets, but

also exposed them to competition. Turkey's 2001 financial crisis led to sweeping financial, banking and other economic reforms designed by then-Deputy Prime Minister Kemal Derviş. Building off these reforms, the Justice and Development Party (AKP) government, elected in 2002, devised and implemented sound policies that have finished the job of bringing two decades of double-digit inflation to a close, restoring fiscal probity and making the banking sector so strong that the 2009-10 global crisis affected it little. An International Monetary Fund 'best customer' (or recidivist) for decades, Ankara came off of its last Fund program in May 2008 and has not looked back.

Economic improvements have not been uniform, of course. Turkey's high current account deficit is unsustainable and leaves the country vulnerable to tightening credit. Unemployment – despite impressive job creation – has remained around ten percent or higher. The textile industry is in decline. Education has lagged. Partly for that reason, income inequality remains a serious and perhaps increasing problem. Despite impressive progress, Turkey has by certain indicators fallen behind some, including former Soviet Bloc countries in East-Central Europe, for example. But its overall transformation from basket case to economic success is remarkable.

## **New Political Paradigm**

Turkey's trio of transformations is completed in politics, where underlying social and economic factors are driving change. Temporal political factors are in turn reshaping the economy and Turkish society – sometimes in ways that create aggravations among those who question where the new order will go.

The rising middle class brought to the city by jobs, the promise of prosperity and the opening of Turkey to the upwardly mobile is a powerful force for change. This new, more conservative and pious majority that is less instinctively attracted to Western Europe and the United States is increasingly dominating the country's public life. This may or may not presage problems for the U.S.-Turkish alliance or a shift from the secular state to one dominated by religion – though some, perhaps many Turks fear this. But it certainly means that one ruling group is supplanting another with political, economic and social outcomes that at this point cannot be predicted.

It is also important that Turkey's authoritarian past has receded.

- Reforms associated with Turkey's bid to join the European Union played a key role – e.g., in the banning of torture (see *Midnight Express*), in strengthening civilian control over the military and in changes to municipal governance that gave citizens more say over local matters. Other constitutional and legal changes, as well as deft politics by the current government, have made military intervention among the least likely scenarios for the country's future.
- The calm associated with the end of large-scale warfare with the PKK after the rendition of its leader to Turkey in 1999 contributed to a more normal civil climate, too, especially in the southeast. PKK and other terrorist violence has ebbed and flowed since, but calm that could only have been hoped for in the early 1990s is now the norm.
- In the last 6-7 years, discussion of subjects long regarded as taboo – especially the Kurdish issue and “the events of 1915” (or what Armenians refer to as genocide) – has become commonplace. Acts that would have resulted in prosecution just a few years ago, such as the public apology to Armenians signed by thousands of Turkish citizens, use of the Kurdish language in public remarks, or proposals by Kurdish leaders for regional autonomy and/or federalism, now occur with regularity.

Additional drivers and beneficiaries of political change have been Prime Minister Recep Tayyip Erdoğan and the AKP, which has governed the country since 2002. Uniquely among Turkey's political parties, the AKP has been able to tap into and exploit many of the political currents that Turkey's transformation has unleashed. Whereas the largest component of the political opposition, the Republican People's Party (CHP), has seemed elitist to many Turkish voters, the AKP promotes itself as a mass, big tent party that includes pious, nationalist and liberal wings to attract beneficiaries of change. Its success in doing so, coupled with strong economic performance, has won rewards at the ballot box. The AKP took 34 percent of the vote in the post-economic crisis 2002 election that swept every party in the previous government completely out of parliament; 42 percent in 2004 municipal elections; 47 percent in 2007 parliamentary elections; and 39 percent in municipal voting in 2009. The next parliamentary election

takes place June 12. Polls suggest the AKP will sustain its support within the recent 39-47 percent range.

These political trends have limits and contrary pictures, to be sure.

- Only recently, children faced prosecution for throwing stones at police. One ethnic Kurdish mayor in the southeast is in court now for allegedly insulting Prime Minister Erdoğan.
- Turkish media recently reported commemorations of the eastern province of Bayburt's liberation from Russian and Armenian control by Turkish forces ninety-three years ago which featured “reenactments” – for *children*, and attended by the local governor, mayor and military commander – of Muslim crucifixions allegedly carried out by the occupiers. It is not only Armenians who harbor historical wounds. Turks roundly criticized the scene for fomenting hate.
- Though Turkey's small Greek and Jewish communities may be better off now than in many years, they face a precarious existence. This is especially true of Turkish Greeks, whose actuarial fate could soon spell the end of the great seat of eastern Christendom that has existed in Constantinople and then Istanbul for over 1600 years.
- Nationalism and a sense of exceptionalism that, to foreigners, can seem nearly tantamount to xenophobia remain prominent or, if anything, stronger in light of the dislocations associated with ongoing migration and social upheaval. Atatürk's maxim that “the only friend of a Turk is a Turk” is still part of the national lexicon, and if America does not get high positives in public attitudes surveys, neither do other countries. Wild conspiracy theories, stoked by a sometimes sensationalist media, are one result.
- The state retains powers that are not commonplace elsewhere in Europe, and the culture of freedom remains thinner, or at least different, than in Western democracies. Authoritarian excesses are not gone. Much about the alleged Ergenekon and Sledgehammer plots to overthrow the government points to this – from what the perpetrators reportedly planned to the arrests of journalists critical of the investigation and long pre-trial detentions of dozens of suspects.

Seen from a distance, these events seem to reflect elements of the older Turkey. Still, the climate has changed

dramatically. Perhaps the most important point, not always on the Western radar when observing Turkey, is that Turks *themselves* are debating these issues vigorously. Despite actions that have put a chill on media freedom, press criticism of perceived abuses by the government, police and military remains strong, if not raucous. As the country's evolution proceeds, this feature of modern Turkey will be important.

## Implications

Turkey's social, economic and political changes have substantially altered the country's character. At a mass level, the country feels itself more successful than at any time in a century or more, and this newfound success makes it more confident. Turkey now insistently demands a place at the table. On issues ranging from Iran to Palestine and from Afghanistan to Bosnia, Turks seem determined not to just let things play out, but to be actors.

One senior official put matters this way: when sentences are written about international affairs, Turkey wants to be the *subject*, not the direct object it was in the past. This aspiration is not partisan – it is not something to be uniquely associated with the AK government or its leaders. Put another way, Ankara's activism on Iran, in the Middle East, in the Balkans and elsewhere is not only about the ambitions of Prime Minister Erdoğan or Foreign Minister Ahmet Davutoğlu, though surely it does reflect those ambitions. It is also what citizens want. Voters more or less across the political spectrum demand of their government a more active foreign policy to advance their country's interests, and leaders are responding.

How Turkey matches these ambitions with real capabilities so as to have impact is, of course, another matter. Ditto Turkey's aims and the positions it takes on issues, where decisions can impact core Turkish interests elsewhere. The break reflected in Ankara's U.N. Security Council "no" vote on Iran sanctions in June 2010 is one example. Another is the abandon with which Turkey allowed its relations with Israel to unravel, despite collateral damage to the role it seeks on Middle East peace and to the U.S. relationship. Disagreements or confrontation, however, are not inevitable. In the Balkans, Ankara has played an important role between Serbia and Bosnia while Washington and EU capitals were focused elsewhere. In recent days, Foreign Minister Davutoğlu led a Council of Europe (COE) mission to Tunisia explicitly espousing COE norms and principles as

guidelines for that country's progress and, by implication, in other recovering Middle Eastern autocracies. Turkey's actions vis-à-vis all the democracy movements around its periphery will test the effectiveness and potential of its new activism.

Regarding the implications for American and European interests of these changes in Turkey, two general points stand out.

- Turkey's emergence as a prosperous, democratic, stable and active country in its region and the world reflects – in addition to very heavy lifting by Turks themselves – the *success of American and European efforts, going all the way back to the 1947 Truman Doctrine, to help the country advance along the market, democratic path.* As Americans eye an unstable and uncertain greater Middle East, this history, with all of its ups, downs and detours, is worth reflecting on.
- As one thinks about the region where Europe and the Levant come together and the issues that affect U.S. and transatlantic interests, *Turkey is no less important than it was sixty years ago when it joined NATO.* Again, the backdrop is trouble in the Middle East, North Africa and around the Gulf.

While the ultimate destination of the changes Turkey is embarked upon is not clear, the United States and Europe have a profound interest in keeping it close by and ensuring that differences do not slide into enmity. For the United States, this means keeping anti-Turkish sentiments at bay and including Turkey in its regional foreign policy planning and thinking. Showing respect for newly-confident Turkey, directly addressing disagreements when they occur and effectively representing U.S. interests in the country's domestic transformations will require very deft diplomacy. For the European Union, it means stopping the pointless stiff-arming of Ankara and re-engaging with it on accession. As in East-Central Europe, the carrot of eventual membership in a large and strong European community is a sure and proven tool for infusing Turkey's transitions with liberal values and aims and ensuring the vitality of Turkey's transatlantic connection that is important to our common security.

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