

AUTUMN 2007 NO. 12

PRIVATEVIEW



PANORAMA

TURKISH-AMERICAN RELATIONS AND THE FUTURE OF IRAQ • EURO TURKS DWELLING IN A SPACE OF THEIR OWN • WHY THE CRISIS OVER THE PRESIDENCY? • THE WORLD AND TURKEY CANNOT GO IN SEPARATE DIRECTIONS • FROM CHALLENGE TO OPPORTUNITY, TO CHALLENGE AGAIN • MOVING BEYOND IRAQ: RECONSTRUCTING • TESTING TIMES THEY ARE... • THE 22 JULY ELECTIONS: A CHART FOR THE FUTURE OF TURKISH POLITICS

THE QUARTERLY INTERNATIONAL REVIEW OF THE TURKISH INDUSTRIALISTS' AND BUSINESSMEN'S ASSOCIATION





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Private View is back. The editor looks at the "Panorama" of Turkey, sets its priorities and presents this issue's authors and themes.

Arzuhan Doğan Yalçındağ

The chairwoman of TÜSIAD argues that Turkey and the government must concentrate on the country's real agenda: Deepening economic reforms and EU accession

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The economic performance of Turkey in the past five years was nothing short of impressive. The global environment helped. As the global financial climate changes Turkey must undertake inevitable but difficult steps to consolidate its success.

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There has been quite a revolutionary transformation of Turkey's politics as the AKP won a mandate for a second term. The success of the party reflects the new economic and social dynamics of the country. The government will have to make sure that democratic consolidation and respect for Turkey's secular principles go hand in hand.

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The issue of Turkish membership in the EU ought to be discussed with reference to the proper parameters. These are common European values and interests.

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The city of everyone's desires, capital of Empires, "Cool Istanbul" of late will be the Cultural capital of Europe in 2010. How it was chosen and what this means.

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In the mind, both political and literary, of Turkey's Nobel laureate in literature, Orhan Pamuk. The portrait of an architect of words as citizen and novelist.

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Cover Story “Panorama”



Illustration by Emre Ulaş

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Özdem Sanberk Turkey has gone through turbulent times. Now is the time to get back to the business of accession negotiations. In his wise essay “Testing times they are” ambassador Özdem Sanberk traces the roots of the problems between the EU and Turkey and identifies the matrix of common interests.



Illustration by Emre Ulaş

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Mahfi Eğilmez Turkey’s economic performance is a function of its political stability as well as of good economic policies and a favorable global environment. As the dark clouds of a world crisis gather, argues Mahfi Eğilmez, in “The world and Turkey cannot go in separate directions”, good economic policy must be supported by political stability.

34-39

Metin Bonfil Turkey has gone through a period of rough challenges and it rose to the occasion. As the economic picture looks brighter than ever it is time to prepare for the new challenges that success has brought about says Metin Bonfil in “from challenge to opportunity to challenge again”.



Photo by Milliyet

40-47

Hasan Bülent Kahraman The victory of AKP in recent elections has to be understood in the context of Turkey’s social and economic development. Without a proper analysis of conservative rightist policies since the 1950s we cannot truly define the AKP says Hasan Bülent Kahraman in “Turkey since 2002 and beyond 2007”.

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Ergün Özbudun The election of a new President has always been a problematic affair in Turkey. This year was no exception and the country experienced its first military e-memorandum because of it. Ergun Özbudun looks at the roots of the problem in his “Why the crisis over the presidency”?



Photo by Milliyet

52-57

Tanju Tosun Most everyone agrees that the elections of 2007 were a turning point in Turkey’s political history. In his “A chart for the future of Turkish Politics” Tanju Tosun lays out the distribution of the votes and explains how the AKP got the support of voters from across the country and from all social classes.



Photo by Milliyet

58-65

Mustafa Aydın Whether they realize it or not Turkey and the United States still have a lot of interests in common. Yet they are at loggerheads over many issues mostly generated by the sensitivities that the Iraq war engendered. Mustafa Aydın, in his probing “Reconstructing Turkish-American relations” analyzes the problems and charts a course for the future.



Photo by Milliyet

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Gülden Ayman The invasion of Iraq changed the dynamics of the Middle East. How that American misadventure is going to end is a concern for all regional actors. The war did great harm to Turkish-American relations too. S. Gülden Ayman explains why and how in her comprehensive “Turkish-American relations and the future of Iraq”.



Photo by Metin Yılmaz

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Ayhan Kaya Migration has lately become a growing concern for advanced countries and fear of it the basis for a new “politics of fear”. In his “Euro-Turks: Dwelling in a space of their own”, Ayhan Kaya destroys myths about Turkish communities in Europe and highlights their dynamics as Europeans in their countries of residence.

A S P R I V A T E V I E W R E T U R N S

Following a lengthy interlude, TÜSIAD's review, Private View, is out again with a cover story entitled "Panorama". In this panorama we wanted to present all aspects of Turkey's agenda. Some of our articles cover Turkey's economic growth and the structural changes recorded over the past five years with a look to the future and the challenges that the country needs to face. We also look at the country's politics, domestic and international.

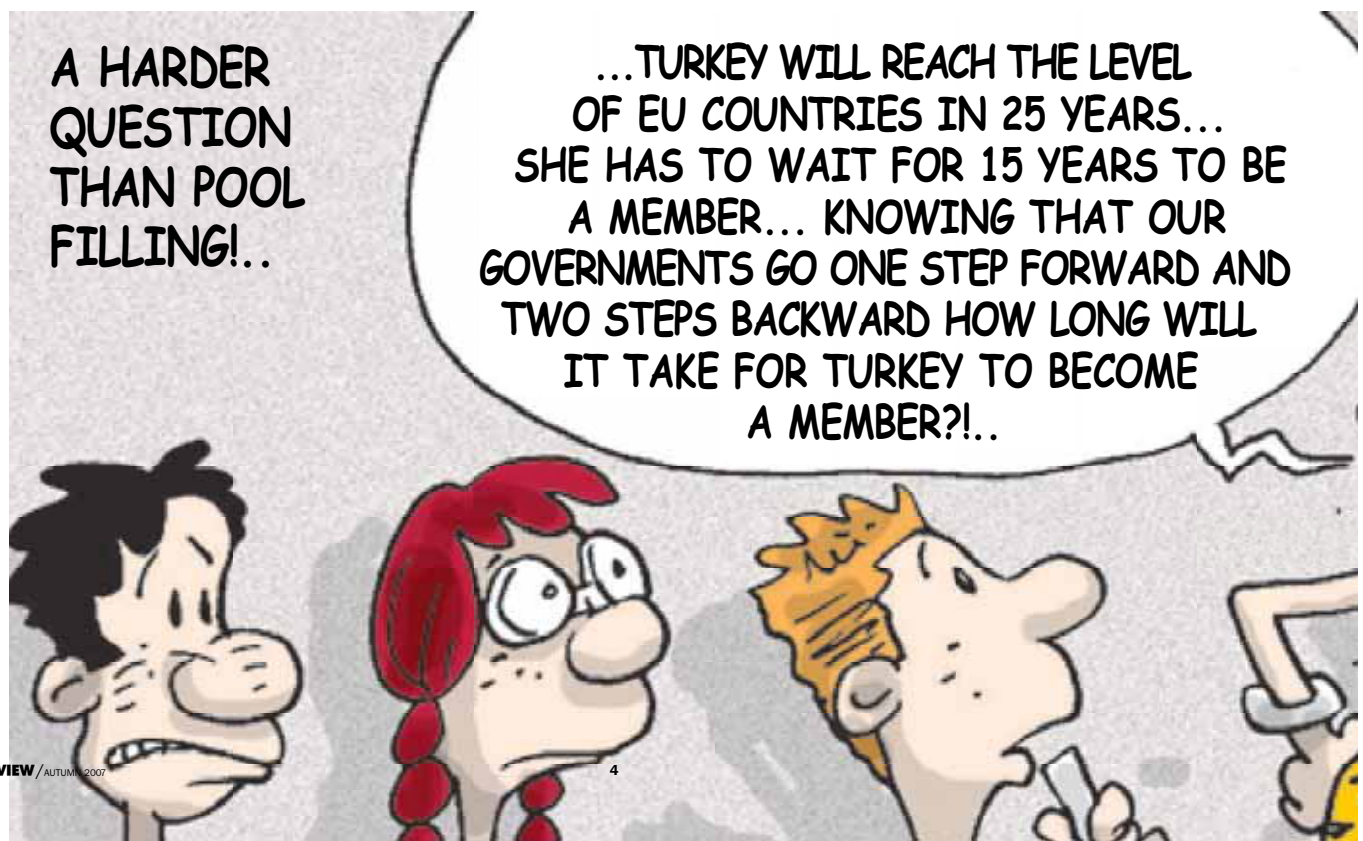
Turkey has become an almost permanent feature of the front pages of the world's newspapers in the past few months. Its elections were covered by hundreds of foreign correspondents and probably more opinion was written about the political developments in our country over the past six months than ever before, certainly in a similar period of time.

The attention paid to Turkey by the outside world had good reasons. The Turkish experiment is a sui generis one and how Turkey's social and political development shapes is of interest

to a larger audience than the Turks and those immediately associated with them. Obviously the Turkish business community also watched the developments closely and made its observations and at times presented its warnings.

Now that the turbulence, at least the domestic one, has subsided the main priorities of the Turkish business community would be economic reforms and the shaping of sound economic policies. We will even shape our demands from the EU on measures that need to be taken for our economic integration with the EU to continue apace.

The next five years risk being a lot leaner than the past five for the world economy as the recent market turmoil signaled. It is therefore imperative that our newly found macroeconomic stability be consolidated. And beyond that we have to move forward with further reforms starting with the tax law and social security. In addition to further market liberalization and improvements in the investment environment, we will call for



a thorough reform of the educational system and for a grand plan on regional and rural development.

Both the Turkish public and the business community are ready to move forward with the integration process. We hope that the tone of the relations will improve in the period ahead over the record of the past few months. We are encouraged by the new nuances in President Sarkozy's approach to Turkey's candidacy. But for obvious reasons we cannot accept the insinuation that the negotiation process is not meant to be for full membership when Turkey fulfills all relevant criteria.

Beyond the political demands, our most pressing concern is about the future of the customs union. The European Union is a pole of attraction for all its neighbors and other countries in the world for obvious economic reasons. Therefore Brussels signs with increasing frequency free trade agreements with third parties.

More often than not, such agreements harm Turkey's commercial interests. Ankara is not allowed to participate in these negotiations because Turkey is not a member. It is not allowed to sign these agreements immediately either once they are finalized. Instead the Union asks Turkey to negotiate its own agreement. Clearly this is an irrational way of doing business. At times we are told by third parties that pressure is borne upon them to drag these negotiations as long as possible.

The customs union incorporates an assumption. That assumption is full membership at the end of the road. This is one of the reasons why Turkey's integration cannot end in any other way than full membership. Along the same lines though,

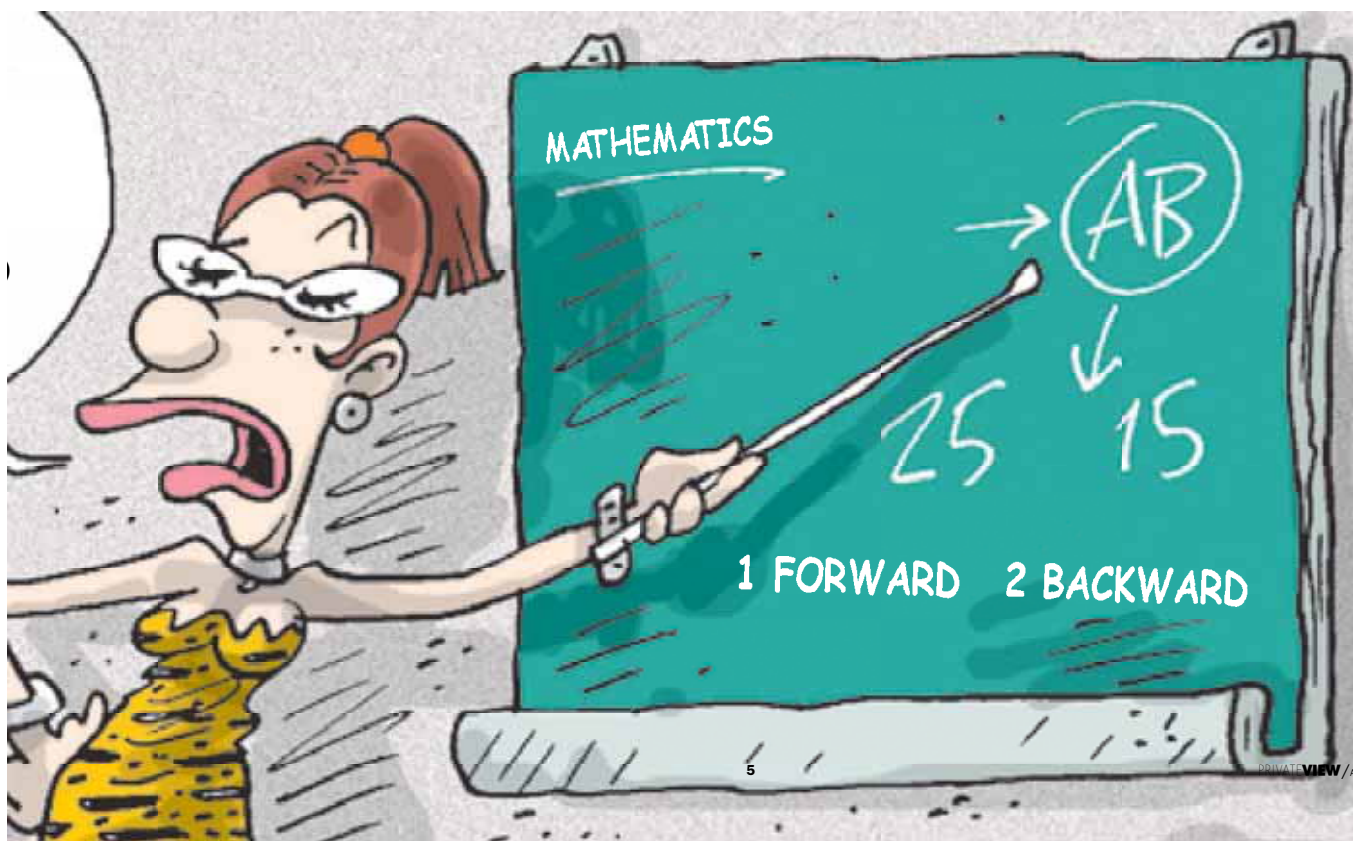
the customs union arrangements cannot continue the way they have been negotiated some 12 years ago when conditions for all parties were different.

We must look for ways to change these arrangements so that Turkey and by extension Turkish business does not pay an undue and unfair penalty for being in the customs union. We are ready to come up with constructive suggestions when Brussels and member countries undertake such an effort.

In this issue we deal with many of these issues. The relations with the European Union and what the future looks like is obviously of primary importance. So is the health of the Turkish economy and the policies that need to be adopted in order to face the challenges of a global economy that will feel less comfortable in the coming years than it did in the past few.

Turkish-American relations are of critical importance for this country as relations with America always are for most countries. Two articles in this issue analyze the rift between Turkey and the United States that received so much coverage in the world press. The authors argue that the Iraq war itself and the developments in bilateral relations that took place before and during the war created a profound crisis of confidence between the two allies. Yet the need to find a common ground on which to rebuild these relations is also quite obvious. We will try to make our own contribution to this debate in future issues as well.

We, at Private View, are happy to be back. We also hope that you will like our new format and enjoy our content.





FORWARD WITH OUR REAL AGENDA

After a longish interval when Turkey and we have turned inwards to sort our political problems out, we are back to our main issues. Our agenda is set. It is also fraught with traps, obstacles, dangers. We came out of our elections with a renewed sense of purpose. Both the public and the business world are ready to get back to our real business which is to consolidate our economic achievements and build upon them. Equally important for us is to put our troubled relations with the EU back on track.

We are urging the government in all the platforms that are available to us not to waver from the hard task of deepening the reforms both economic and political. We are encouraged by their pronouncements that they are indeed ready to take on the hard task of implementing a comprehensive reform program. Naturally, we await their actions before we can pass a judgment on the direction we are on.

Turkey's Parliamentary elections followed by the election of a new President drew immense attention from around the world. Given the fact that our elections had to be held earlier than scheduled because the military intervened in the Presidential election process in April this degree of attention was to be expected. After all the prospects for Turkey's democracy have an importance that goes beyond the borders of our country.

The electorate proved, with its high rate of participation, its dignified comportment and its rational choices, the maturity of Turkish democracy. Undoubtedly with 46.7 percent of the vote the AKP consolidated its power and broadened its base.

The Parliament is the most representative we have had in a long time.

Post election surveys showed that like in all advanced democracies the Turkish electorate voted its pocketbook. Close to 80 percent of those who supported the ruling AKP did so for economic reasons. Simply put the Turkish electorate showed its contentment with the economic performance of the ruling party.

It is also true that at least for a third of AKP voters there was a strong political motivation in favor of democracy. What these elections were not about though is also worth emphasizing. I believe that many foreign observers grossly exaggerated the axis of secularism vs. Islamism that was undoubtedly a dimension of these elections. Yet this election was not about the choice between a secular Turkey and an Islamist one.

This election was not a clear cut battle between forces of a conservative establishment and a democratic popular force represented by the AKP either. After all TÜSİAD, the business elite of Turkey that is, has been at the forefront of the democratization battles since the beginning of the 1990s when the field was nowhere nearly as crowded as it is today. In short we have every right to be happy and proud because of our own and the country's achievements.

With the new cabinet in place, the political crisis and the turmoil are behind us. We can tend to our own business. Economically we expect thoroughgoing reforms.

In addition to finishing off the items on our macroeconomic

FORWARD

reform agenda we need to start paying attention to our microeconomic reform agenda that will also transform the way our companies conduct their businesses. In that context we have to finally bring the long saga of passing the Social Security Reform to an end. We must make sure that our social security system is on solid foundations and is run in a financially healthy fashion.

Tax reform is another area where we are lagging behind. Indirect taxes are still too high. The system is not sufficiently transparent or clear. The taxes on employment are prohibitive. In particular the tax burden of small enterprises ought to be recalculated and they should be given a respite especially given the fact that the period ahead will present difficulties in accessing funds.

If and when tax reform is finished, this should help us considerably in our efforts to get the unregistered economy under control. In the period ahead a firm strategy that uses carrots and sticks equally wisely should be our primary tool to fight this economically draining problem.

We should also be engaged in serious efforts to help the institutionalization of businesses particularly Small and Medium Sized Enterprises. Such a campaign should help us in the fight against the unregistered economy and should ease such firms access to financial sources.

Last but not least we must bring to completion the liberalization that we started in industries such as energy and transportation and move forward in further liberalizing all markets for goods and services. In the energy industry

we must undertake a big surge by first preparing a functional incentive structure. It is a matter of vital importance for the future of the Turkish economy that we have an energy strategy that will secure a multiplicity of sources, the stability of supplies and their security. Obviously we must take into account global and regional circumstances that have an impact on our own strategy.

Parallel to the efforts to launch the economic program we believe we must concentrate on the reactivation of the EU accession process. The government has already started to work on a new constitution. Much as we value this project, we will be vigilant in asking that there be as wide a participation by societal organizations that have done work on this issue over the past decades. TÜSIAD has several studies on the topic including its much appreciated reports on democratization.

We expect that the government will, without delay change article 301 of the penal code, work on the foundations law and start reforming the judiciary. We have also worked hard on these issues and are ready to assist the government in any of these issues.

Let me conclude by returning to the Turkish experiment and its meaning for Europe and the world. Undoubtedly, Turkish modernization is continuing as it undergoes transformation. The effort to find our own synthesis in modernity is a difficult but precious one. Our allies in the West and particularly in the European Union ought to appreciate its importance and should at least be careful not to hamper it. We would of course prefer that they be a constructive force in this process.

Well done!

But now what?

Murat Üçer

Although this article was written in April, developments since then, including the AKP's landslide victory in the general elections as well as the latest bout of financial turmoil in the global markets, do not alter its main message. If anything, it makes it even more urgent to act on the analysis here, given Turkey's need to differentiate itself in a tougher credit/liquidity environment.

The picture is certainly not perfect, and many would disagree with the assessment, but the past few years have been good for Turkey. Let's put it this way: If you asked anybody,

including this author, in the summer of 2002 - when the country was moving toward early elections and trying to recover from an awful financial crisis - that in 5 years' time, real output would be 30% higher, and its dollar-based GDP per capita would have doubled from the pre-crisis levels; inflation would be down to almost single digits; and foreign investors - who were merely calculating default probabilities those days - would be grabbing Turkish assets at dazzling valuations, you would get a sarcastic laugh (or a beating perhaps, depending on whom you were talking to).

SELECTED ECONOMIC INDICATORS
(in percent of GNP; unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006
GNP (%real growth)	6.3	-9.5	7.9	5.9	9.9	7.6	6.0
GNP (in US\$ billions)	201	144	182	238	301	362	402
WPI/PPI (12 month, end of period)	32.7	88.6	30.8	13.9	15.3	2.7	11.6
CPI (12 month %, end of period)	39.0	68.5	29.7	18.4	9.4	7.7	9.7
Average T-bill rate (secondary market; nominal)	39.8	91.4	64.9	46.0	24.5	16.3	17.8
Exchange rate (TL/US\$; average)	0.625	1.225	1.508	1.500	1.425	1.344	1.433
Real exchange rate (index; 1995=100)	136.5	112.5	125.3	136.5	143.5	160.0	160.7
Primary balance	5.7	6.8	4.4	5.2	6.1	8.1	7.5
Budget balance	-10.6	-16.5	-14.5	-11.3	-7.1	-1.3	-0.7
Public Sector Borrowing Requirement (including CBT profits)	12.5	16.4	12.7	9.4	4.7	-0.4	-3.1
Net Dept. of the Public Sector	56.5	90.4	78.4	70.3	64.0	55.3	44.8
External	18.4	37.5	32.1	22.0	17.4	8.5	5.2
Domestic	38.2	52.9	46.3	48.4	46.5	46.8	39.5
Current account balance	-4.9	2.4	-0.8	-3.4	-5.2	-6.3	-7.8
FDI	0.1	1.9	0.5	0.5	0.6	2.4	4.8
Total external debt	63.5	93.4	77.8	56.9	50.2	46.7	50.5

A large external deficit does not bode well when the risk appetite of global investors falls, no matter how transitory, while a high unemployment rate increases social tensions, and weakens the support for reforms.

But it happened, and we've traveled an enormous distance since 2001-02. Turkey grew by 7% on average (compared with a meager 3% in the 1990s), reduced inflation down to 9%-10%, from around 80% during the last decade, and FDI reached almost \$20 billion (some 5% of GNP) recently, after averaging \$1-\$2 billion per annum for decades. Sustainability of public debt, once the greatest concern to investors is now on the backburner, as a strong budget performance, solid growth, privatization revenues, and exchange rate appreciation reduced (net) debt to 45% of GNP at the end of 2006, from a post-crisis peak of 90% (see table).

Of course, there are a few important things missing in this otherwise remarkable picture. The usual suspects are: (1) a large current account deficit (i.e. Turkey's balance of trade, services and income with the rest of the world), which was running at around \$32 billion, or 7.8% of GNP last year, on the back of a huge energy bill and a somewhat overvalued lira; and (2) an unemployment rate stuck at around 10%, compared with some 6% before the crisis. Moreover, real wages are still below pre-crisis levels, suggesting that huge productivity increases

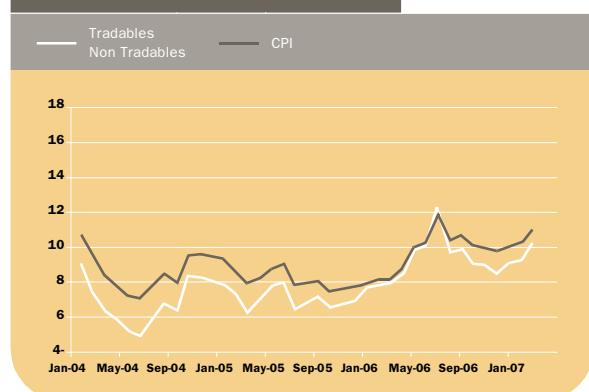
since the crisis did not quite filter into higher living standards for the average (manufacturing) laborer.

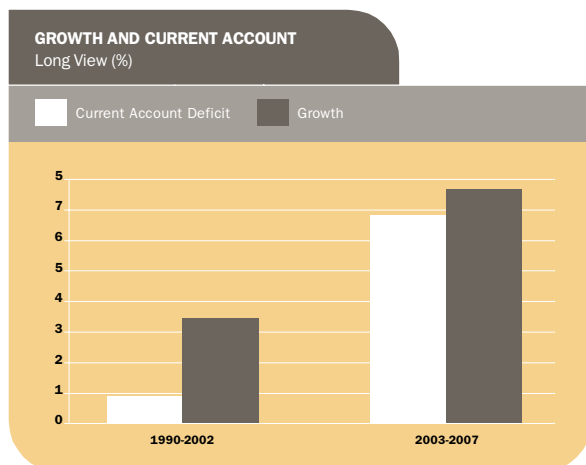
In fact, these two areas make up the soft underbelly of Turkey's grand transformation story: A large external deficit does not bode well when the risk appetite of global investors falls, no matter how transitory, while a high unemployment rate increases social tensions, and weakens the support for reforms. But even in these areas, the optimists can snap back and argue that this is collateral damage of sorts from an ambitious reform process. As the economy moves to a new equilibrium, they would say, things will start looking better over time.

I happen to be one of those optimists - well, almost. I am impressed by this macroeconomic transformation and by the great momentum the country has seized, especially thanks to the catalytic powers of foreign direct investment in recent years. I see that the government's policy priorities, i.e. placing fiscal adjustment ahead of everything else and embracing privatization and FDI with open arms, was a great contributor to all this. Finally, I believe investors' views on emerging markets will remain reasonably constructive in the coming years, with the bull trend remaining broadly intact. Turkey will be one of the natural beneficiaries. In sum, I am one of those observers who thinks that, "this time it's different" - absent, of course, major adverse shocks (or a confluence of them occurring simultaneously). Still in my view, we now have a different kind of risk on the horizon that not many people seem worried about: complacency leading to stagnation, or the risk of abandoning our "normalization voyage" halfway. Put it differently, our macro story nowadays seems stuck, and unless it is given a new impetus, we may see a relative deterioration.

Why do I think so? Macro developments in the past year or so provide some clues. Take, for instance, inflation. Last year, the 12-month CPI-inflation ended the year at almost 10%, against a target of 5%. This surely is not the end of the world. After all, the last time this country saw 10% inflation was 30

CPI: TRADABLES vs. NON TRADABLES
(2003=100; 12-month; %)





years ago! Then again, we now live in a world in which benchmarks have become more ambitious and upgraded: Nowadays 10% inflation is perceived as being quite high, even by emerging market standards, and very far from the ultimate target of price stability, i.e. an inflation rate ranging between 1%-3%. Yet, if we leave aside the temporary jump in inflation because of the exchange rate weakness during May-June 2006 (which raised the inflation rate by a few percentage points), Turkey appears stuck at around 8% inflation for some time now (see chart). What is even worse, though, is that it doesn't look like convergence to the medium term inflation target of 4% will be attained any time soon.

The component that causes this stickiness is what economists call service inflation (or non-tradable inflation), i.e. price increases in categories such as housing, entertainment, health, and education that you cannot trade with the rest of the world - and where you can therefore not arbitrage away the inflation differences. The twelve-month service inflation rate is fixed at around 12% according to the latest data (March). It may not go below 9%. Inflation outside this area on the other hand, i.e. what is called tradable inflation, is largely determined by external influences

(such as the exchange rate) and supply conditions in various commodity markets (e.g., oil, food). With tradable prices largely outside our control, and service inflation sticky, what will it take to get to the 4% target? No one, it seems to me, has a clear idea. One mechanism is a sharp improvement in inflation expectations, but that did not seem to be happening, at least at the time of this writing. Two-year ahead inflation expectations were hovering around 5.5%, markedly above the 4% target.

In fact, anecdotally speaking, expected inflation seems even higher. Tighter monetary and fiscal policies, in other words cooling off the economy sharply is another mechanism, but that is not only costly - by definition - but also difficult to engineer in Turkey's current circumstances. We now have an open capital account (higher interest rates possibly bringing in more inflows) and have had several years of an already tight fiscal stance. A third answer is to use exchange rate appreciation, but that would be a dangerous course to take against the backdrop of a large current account deficit, as attested to by the May-June 2006 turbulence. A final mechanism entails accelerating structural reforms - to reduce costs and improve competition in key service markets - but no one has a clear idea as to what exactly the required reforms are, and where to start - a topic to which we shall return below.

Another macro area where we seem stuck relates to moving to a more benign combination in the growth-current account nexus. Turkey's 7%+ growth rates in recent years came with a current account deficit running at 7-8% of GNP. This year, we are expecting lower growth, on the order of 4-5% or so, but the current account deficit is unlikely to drop much below 7% of GNP. A comparison to the 1990s is quite striking: Turkey grew by about 3% p.a. during the 1990s, while running a current account deficit of 1% of GNP. In contrast, in the 5 years from 2003 through 2007, it will have grown around 6.5% p.a., but run a current account deficit of around 6% of GNP (see chart). True, these deficits have been financed relatively smoothly - in fact a lot of it with FDI (almost 5% in 2006) - but Turkey still catches much negative attention, since it has

Another macro area where we seem stuck relates to moving to a more benign combination in the growth-current account nexus.

one of the highest deficits in the emerging market universe.

In terms of stocks, the situation is not particularly comforting either: Turkey's (gross) external debt, at around 50% of GNP, is above what is typically considered safe for an emerging market.

As a result of all this, money keeps flowing in at good times, but because Turkey is perceived as one of the more vulnerable markets, it suffers more than others, during sell-offs. This degree of susceptibility to the vagaries of international capital markets thus creates a lot of unwanted - and welfare-reducing - volatility.

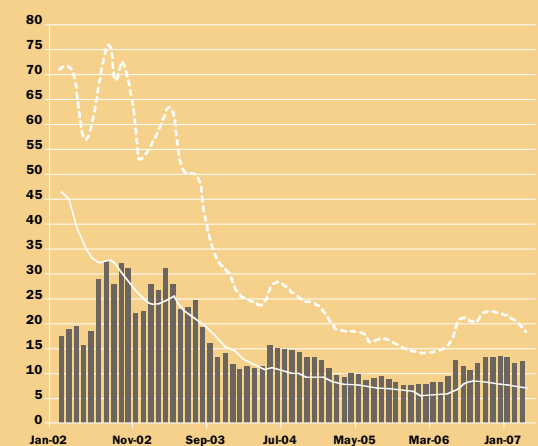
Of course, these deficits are run for a reason: to finance growth. Turkey needs to achieve high growth rates, say, on the order of 6-7%, for at least two reasons: to create jobs for a working age (15+) population growing at a rate of almost 1,000,000 p.a., and to achieve real convergence, i.e. catch up with average EU per capita incomes in order to make EU membership goal a reality. The key question is the following: Can we reach our goal while running more reasonable external deficits? Or to put it differently, will this growth-external viability relationship improve in the coming years? Again, there is no easy answer.

One natural solution is to figure ways of receiving more FDI. That is a possibility, but under the current circumstances FDI is more likely to decelerate than accelerate in the coming years. After all, a good chunk of assets (banks and major privatizations) are already sold off. High-tech, high value-added, and/or the so-called greenfield FDI is what needs to start kicking in. Yet this proves tricky when "institutional quality" and/or the quality of the labor force are not particularly strong: Turkey's ranking by various institutional quality indicators (e.g., those provided by the World Bank), including by WEF's competitiveness index, have been improving in recent years, but it does not, by any means outshine other emerging markets. Another generic answer is to speed up structural reforms, such as enhancing labor market flexibility and reducing labor costs. There is again the problem of lack of a well-prioritized structural reform package, but in areas that solutions are relatively obvious, such as lowering high tax rates, as well as energy and labor costs, a biting trade-off emerges - the need to maintain high budget surpluses (before interest) to reduce public debt and contain the current account deficit. (In fact, transforming the state budget from a short-term instrument of macroeconomic stabilization, as it has been in the past several years, to a longer term, growth-enhancing policy tool is a major challenge in itself, related to the quality [or lack thereof] of the fiscal adjustment we've undertaken since the crisis, but this is a complex enough issue that goes beyond the scope of this article.)

So, having enjoyed a fairly fascinating ride in the past 5 years, how Turkey will manage the "final push" towards consolidating macro stability for the next 5 years is the biggest

SECONDARY MARKET REAL AND NOMINAL INTEREST RATES (%)

Real Nominal 12-month ahead inflation expectation



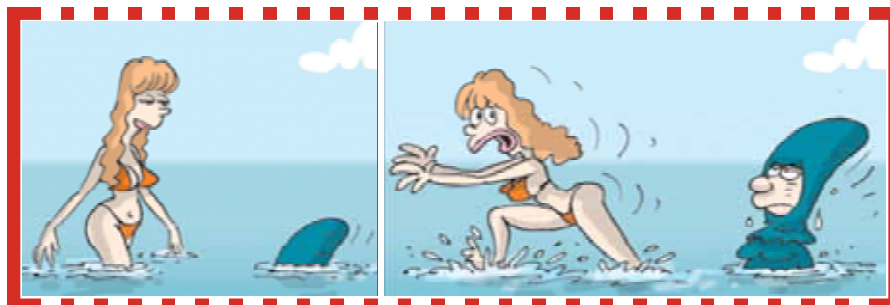
question in my mind. To recast the question in numerical form, the challenge is to achieve 6-7% growth, as we reduce inflation to 4% and contain the current account deficit at around 5% of GNP - a level that would almost fully be financed by non-debt/FDI flows. But why is this so difficult? Because we've already been paying the price for it, in the form of higher real interest rates - which were running at around 12% at the time of this writing, up from slightly below 8% a year ago (see chart). And, I think interest rates are high, mainly because investors, one way or another, are also asking themselves the same questions as I do, and not having found convincing answers, are taking on "Turkey risk" at a relatively high price.

What, then, is to be done? One answer is to simply do more of the same: Stick to fiscal discipline, try to maintain political stability, pray that the international environment will stay benign, and hope for the best. Unfortunately, that strategy appears to have run out of steam, as new rigidities and trade-offs, of the sort mentioned in this note, have emerged. We think the right answer is a generic one: to initiate a new structural reform drive, focused at a complete overhaul of the supply side of the economy, and build a consensus around it.

Unless this is done, that "one final push" toward macro stability and consolidation may take much longer than we think. In fact, the risk of losing some of the gains along the way does not seem trivial, either.

Murat Üçer

Global Source Advisor for Turkey and adjunct faculty at Koç University



MORE ISLAMIC OR MORE DEMOCRATIC OR BOTH:

UNCERTAINTIES OF TURKISH POLITICS

İlter Turan

Turkey has spent the first eight months of 2007 locked into a political debate on electing a new president. The parliament was supposed to have elected someone by mid-May. That proving impossible, the parliament decided on early elections to break the impasse. The decision only preempted the constitutional requirement that failure to elect a president within a month and four rounds of voting would lead to the dissolution of the parliament and the calling of new elections. Voting took place on July 22nd, in mid-summer heat, hardly an appropriate time, producing an astounding victory for the government party, far surpassing both its expectations and its achievements in the elections of 2002. The new parliament finally gave Turkey a president, but it has contributed little to ending the polarized relations between The Republican People's Party (CHP, the major opposition), the military and the ruling Justice and Development Party (AKP). The confrontation has been all consuming, wearing out not only its protagonists but also the spectators sometimes known as the Turkish public.

Balancing powers of presidents and governments

What is at issue? Why is the election of a president so important in what is usually described as a parliamentary system of government? Turkey's last two constitutions have been made by the military which suspected that democratic politics, unless checked by some carefully designed mechanisms, would produce governments that would serve "particularistic" interests at the expense of the "national" and stray off from the fundamental

values of the republic. Of particular concern was the perceived proclivity of elected governments to be softer on interpretations of secularism which the makers of the constitution felt to be the most significant achievement of the republic and its core value. The particular method that was developed to insure that the basic institutions of the state would be protected against "encroachments by elected politicians" was to create a set of institutions in whose operations the government could not directly intervene. The cadres of these institutions would be appointed in large part by the president, not the council of ministers.

The idea of balancing electoral politics with a powerful presidency was based on the assumption that the president would represent a different configuration of political support than the government. This would include the consent of state elites comprising, among others, the judiciary, the universities, and most importantly the military. Naturally, neither the soldiers nor others were formally involved in the process but they could voice their opinion in a variety of ways against elected politicians who had to keep in mind the possibility of a military intervention. They also usually found political leaders who held viewpoints that did not deviate significantly from theirs. However, as the influence of the military began to wane in politics after 1983, the constraints non-elected actors imposed on the presidential election process began also to decline. Whereas all presidents after 1960 until 1989 had been of military background, Turgut Özal elected in 1989 and Süleyman Demirel succeeding him in



1993 were prime ministers and the head of their parties at the time of their election. Concerns were expressed that they would not be able to sever their ties with daily partisan politics, but these were judged to be unjustified especially as regards the latter. The last president, A. Necdet Sezer, although the head of the Constitutional Court and not a politician, had been elected as a result of agreement among parliamentary parties to avoid the dissolution of the parliament for failing to elect a president after four rounds of voting.

The difficulties associated with the most recent presidential elections derive from the fact that the state elites, especially the military and the major opposition CHP, perceive the AKP government to be particularly prone to enhancing the role of religion in social and political life. The government party is seen as the last in a string of parties that were closed down by the Constitutional Court for exploiting religion for political ends. Its leaders represent a baggage that contains admissions of an instrumental view of democracy, using it to achieve power but not to leave it; expression of a desire for achieving the political unity of Islam; questioning of the country's Western oriented foreign policy and references to a variety of ways through which more religion is to be injected into public life. The AKP leadership retort that they have changed over time, that they are now firmly committed to democracy, that

they support the secular nature of the regime and that they are in agreement with the general direction of Turkish foreign policy. They remind critics that they are a new movement that broke with earlier tradition, and that they are social conservatives, not religious radicals. They point out that it is under their administration that Turkey covered the greatest distance toward membership in the EU. That many among their spouses cover their heads, they say, is a matter of individual choice and not a public matter. The response of the hard line secular opposition to these is deep scepticism. To them, the government is engaged in a big deception operation, a series of tactical moves to conceal their hidden goals of eventually doing away with secularism and rendering Turkey a fully Islamic political system. Such allegations are impossible to prove or disprove though the evidence is less than compelling, but it is clear that they do not contribute to intelligent policy debate. Rather the outcome is distrust, polarization and ideological confrontation.

The politics of polarization

Prior to parliamentary elections, the opposition did all within its power to make it impossible for the AKP to elect a president without securing its consent on a mutually acceptable candidate. The contest ended when the Constitutional Court decided that





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a two thirds quorum of the whole house was needed for voting to start. By not attending the sessions of the Turkish Grand National Assembly, the opposition made sure that such a quorum would never obtain. Turning to early elections appeared to constitute a way out of the impasse, yet it has not proven to be totally so. The elections did give an unquestionable victory to the AKP, whose campaign emphasized, among others, the theme that it had been denied of its right to name a president. Prime Minister Erdoğan, speaking after the elections, suggested, however, that their victory would not keep them from searching for compromise and devising policies and actions that would embrace all voters, not only those that had voted for the AKP. But, in the end, Abdullah Gül, the foreign minister, whom the major opposition and the military had found unacceptable was renominated when it became clear that the smaller opposition Nationalist Action Party (MHP) and independents that were on their way to forming the Kurdish oriented Democratic Society Party (DTP) would participate in the voting without backing the AKP candidate.

Gül's election has been met by protests of the CHP and the military. The former declined to give a hearing to Mr. Gül when he wanted to visit the RPP chief Baykal after the announcement of his candidacy. The RPP parliamentary party group has not attended the presidential election sessions of the parliament. It has chosen not to congratulate the president and has boycotted the reception given to celebrate his election. The latter has not behaved all too differently. The commanders have extended less than full courtesy to the president when he came to attend the opening ceremonies of the military medical academy, the air force and naval colleges. They have also invented excuses not to attend the presidential reception although it was designed in a way to avoid the presence of the first lady and spouses of some others who might come with covered heads.

What is really the problem?

The symbol around which the political confrontation has revolved has been the headscarf that religiously devout women are supposed to wear. While the AKP has tried to treat covering the head as a matter of individual choice that should be respected in a democratic society, the RPP and the military see it as a challenge to the secular traditions of the republic that Atatürk founded, a symbol that constitutes the tip of an iceberg of a religious ascent that is bound to intensify as the acceptance of the headscarf opens the way.

Is the secular republic in danger of transforming itself into an Islamic one? Probably not. Why, then, is the struggle between political-military opposition and the government so intense?

The difficulties encountered in the election of a president whose wife covers her hair are symptomatic of a broader process of socio-economic change Turkey has been undergoing that is proving painful. At the center of this process is a major redistribution of political power which the losers resist and the winners want to expedite. How did Turkey get to this state of affairs?

The beginnings of modernization in Turkey were initiated by a string of military defeats in the hands of European states. The decision to modernize was a political decision on the part of the ruling elite, not an outcome of an autonomous process of commercialization, urbanization and industrialization driven by technological change and innovation as had been the case in Western Europe. This pattern of modernization that reminds one of a similar path that Russia pursued under Peter the Great, has produced a cadre of bureaucratic elites commanding a set of new institutions that have historically defined their mission as transforming society in the direction of becoming modern, i.e. European. The bureaucratic elites presumed that they knew what it meant to be "modern" and expected the masses whom they perceived to be "unmodern" to accept their guidance or



tutelage in transforming themselves in order to become modern. This process was seen as being cultural rather than socio-economic. Education was seen as the critical channel through which the modernist transformation would be affected. The anticipation was that through time the “less modern” segments of society would become “more modern” and become integrated to national life.

This particular mode of modernization contained some built in sources of tension that intensified over time as a result of demographic and economic developments. The core source of tension was the tutelary relationship it assumed between the ruling elite and the ruled. The bureaucrats, the men of state and the urban circle of modernists that had evolved as a result of this process, expected the masses to subscribe to their values and lifestyles which they thought were self-evidently superior, requiring no effort to persuade. The ruled, mostly inhabiting small towns and villages, on the other hand, unsure of the benefits that becoming modern brought them, were reluctant to change at the pace and in the direction that the elite wanted them to. This did not mean that the masses were not changing and becoming modern in a number of ways. Just to cite a latter example, a study by the State Planning Organization on modernization trends in Turkish villages found that within a period of less than a decade during the 1960s, peasants moved from preferring easy jobs and those that conferred prestige on a person to jobs that brought in higher income and work skills that rendered one more employable. But, the rural and small town lifestyles remained distinctly traditional. Women covered their hair, men and women lived separate social lives, deviant behavior led to ostracism. Three developments opened the way for the rise of traditional segments of Turkish society in politics: the coming of political competition, rapid population growth accompanied by (r)urbanization and private enterprise-led economic growth particularly after 1980.

Until 1980, Turkey had pursued a policy of import substitution oriented industrialization. In such a system, economic actors do not enjoy autonomy from politics. Rather, their success derives from not making the right economic but political choices since favorable credits and protection from outside competition require governmental decisions. The fundamental changes in economic policy in 1980 characterized most importantly by the removal of currency controls, initiated a process whereby the Turkish economy was rapidly integrated to the world economy. Despite occasional setbacks in economic growth, the trend since that time has been steady growth of the Turkish economy, most notably the steady export growth. Industrialization has permeated society. Small and mid-sized Anatolian towns have developed into impressive industrial centers. The term “Anatolian Tigers” have been coined to describe them. The new economy has brought to the fore new businessmen who owe their to taking risks and making correct market decisions rather than having the right political connections. The private economic sector has replaced the state as the driving force of change and innovation in society.

These developments have not only transformed the elite structure of society, they have also severely undermined the intra-elite harmony that had already proven increasingly difficult to sustain after the introduction of political competition. The crux of the problem may be summarized in this way: The early mode of modernization has produced a set of institutions, laws and practices based on the assumption that the state has an autonomy from society, that it is responsible for introducing social and economic change, controlling it and protecting society from domestic and international “harmful” developments. Social and economic change, on the other hand, has been challenging the superior and autonomous position of the state. The private economy has evolved into the major propeller of change and innovation, society has become differentiated in its



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social preferences. Although a slow process of adjustment to the changing power structure of society has been proceeding, it is found to be too slow and narrow by the social and economic groups that are rising but somewhat threatening by the state elites.

Over time, some segments of the bureaucracy have accommodated themselves to the changing power relationships, but the judiciary, the military and the council on higher education have been uncompromising defenders of an autonomous state. Courts have turned down government actions on grounds of substance rather than legality, the military have resisted government policies in the name of state policies. The state-society struggle has intensified under the AKP governments because the AKP represents constituencies, ideologies and lifestyles that are most distant from those of the state elite than the preceding coalitions and because it has come to power with a sufficient majority to establish a government by itself. The headscarf, the ostensible cause of the confrontation is a powerful symbol for both sides. The AKP wants to change the restriction that has prevented females who cover their heads from attending universities while bulwarks of the state see in it a gate which, if opened, would allow religion into public policy domain.

Until recently, the modernist elites were generally not political activists, they expected the institutions of the state and their extension into politics, i.e. the CHP, to defend their interests through institutional channels, not campaign politics. A remarkable shift of outlook occurred prior to the recent elections. Mass rallies in favor of secularism were held in major urban centers in Turkey such as Ankara, Istanbul and Izmir. The number of those participating in some exceeded a million. The organizer, the Association for Atatürkist Thought with a retired general at its head, captured the widespread concern of the urban middle classes about what they saw as the problematic religious orientation of the government party. But, it became

apparent that the crowds that had gathered also had other items on their agenda. As expressed in speeches and slogans, some were against the privatization of state enterprises, others were opposed to cooperating with international financial institutions like the IMF and the World Bank that have constituted important anchors in Turkey's economic stabilization programs. Some opposed Turkey's membership in the European Union, others cooperation with the United States. Some wanted PKK terrorism terminated by having the Turkish Army enter Iraq, others were against the sale of Turkish corporations to foreign conglomerates. Taken together, these demands amount to no less than Turkey's turning inwards and closing itself to the world. Is this reasonable or even meaningful? The answer is clearly no. But, a cadre of elites that are used to dominating a society, are confused. They do not know how to cope with the challenges of socio-economic change and globalization that they are unable to influence but that are undermining their power base and lifestyles.

What lies ahead?

Absorbed in domestic politics for most of this year, Turkey's politicians have had scant time to pay attention to the world around them. Though it is hardly the appropriate time to ignore external relations, addressing them has had to wait the conclusion of the elections. Complications still lurk in the background, but with two elections behind, the new government may now turn its attention to several pressing concerns. The immediate area where failure to address the problem may lead to permanent damage in Turkish-American relations is Northern Iraq. The PKK, the Marxist Kurdish nationalist organization, continues to operate from Northern Iraq and commit sustained acts of terrorism in mainly but not exclusively in Southeastern Turkey. Numerous times, Turkey has asked both the American government as the occupation authority and the Iraqi government

to not allow the PKK to carry on its activities in Northern Iraq without result. The Americans have encouraged Turkey to deal with Iraqi authorities, but control that Iraqi national government is able to exercise in its north is limited. Turkish authorities, on the other hand, do not want to deal with a regional authority; especially one which Turkey suspects aims for independence and may secretly entertain irredentist claims against Turkey. Cooperation has been offered by the Americans in the form of working with a special representative to address the problem, but with little success. Turkey has said time and again that if international cooperation fails, it may be forced to deal with the problem with national means and engage in military operations across the border. The chances of a *modus vivendi* have not been improved either by utterings of the head of the regional government Mr. Barzani that he would instigate his kin across the border to resistance, nor the refusal of the former Turkish president to deal with the Iraqi president Talabani who is from Northern Iraq.

The Northern Iraqi problem will continue to trouble Turkish-American and Turkish-Iraqi relations. Buried in failure, the US can neither afford military action in the area nor does it want to harm its relations with Barzani, its only reliable ally in Iraq. The Turkish public is frustrated with frequent acts of terrorism in the Southeast and blames the US for it. A recent survey has shown that 84 percent of Turks view America in unfriendly terms. Many would support a military intervention against PKK bases in Iraq. Ironically, Turkey may be the most significant economic actor in northern Iraq, meaning that there are domestic constituencies that would prefer peaceful means of conflict resolution. The willingness of the new president to deal with Mr. Talabani may also facilitate cooperation. What to do about the PKK and how to do it, however, is one of the critical questions that face the new government.

The primacy of domestic politics has also taken its toll in Turkey-EU relations. Turkey has hardly been able in recent months to devote its attention and energies in full to the advancement of the accessions negotiations with the EU. But the stalemate in relations cannot be attributed to Turkey alone. The EU itself has been in disarray and in search of a new direction for itself. Domestic debate in the Union has included whether Turkey fits into its future map. Domestic debate in member countries, on the other hand, has not always been characterized by its high caliber or lack of complimentary language about Turkey. This has dampened Turkish enthusiasm about membership as shown by a significant drop in the support for EU membership, from close to 70 percent to under 40. The new government has announced its intention to revitalize the relationship. Part of this revitalization may come from affecting domestic changes in the laws expanding liberties, making acts of government more transparent and redefining the privileged position of the military vis à vis elected governments. There also appears to be a reemergence of interest on the EU side as

well. Excitement still seems to be lacking but that may not necessarily be bad. Emotions can more readily lead to frustrations, rational discourse may be a preferable option. The relationship, after all, has never been one of love but one of mutual interest.

Cyprus will continue to plague the Turkey-EU relationship. The Greek-Cypriot recalcitrance has made other member countries more appreciative of Turkish and Turkish-Cypriot positions. Some may have come to regret that they admitted a divided island with all its problems into the Union in the first instance. Nevertheless, in the interest of unity, they are obliged to extend support to the Greek Cypriot position that Turkey should open its ports and airports to Greek Cypriot vessels. Turkey has made such an act dependent on the removal of the economic embargo that has been imposed on the Northern Turkish Republic. Another item on the agenda of the new government would be to address this stalemate. Not unlike the PKK problem, emotions on this issue run high, and the opposition advocates a hard line. Yet hardline politics appears hardly the appropriate method of advancing Turkey's relationship with the EU.

Two major problems are also on the horizon. The first is the problem of Iran. Turkey has been less alarmed than some other countries by Iran's efforts to develop a nuclear bomb. It has, on the other hand, been keenly interested in buying natural gas from Iran and building pipelines to transport Iranian and Turkmen gas to Europe. The Americans oppose economic cooperation. They may also choose to exercise some military measures against Iran's nuclear installations. The hardening of the American position on Iran, particularly a search for Turkish cooperation in the implementation of military and economic measures, may pose exceptionally difficult choices for the new government. A second problem may arise if the US asks for the use of Turkish territory during the evacuation of Iraq. A less severe problem than relations with Iran, the government would likely display a cooperative approach while getting ready to cope with harsh internal opposition.

Quo Vadis?

Turkey is entering a new era, full of challenges, in its domestic politics and international politics. Though too early to tell, in the future we may view 2007 as a critical year in the transformation of Turkish politics toward democratic consolidation, normalization of relations between state and society and a more precise definition of Turkey's place in the world. If the government fails to appreciate the genuine concerns of the "modern, secular" Turks, however, the elections may constitute the beginning point of an extended period of domestic political turmoil. Current indicators happily point to the former rather than the latter outcome.

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Common European values and interests are the basis of Turkey's EU membership process

Bahadır Kaleağası

The European debate on Turkey's EU membership deviates often from its two main axes - European values and the EU's future - towards a web of emotional or secondary argumentation based on identity, geography or religion.

Article 6 of the Treaty establishing the EU stipulates that the "...Union (is) founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States".

Article 49 stipulates the procedure for the accession of new members: "Any European State which respects the principles set out in Article 6 may apply to become a member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members."

A matter of European principles

Turkey has already gone through this procedure. Its membership application was received confirming its qualification as a European State, with the unambiguous reference to its membership of the Council of Europe. Then all the competent EU institutions approved this candidacy. Following several turbulences on the way, this membership process has finally reached the stage of accession negotiations in 2005. At this point, it has also become clear that this would still be a "long and narrow road" as the popular Turkish poet Aşık Veysel would put it.

Nevertheless, a new approach emerged in Europe questioning the legitimacy of this membership road itself and provoked a public hostility against Turkey in many EU countries. Yet the EU's commitments vis-à-vis Turkey, or any other country, should not depend on shifting political moods following an election victory in a member state. *Pacta sunt servanda* is a

principle of European law and a matter of credibility and honor for the EU's positioning as a global actor.

Public mood

In recent months many leading European politicians from Tony Blair to Jose Luis Rodriguez Zapatero and from Romano Prodi to Günter Verheugen, Carl Bildt and Javier Solana have repeatedly stressed how important Turkey's contribution will be to European Union's evolution as a global actor. Many other politicians including Nicholas Sarkozy expressed views hostile not only to Turkey's European perspectives, but also provoking a certain Turcophobia in their country.

Back in Turkey, the public ears have been more sensitive to negative voices than the positive ones. An increasingly euro-skeptic mood with nationalist emissions has been the corollary of this trend. The Turkish public's deep disappointment because of the EU's inability to keep its promises on Cyprus had already severely damaged the commanding presence of the pro-European trends in Turkey.

The EU first asked explicitly that Turkey adapt its own policy in support of the UN peace initiative in Cyprus, or else. Turkey did support this plan; Cypriots Turks voted "yes" to peace, to reunification and to Europe. But the opposition of the Greek Cypriot government produced a "no" vote in the southern part of the island and led to the accession of a divided country. Brussels then asked Ankara to treat Cyprus as a EU member. It also promised a law that was on preparation to put an end to the isolation of this community that had done nothing wrong other than taking for granted the EU's capacity to respect its commitments. However, once again the EU failed to keep its promises because of the veto by the Greek Cypriot government on this EU draft regulation.

Consequently, Turkey found itself in a trap, which benefited



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anti-European or anti-democratic currents in Turkey whose best friends have been Mr. Papadopoulos and the promoters of demagoguery against Turkey's European vocation. It is yet premature though to pass final judgments since history teaches us that politicians change their minds quite frequently as do public opinions.

Accession equation

The legitimate efforts to escape emotional outbursts and to increase the degree of rationality in Europe's "Turkey debate" were probably best expressed by Jacques Chirac in one of his last statements as the President of the French Republic: "A Turkey which will be fulfilling the criteria of membership will bring to the EU the critical size that it needs to face the global challenges of the 21st century".

In deconstructing this statement we find three major elements of the equation that will allow the enlargement of the EU's economic, regulatory, political and security areas to Turkey:

- Firstly the candidate country, Turkey itself has to be ready. This means broadly more democracy, economic growth, social development and legislative harmonization and less problems resulting from accession. The Turkish government's detailed action plan adopted in April 2007 offers a realistic road map in this respect. It requires the enhanced implementation of the democratic reforms, an extensive mobilization of the bureaucracy, openness to consultation of the major stakeholders from the civic society, business and social life and a sustained communication strategy both at the national and European levels.

- Secondly, the EU itself ought to be ready to attain a better degree of economic competitiveness and growth, succeed in institutional reforms, enhance political cohesion among members and preserve the universalism and the credibility of the European democratic ideals. These are Turkey's conditions for opting to become a full EU member.

- Thirdly, and probably most importantly, the international context should continue to justify an enlarged European single market and effective political unity on the world scene. Turkey, which will be ready for EU membership, is expected to contribute to the future success of the European project on several dimensions:

- Turkey's young, vibrant, rapidly emerging and geo-strategically well-located market will strengthen the European single market's global competitiveness in the face of emerging Asia-Pacific economic zone. It will also help revitalize the transatlantic relationship.

- As in the case of the EU-Turkey customs union, further integration will be a net generator of jobs in the EU's largest national economies such as Germany and France.

- The strategic location of Turkey will secure alternative European energy sources and supply routes and will be an asset for the Union's common foreign policy.

- A rapidly emerging entrepreneurial market and information society in Turkey will benefit Europe and its Lisbon agenda.

- The vacuity of the "clash of civilizations" scenarios will be highlighted, as the Pope's recent visit to Turkey illustrated how

relevant Turkey's constructive role might be in the post 9/11 world.

- Turkey's cooperation will greatly enhance the EU system of internal security against organized crime, illegal immigration and terrorism as well as Europe's security policies in the Middle East, Russia, Central Asia and beyond.

Economic road ahead

It is not yet the "economy stupid" momentum in Europe's Turkey debate. But assuming that within a few years we will have a EU that is economically, and thus socially more self-confident and institutionally more efficient, rationality may eventually and sufficiently prevail. In this respect, today's major economic trends will shape the framework of the accession negotiations. Over the next decade, Turkish governments' major challenges will be to maintain the high rate of economic growth, to reduce the size of the informal economy, to boost agricultural productivity, promote rural development and to introduce a comprehensive reform of the educational system.

When in April 2007 Turkey has entered into a phase of political turmoil over the election of the President of the Republic, the Turkish economy had the chance to prove its stability and relative independence from the political crises in Ankara. Over the past four years Turkey has scored a cumulative growth of about 30%. Most of this phenomenal growth is attributable to productivity increases. Turkey has generated 1 million 200 thousand jobs in 2006-2007. The speedy integration of the Turkish economy with European as well as global markets also put tremendous pressure on inefficient firms, small retailers and uncompetitive businesses. But as was predicted by many analyses of the Turkish economy published in 2004, the industrial sector successfully carried the burden of growth with modernization and capital investment.

Privatization revenues in 2006 exceeded 20 billion euros and the mess in the financial sector has been almost thoroughly cleaned. Turkey's exports grew by 54% over the same period. Imports have similarly grown by about 104%. Needless to say as a major trading partner of the EU, this growth performance means more trade and jobs in EU member countries. In 2006 the share of the industrial products in Turkey's exports have reached the level of 90%. These are mostly automotive, electronics, household



Turkey is
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fifty percent
of the EU's average
per capita income
by 2014.



appliances, textile etc...

These are the basic data that most of the political decision-makers in Europe do not know about Turkey let alone a common European citizen. Much of the economy is not agriculture based

anymore but there are still structural problems in rural areas. The size of Turkey's workforce engaged in agriculture is no longer above 50 per cent, as it was in 1989, but less than 30 per cent. The agriculture's share in the GDP is below 10% and, let's re-emphasize, more than 90% of the Turkish exports are industrial goods. The rural workforce of over 10 million people is larger than the population of several EU member states and its income levels are far below even the average for Turkey. Shifting it out of traditional agriculture and into modern economic activity requires enormous and prolonged structural reforms, but also it represents a window of new market opportunities for the EU.

With more than 60 percent of the population under the age of 35, the domestic market has a great potential for growth; the labor force is hard working and cost-effective; and its unique location gives it

access to Europe, Central Asia and the Middle East. More than 6.000 foreign companies have invested in Turkey. The government has, among other measures, decided to cut income and corporate taxes in order to attract more than 12 billion euro as foreign investment over the next three years. The Turkish economy is clearly modernizing much faster than anyone expected a generation ago. It has now attained a scale where it is a very significant trading partner for other European countries. The accession process is expected to increase the foreign direct investment (FDI) inflows to Turkey. Meanwhile the boom in tourism continues with over 20 million visitors per year.

Another good news of the year has been a spectacular increase in the registration of patents, designs and trademarks. As a result of the accession process to the European Union, Turkey has made major advances in intellectual property law. The representatives of the Turkish ICT sector claim to transform Turkey into a European technology production and services hub.

Turkey is expected to attain fifty percent of the EU's average per capita income by 2014. This is also now a target date to complete the journey in the orbit of membership.

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Testing times they are...

Özdem Sanberk

These are extraordinarily testing times for Turkey. Its neighbors are all in the eye of the storm, one under occupation, another at loggerheads with the world and yet a third continuing in its subversive ways. The continuing turmoil in Iraq, the confrontation between the US and Iran over the latter's nuclear program and of course the onslaught from PKK terrorism coming out of northern Iraq keep the country on edge.

Turkey itself went through a particularly rough period between the end of April and the end of August. A major internal crisis over the election of the new President of the Republic had the potential of leading the country's politics astray. The military's strong ultimatum and the Constitutional Court's decision to require a two-thirds majority to form a quorum and start the voting process blocked the election. The failure of the ruling party to get its candidate elected as our new president forced its hand to hold early Parliamentary elections (see Turkeywatch/politics in this issue for details). Turkey ultimately came out of the crisis with its democracy fortified. The Parliament then elected Mr. Abdullah Gül, the former foreign minister, as President.

All these developments took place against a background of serious challenges that made themselves felt in Turkey's drive to join the European Union. The new President of France, Nicolas Sarkozy openly opposes Turkey's accession denying the country's Europeanness. European publics are tired of enlargement and the Turkish public lost much of its enthusiasm for and more importantly its trust in the EU.

Even if a somber mood naturally prevails in the country as a result of these developments, we should not lose our sense of proportion. The problems are not insurmountable. To begin with Turkey is a lot stronger, more prosperous and better endowed to take on its problems.



The relationship with the EU has helped transform Turkey and more generally, Turkey has benefited along with the rest of the continent from the stability, prosperity, and security created by the Union over the last half century. The gravitational pull of the European Union energized the reform movement in Turkey and speeded up our progress towards a fuller liberal democracy.

Turkey's economy has never before expanded steadily for nineteen quarters in a row. The economic growth that stemmed from the radical stabilization program put into effect in 2001 is both more sustained than before 2000 and is on average much higher than in previous decades. Exports forge ahead each year. Public finances in Turkey seem to be in the best shape ever with the country easily achieving its targets for the primary surplus and almost fulfilling the Maastricht criteria. Despite the political turmoil of late April and early May, the markets are remarkably steady almost impervious to political developments.

Behind this success, there is the deeper change in the country's fundamentals. Turkey is no longer the agrarian country it was a generation ago. A million people leave the land each year and the percentage of the work force in agriculture was down to 25% in 2006. Living standards in metropolitan areas are starting to converge with those in the developed world and are probably higher than in some new members of the European Union. Cultural and educational standards are rising everywhere. Turks in Turkey catch up with the latest developments in technology, fashion, culture as quickly as people do in the heart of Europe or the USA.

That mixed but far from entirely depressing picture of Turkey in 2007 is the backdrop against which I want to look at the current state of Turkey-EU relations and identify what needs to be done about it. We, and our European friends and partners, need to realize that the penalties for picking the wrong response could be high.

I want to begin by looking at where Turkey-EU relations





The threat that the door may be locked against Turkey however the talks go turns every difficulty or obstacle into a potentially fatal confrontation.

are today and how they have got there. Then I want to ask why things have gone wrong? Then I would like to consider how things could and should proceed from now on, what the risks and opportunities are. Finally I will consider what practical steps we should be taking. By “we” I do not just mean people in Turkey. We are living in one Europe and one world. “We” means all of us who are trying to shape the course of events together and keep them from going awry.

Turkey-EU relations on the brink

The picture is certainly an extremely challenging one. No candidate country in EU's history has ever been in the situation that Turkey is in. Turkey's application dates back to the early 1960's and its eligibility to become an EU member was repeatedly guaranteed on many occasions before negotiations started in 2005. Ankara was also repeatedly assured that it would be treated exactly as any other applicant but in practice it has been treated quite differently.

• For a start Turkey's negotiations are “open-ended” and may not culminate in membership. Turkey has had to agree to an extremely long waiting period. This is odd in itself because Turkey does have a customs union with the EU. Therefore it actually has less to negotiate on than other candidates did. Till now every candidate that negotiated its accession to the EU has been able to rely on the bedrock guarantee of eventual membership. Turkey does not have that assurance. The threat that the door may be locked against it however the talks go turns every difficulty or obstacle into a potentially fatal confrontation.

• Second the tone of the accession is quite different. There is a powerful faction of opinion in Brussels and among the national governments that is openly hostile to Turkish membership. Their stance and arguments sound increasingly as being rooted in racial prejudice or inspired by historical antagonisms.

• Third, France changed its constitution to be able to hold a referendum on Turkey's accession. Others are waiting in

the wings. No other applicant country has ever been put in this position.

• Fourth, there is Cyprus. Instead of preserving its neutrality the EU took sides on an international dispute between two candidate countries. It then allowed the smaller one to join on easy terms. One might ask how a state that does not control 40% of its territory and has almost disowned a substantial slice of its citizens can be said to have “political stability” according to the Copenhagen Criteria. In any case, Cyprus has also been allowed to use its membership as a weapon against Turkey. This is of course the second time the EU has fallen into the same trap: precisely the same tact was used by the Greece of Andreas Papandreou after it joined the EU in 1981.

• Fifth, legal and technical disputes related to this problem had led to the suspension of negotiations for eight out of 35 chapters. If the dispute is not resolved in two more years, it is likely that these chapters will be permanently closed to negotiation.

• Sixth, the aforementioned developments triggered a strong reaction against the EU and its values and indeed against western liberal ideas in Turkey, exacerbating existing problems and very probably creating new ones.

• Seventh, and in a way worst, the obstacles Turkey faces inside the EU are largely entangled with controversial issues such as the Armenian genocide allegations. The controversy is reviving. Some member countries are prone to fanning the flames of ethnic and religious conflict. To add insult to injury whereas they ask that historians be the judge of the record of their own colonial mischiefs, they scorn the Turkish demands that this be the approach to the Armenian tragedy as well.

• Last but not least there is the Kurdish problem. The tendency of many Europeans to assume that the PKK is the sole and even legitimate representative of all Turkey's Kurds impedes a constructive dialogue. This is a serious mistake. Many if not most of Turkey's Kurds reject the PKK, its ideology and its nihilistic violence.





Ways of looking

There are other ways of looking at Turkey and its record that many Europeans are inclined to neglect. Turkey is a much healthier and stronger candidate than its critics in Europe realize.

For a start Turkey has successfully operated under a full customs union for industrial goods with the EU for over a decade. As highlighted above, since the 2001 economic reforms, its economy has been the fastest growing in Europe. After many years of isolation Turkey is also coming into the European cultural mainstream. The Nobel Prize awarded to Orhan Pamuk in 2006 was just one manifestation of the way Turks are starting to contribute to global culture: Turkish pop singers, designers, writers, scientists, academics, and other professionals with international reputations are growing steadily in numbers. There are national and local politicians of Turkish origin in several EU countries and there will be more as time passes. The Prime Minister, Mr Recep Tayyip Erdoğan, has grown to be a politician and government leader with a Europe-wide reputation.

Then there is Turkey's role as a stabilizing force in its neighborhood. Strategic thinking seems to be on a leave of absence in the quarters that are lobbying against Turkey's accession. One look at the map and you can imagine what life for the EU will be like if there is a breach between it and Turkey.

There is also the fact that, whenever actual talks have been held between Turkey and the EU, including Accession negotiations, they have gone well. If Turkey were being treated as a normal candidate, there would be an air of enormous optimism about the talks and the discussion would concentrate on what Turkey would be contributing to the EU in the near future.

Despite all the positive attributes and the mutual benefits that would result from Turkey's membership there is no certainty that the story will have a happy ending. In such a discouraging atmosphere, and with powerful opponents, there obviously is a risk that Turkey's candidacy could suffer a slow death. The media may present it as steadily more unrealistic. Or there may be an event most likely a conflict over Cyprus, which causes the process to be killed off.

Is this inevitable or can we find a way out of the Euro-labyrinth to full membership on equal terms? Where will this leave the Union? Where will it leave Turkey? What alternatives does Turkey have? Should it try to hasten or delay the reckoning with the EU? Before asking those questions, I want to briefly review the reasons why we have gotten into this situation.

How did we get here?

People in Europe talk about "enlargement fatigue" but of course that is only another way of saying that they are not eager to face up to the work involved in absorbing Turkey. And that, in my view, is simply because the Turkish enlargement, whatever the outcome, was always going to be a very challenging one.

With over 70 million people and an economy that only took off into full industrialization after 1980, the country

has formidable economic problems. But as the success of the customs union has shown the Turkish economy could withstand the rigors of the competitive environment that an open economy thrust upon it.

It is really the political side of the relationship that presents a problem. Part of EU's concerns relates to Turkey's size. The fear that Turkey might try to play a disproportionate role in the Union's life once it became a full member is one reason many French and German citizens are hesitant about Turkish accession. But Turkey is not a country that throws its weight around in international organizations. Look at its record in NATO or the Black Sea Economic Cooperation or the Council of Europe. It is a team player. Traditionally it works for consensus, stability, and progress but always supports a gradualist diplomacy rather than sudden upsets. Turkey inside the EU will be a consolidating force and almost certainly it will be a close partner of France and Germany, the Union's leading members. Another reason for the reluctance of some Europeans is that the scourge of

Strategic thinking seems to be on a leave of absence in the quarters that are lobbying against Turkey's accession.

terrorism that Turkey suffered from in the 1970s and later, caused us to lay the emphasis on law and order, national security and state authority. This happened just as most western European societies were becoming much more permissive and relaxed on questions of freedom of expression and authority.

A view frequently advanced inside the current EU countries is that Turkey has not done enough to press its case with opinion-formers the way other applicant countries do. Candidate countries are active in Brussels, engage with the Commission, the European Parliament, and above all with the general publics of the European Union. The controversies over Article 301 and the legal controversies and prosecutions during 2005 and 2006 undoubtedly had a considerable impact on attitudes to the Turkish candidacy in Europe.

Suspicion and resentment of the EU's treatment of Turkey is partly the reason why there have been periodic deadlocks and delays in Turkey's implementation of its accession reforms.





What for better or worse is seen by the general public as the EU's rejection of Turkey has gravely weakened the position of liberals and liberalism in society. This perception of rejection has a way of undermining the appeal of western values as well. The belief that the West does not honor its commitments and betrays its principles when it comes to Turkey provides ample opportunities to Eurosceptics to exploit the public's sensitivities. There are other problems too. The EU's perceived rejection is combined with a lack of solidarity from the Euro-Atlantic World in Turkey's fight against terrorism, and the widening campaigns to turn historical genocide allegations into law.

I would suggest that an underappreciated reason for the rough treatment that Turkey receives in Europe is that its history, particularly the break up of the Ottoman Empire, is never seen through Turkish eyes. Northern Europeans have never incorporated Turkey's side of the story in the long 19th century into their general view of European history. The Turks have their own memories of the painful upheavals during the last

to sidestep necessary hard discussions of some political issues, keep silent about them (e.g. there is no open admission that the Union made a significant mistake in 2004 by admitting Cyprus) or choose circumvention. This combination of factors has allowed uninformed prejudice against Turkey and the Turks, on the basis of a single military event hundreds of years ago, to take root in modern communities.

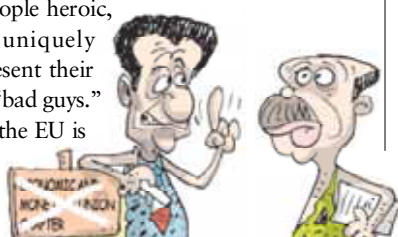
Objections to Turkey are also linked to matters such as prejudice against migrant workers and against Islam. Neither of these is an issue that should be linked to the question of Turkish accession. They take no account of longer-term real interests of the Union, economic, strategic, political, or humanitarian facts, or indeed the just claims of Turkey to membership. Using another country as a scapegoat in national politics was one of the worst features of European life in the continent's history before the appearance of Monnet and Schumann. It is most disconcerting that such habits have re-emerged: for it should be clear that they lead nowhere good.



century of the Ottoman Empire. Many families have direct memories of their arrival in Turkey as refugees from the Caucasus or the Balkans and the role the great powers of the time played in that unraveling. Few people in Europe are aware of this.

External reasons

Explanations of this sort may help us understand the opposition to Turkish membership that is currently rampant in France, Germany, Austria and other EU countries. The opposition arises, I suspect from the twin sources of ignorance and fear. It has probably been exacerbated by two other northern European intellectual characteristics. One is romanticism-the tendency in particular to romanticize ethnic and cultural issues. You can only make one people heroic, downtrodden, and uniquely sympathetic if you present their opponents as absolute "bad guys." The other tendency in the EU is



Prospects, risks and opportunities

A further question is whether such opposition has always been there or whether it is the product of recent circumstances, which may be expected to change in the future. There is ground to treat the matter as a passing phenomenon. In the last few years, groups in Brussels and other European centers have started work on informing public opinion and national politicians about the realities of Turkey. TÜSIAD is one of the leaders for such efforts. These groups are performing a vital task. In time change will take place in the way Turkey is perceived and assessed.

We know that, if all goes well, ten years from now, the transformation that is under way in Turkey will have resulted in even greater changes and this will have an impact on perceptions of the country. In Europe's own evolution we may find ourselves at a point that will make the present attitudes to Turkey look outmoded. But we have to bear in mind that growing estrangement is in itself very dangerous and that it could bring undesirable surprises.



Until now common wisdom suggested that the breakdown of relations with a candidate country would be a political disaster. This is why it was made clear at the beginning of negotiations that whatever happened along the way the eventual outcome would be entry into the Union.

By making it doubtful that Turkey will ever be a member, the Union has injected an atmosphere of perpetual instability into the talks. Every small obstacle has the potential to become a fatal problem. This is no way to create a purposeful partnership.

Moreover because the EU admitted the Greek Cypriots without solving the divisions on the island, not only may a breakdown be caused by an international dispute, it might also open the way for fresh and worse disputes in the Eastern Mediterranean. If this were the case for the first time in two or three centuries, most of the senior members of the EU will have no influence on Turkey. (In this connection, it is hardly

candidacy would mean that the benefits of being a candidate, which are quite considerable, would cease. Third, there would be the obvious, if somewhat lessening, risk of a financial crash and outflows of funds and investments if Turkey's candidacy ended. Many international investors that have come to Turkey viewing it as a future EU member may decide not to remain there. Still such short-term problems might be manageable.

The medium and longer-term uncertainty is another story altogether. What would happen to the Customs Union if Turkey were rejected? The Customs Union is the basis of the strong economic performance Turkey has enjoyed in the last half decade. But it is not a simple free trade area. The Customs Union is designed along nineteenth century German *zollverein* lines as an economic precursor to political union. But it too would be vulnerable to politicization and interference. The Greek Cypriots would almost certainly be tempted to pursue



helpful that France seems unilaterally to be setting up a military alliance with the Greek Cypriots, a move that might be seen as escalating the risks of the present situation.) The EU may also discover that its policies in the Black Sea cannot become effective if Turkey, the main littoral power, does not join it as a member. Marginal ethnic and cultural issues will have been allowed to upset substantive ones. They may then become the source of much greater conflicts. Last but not least there is the wider question of the effect of a breakdown in Turkey-EU relations on Islamic countries, and on the way the EU's inability to honor its commitment (provided of course Turkey fulfills all the necessary criteria) will be viewed in the wider world.

This is not to suggest that the costs for Turkey will be any less important or burdensome. Here are some of them. First, the country will have to face much greater regional instability. As with the EU, existing issues and disputes (e.g. Cyprus) will remain unresolved and probably become more acute. Turkey will have to redesign all its regional relations. It would certainly be impossible for Ankara to have normal relations with Paris and Berlin probably for many generations if they block the long-promised entry into the EU. Second, the end of the Turkish

their crusade against the Turks by pressing for some kind of sanctions. Given the EU's structure, they would have a good chance of inflicting some damage to Turkish interests.

A staple of the anti-Turkish discourse in Europe is the need to restrict the rights of Turks to travel freely to member countries and live there. This approach denies Turkey's European credentials too. Under these circumstances admitting Turkey to the European Economic Area is no solution either. Since this would have to mean both free movement and recognition of Turkey's European identity.

So the EU's leaders might try to create a second rate substitute—an "Eastern Mediterranean Economic Alliance" or some such. President Sarkozy is articulating proposals of this sort. But this would only be "privileged partnership" under a different name. It would be unlikely to win acceptance in Turkey.

The gravest risk would be that problems would spill over. Confrontation between Turks and Greek Cypriots would become entangled with the Christian-Islamic dispute (indeed in the eyes of some Christians, it already is) and a rupture with Europe would trigger a political blowback in Turkey, reversing the achievements of the last few years. An irreversibly



radicalized situation might then be created.

These dangers are real and they should be alarming. But as yet there is only a limited risk of them actually happening. They represent a sharp divergence with the course of European history in the last half-century. I believe that the more we stare these risks in the face and think about the consequences of our actions on both sides, the more we shall be able to avoid such scenarios.

But for this to happen, there must be (1) a much improved climate of information on Turkey and where it stands today and what it will contribute to the EU as a member, (2) realization among officials and politicians in Turkey, that a “tit-for-tat” short-term response to disappointments in Europe is dangerous and counter-productive particularly if it involves draconian measures that are appealing simply because they are “nationalistic”, (3) condemnation of demagoguery and xenophobia wherever it appears; and finally (4) a willingness

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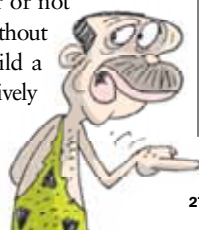
among Turkish officials and businessmen to carry on with the long haul hard-work of modernizing Turkey's legal and administrative system-realizing as they must, that this is a win-win situation.

How do we achieve this? My personal recommendations for the way ahead can be summarized in three points:
-The judicial alignment with the rest of the EU and the democratic capitalist world needs to be continued.

-The will to modernize as well as the values of liberal democracy need to be more deeply inculcated into the institutions and the increasingly urban general public.

-Turkish nationalism needs to refashion itself along the lines of the 21st century. This requires some degree of sovereignty sharing and some components of supra-nationality in international relations. It should avoid the risk of letting itself fall into the trap of historical geographical and political isolation.

This work will have to be done whether or not Turkey eventually joins the Union because without them our country will not be able to build a strong and competitive economy and an effectively functioning modern society. Membership



in the European Union will facilitate and shorten the time needed for the realization of these goals. At the same time such a Turkey would be an irreplaceable asset for an EU with global aspirations.

Ways forward

There are no quick fixes for Turkish-EU relations, but time and the rising profile of the Turkish economy operate in Turkey's [and Europe's] favor. If collisions over Cyprus and similar issues can be avoided, organic growth and the incremental rise in human contacts at all levels will eventually change attitudes. Turkey must be helped to resist the temptation to retreat into a sulking and defiant isolation.

Cyprus remains the most likely cause of a “train accident” between the parties. It needs to be understood that such an eventuality cannot be considered an accident since some politicians in the EU and in Turkey are actively seeking it. Will the Greek Cypriot tail wag the European dog? Almost certainly not if Turkish politicians remain in close contact with their western counterparts and both sides, even if they cannot immediately agree, know and understand each other's positions.

It is vital for all sides to keep the dialogue and a flow of ideas alive. The channels of dialogue that are already in place need to be deepened and widened. Both sides need to work harder on this.

There needs to be more Turkish participation at all levels of the debate about Europe's future, especially perhaps among the young.

The political balance in Turkey today would probably have been very different if the Turkish application had received a clear green light. But at the end of April, after threats of a possible Army intervention, the European Union gave an unmistakable signal that it is committed to Turkey and its democracy. That is an encouraging sign for the future. Indeed it is democracy, perhaps more than EU membership itself that is our goal.

The vision of democracy to which Turkey must aspire to involves the supremacy of law, pluralism, freedom and equality, and also social justice. But in the 21st century democracy goes beyond those frontiers. It must encompass freedom of conscience, liberty of religion and gender equality. These are part and parcel of universal human dignity and basic requirements of respect for the cultural diversity of all human beings irrespective of their ethnic, religious and linguistic particularisms. Turkey must identify itself with these ideals whether or not it becomes a member of the EU. This is how we Turks must make ourselves worthy of Atatürk's legacy. This is also how Turkey can make immense contributions to the future prosperity, power and projection capabilities of the EU.

We expect the Euro Atlantic world to take note of this agenda and the evolution it represents: for it is of worldwide impact.

Özdem Sanberk, a former diplomat, was the Undersecretary of the Ministry of Foreign Affairs.

THE WORLD AND TURKEY CANNOT GO IN SEPARATE DIRECTIONS

Mahfi Eğilmez

The turbulence that struck global financial markets last August was similar to the one in May 2006. It was also as overwhelming. This last wave of financial crisis originated with the sub-prime mortgage crisis in the United States, was followed by a similar malaise on the part of overexposed hedge funds and then spread to Europe. It was shorter than the previous one but hit hard. Some analysts attributed these fluctuations to the waves emanating from the sub-prime mortgage crisis in the United States, while others blamed it on carry trade and hedge funds and yet others on the woes in all of these. Some of these analysts believe that

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the crisis was only of temporary duration. More pessimistic analysts, however, argued that this may usher in a long overdue major crisis. The majority, on the other hand, believe that such small and medium-scale crises avert larger ones. Let's stop and take another look at the causes of such fluctuations. That is, let's see what the set of events are that create risks, which ones have materialized, and which others are on the pipeline. This is important since these crises will continue to have an impact on our near future.

The world turbulence

The major global economic risks are lined up as follows: (1) The woes of the US economy (current account deficit, budget deficit, savings/investment deficit, and the risk of sluggish economic growth as a result of these, or the risk of recession in the United States); (2) The state of mortgage loans, particularly worrisome in the US; (3) The state of hedge funds; (4) Rapid declines in credit discipline and loan quality on an international scale; (5) Carry trade; (6) High current account deficits in

developing country and particularly emerging market economies. To date, among these, the US mortgage loan, hedge fund, and carry trade risks have materialized. As they unfolded, they created two major waves in world markets. The first struck in May-June of last year when the mortgage and carry trade risks materialized. The second crisis in the second half of August this year was the advent of the hedge fund and carry trade risks and the momentum of the earlier crisis no doubt contributed to its intensity. The risks that have not yet materialized could indeed lead to crises on a much greater scale.

In case of a recession in the US economy, keeping the rest of the world economy afloat will be particularly difficult since the American economy represents almost one-third of world output. An equally devastating crisis would be unleashed if the current account deficits of some developing countries could no longer be financed. For some time now these countries have run their economies with the help of unprecedentedly high current account deficits. If the credit risks materialized this would bring us face to face with a banking crunch. For credit discipline and quality have indeed disappeared. Banks and other credit institutions gravitated towards marginal areas. The rising trend in the markets, positive expectations, and cut-throat competition have forced the banks' hands. The urge to maximize profits has phenomenally maximized the risks. Therefore, a severe crisis in credit markets could spread globally, and lead to a succession of crashes. (In this respect, Turkey seems less risky than others because it placed its financial sector under stringent supervision and discipline as a result of the banking crisis it experienced in 2001.)

Furthermore, it is still too early to suggest that the risks that materialized with the two recent fluctuations have abated completely. That is, the mortgage, carry trade and hedge funds risks still remain in place. Hundreds of billions of dollars have been injected into the markets by central banks during the last crisis, a move that prevented the full materialization of the risks. As Chinese wise men used to say, "Money has covered the defects". But how long can this last? These defects reached

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do not appreciate vis-à-vis each other or appreciate below this rate. When the Japanese yen starts to appreciate or a crisis is in the air, they take their money and leave. Certainly, they are not doing this on their own but through funds that follow Turkey and the world.

Global economy has turned the world into a village merely in terms of capital movements. From this perspective, we have to recognize that the fluctuations in the world economy will continue and that this is not a temporary phenomenon. We then must choose our own track. To put it more clearly, as

seismologists tell Istanbul's inhabitants that they "have to get used to living with earthquakes", we also have to get used to living with economic fluctuations and crises.



such enormous dimensions that no amount of money can cover them entirely. Will pumping liquidity into the market be enough to prevent a crisis or will it merely delay it? Nobody knows the answer. In the past, it was easier to make decisions or forecasts by simply analyzing the risks in the country where a crisis erupted. The intermingled relations that now define the global system, however, make it increasingly difficult to predict the course of developments.

My guess is that such fluctuations will continue with increasing frequency. I am convinced that we have now reached the end of the upward trend in the world economy. I also presume that we are now going through that brief period of pause at the apex of the fluctuation. Or to put it more clearly, we are in a roller coaster that has reached the highest point of the tracks and is waiting at a standstill before it suddenly starts its steep descent. It is as if all these interventions will do nothing but slightly prolong that moment of the standstill.

If this analysis is correct, then it is the turn of credit risks to materialize. This time, however, developed nations will suffer more than the developing countries, as they fell for the spell of higher profits and interest rates and invested their money in the bonds, stocks and borrowers in developing countries. This is more widespread than ever before and led to the phenomenon of "carry trade". Japanese housewives are now given as the typical example of this practice. Japanese women borrow from banks in their country for an interest rate below 1 percent (There is almost no inflation in Japan) and invest in Turkey with an interest rate near 20 percent. They earn money as long as the currencies of both countries

Turkey is more volatile

The almost infinite freedom of capital movements has created a system whereby malaise in an economy immediately affects the others. In fact, sometimes other countries are affected more than the one where the crisis originated. In a global system, it is quite common that an American or European fund management borrows from a Japanese bank, invests in the Brazilian or Turkish Government Bonds, converts the money back into yen at maturity and makes a profit. As long as the parity between the local currency and yen does not fluctuate in a way that disrupts this relation, the system works. Capital flows to wherever it can find higher interest rates. Naturally, high return to investment is not the only consideration. You weigh in the risks as well. Certainly, fund managers avoid putting all their eggs in a single basket. If one of these countries tumbles into a crisis, and the clients demand their money the funds also leave Turkey with their money to meet the demand of their clients. There are two reasons: the first is, as I have mentioned here, to remain in business by balancing the loss they endured in the crisis-stricken country with the profits they made in Turkey and secondly, to avoid being affected in case Turkey is also hit by the same crisis. There is not much we can do for the former. But regarding the latter, there are things we can do. And topping this list is the elimination of the political tension in Turkey and inspiring confidence by completing structural reforms.

The external crises we have experienced thus far show that Turkey is hit more severely in such crises than the world average. For instance, among the 37 countries that suffered during the turbulence of last August, Turkey ranked sixth. This is measured

predominantly by the losses in stock markets. In this sense, more sophisticated measurements are required. Either way Turkey was among the most affected countries. But why does Turkey engender such a high risk perception? After all it is among the fastest growing economies in the world; it has managed to reduce its budget deficit below the Maastricht criterion of 3 percent while many other European countries are unable to do so; it brought its public debt burden reducing it almost to the level required by the Maastricht criteria (60 percent) while many European countries are again roaming around 100 percent; it spectacularly reduced its inflation rate; and it sets new records in privatization and foreign capital entry. The answer to this question cannot be given merely in economic terms. Yes, Turkey scares off foreign investors with its high current account deficit, but other emerging market economies also run similar deficits. On top of this, Turkey holds the world record in interest rates and offers a real interest rate of more than 10 percent despite this successful economic record. Then what might be the reason for this high risk perception? The fundamental reason why Turkey is affected by external fluctuations more than others lies in the political environment rather than the economic. The tension in domestic politics adversely affects both the economy and the foreign investors. Consequently, both the risk perceptions and the demanded real interest rate remain high.

Will politics dominate the economy?

During the Justice and Development Party's (AKP) first term in power the management of the economy took precedence over all else. Therefore the economic data at the end of the term looked phenomenally better than what they inherited.

Comparison of the economic indicators between AKP's ascent to power in late 2002 and before the elections in late June 2007.

Economic Indicator	Unit	2002	June 2007
GDP (in billion USD)	Billion USD	181	400
GDP growth (previous 5 years' average)	%	0.5	7.2
Inflation (previous 5 years' average)	%	55.2	10.4
Budget deficit/GDP (previous 5 years' average)	%	-12	-4.5
Unemployment rate (previous 5 years' average)	%	8	10
GDS interest rate (previous 5 years' average)	%	80	24
Current Account Deficit/GDP (previous 5 years' average)	%	-1	-6
Foreign Direct Investment (previous 5 years' average)	Billion USD	7.3	46



This record of improvement clearly indicates that the economy was the number one priority during the first term of AKP rule. In other words, the economy dominated

politics. Therefore, the AKP started its first term with the correct diagnosis. It understood that people wanted a successful economic management and focused on this. Indeed, opinion polls conducted before and after the elections reveal that voters see AKP's economic achievements as its most successful side.

The main concern of the ordinary citizen is how his/her welfare is changing. In an environment where the economy grows, incomes increase and inflation declines, personal welfare of the citizens also increases. During the last 5 years, the citizens experienced and felt this. They paid scant attention to the growing current account deficit. In fact, they didn't even perceive it as a negative situation since the growth in the current account deficit also increased their welfare through economic growth.

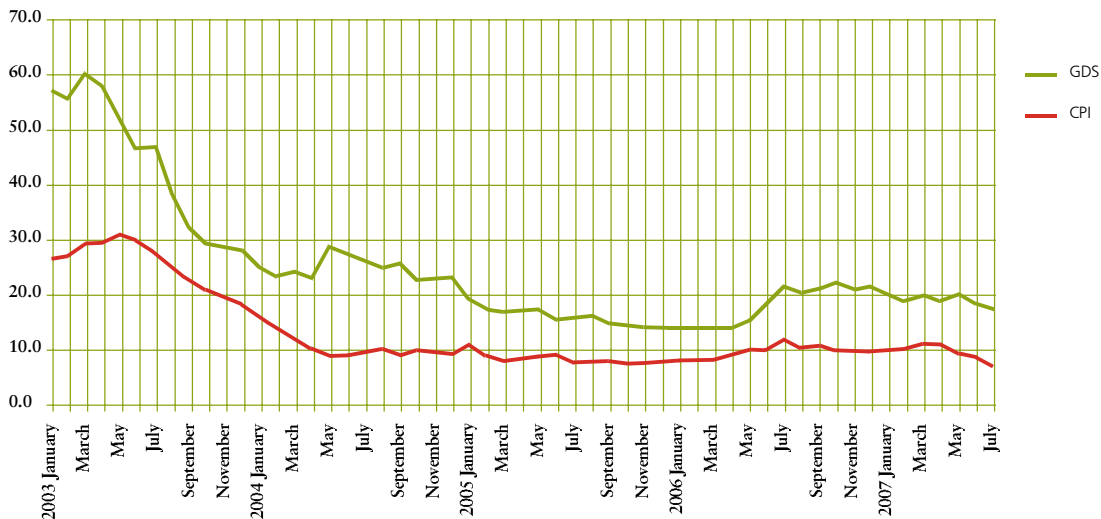
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While trying to measure the AKP's economic performance, it is worth remembering that high interest rates was widely debated in the public domain prior to the elections in 2002. The graph below demonstrates the relation between inflation and interest rates after AKP's rise to power (CPI taken as the measure of inflation and GDS compound interest rates as interest rates)

As inflation declined, interest rates followed suit, in fact they dropped more rapidly at the beginning. Undoubtedly interest rates are still very high (17.5 percent) and real interest rate is at a record-high level (above 10 percent). However, the declining trend suggests much to the public, giving them hope for the future. Westerners, who are accustomed to low interest rates, may fail to realize its importance, this development is almost miraculous for a society that expected interest rates to climb even higher prior to 2003. The graph actually contains a summary of the AKP's success in recent elections (The graph reveals another secret too: That the movements in international markets have a considerable impact on the performance of the Turkish economy. As can be seen in the graph, inflation rose with the May 2006 turbulence in world markets but interest rates rose even more steeply. Since then, declines have remained pretty limited).

Such a record should have led the government to continue prioritizing the economy and improve on its first term. Therefore

The Course of CPI and Interest Rates (January 2003-July 2007)



the rational expectation would be to expect the economy to continue to take precedence over politics. Yet Turkey is a country of surprises and it is difficult to predict when politics may move to the fore.

The recent turbulence in world markets erupted almost simultaneously with the declaration of Abdullah Gül's candidacy for the Presidency. Therefore it was difficult to distinguish between the two dynamics and measure their intensity in effecting the economy. Some analysts attribute the turbulence in Turkey entirely to exogenous pressures while others claim that the domestic political tension played a significant role. My judgment is that the tension in domestic politics magnifies the effect of external fluctuations.

It is beyond doubt that Gül's candidacy was a democratic choice. That a political party, which obtained a majority in Parliament, in fact with a landslide victory, nominates its own candidate for the presidency and works towards his election is perfectly within democratic norms. On the other hand, the main opposition party, CHP, declared that it would decline all invitations to Presidential functions. This is a sign that the Tension would remain high. CHP thus declares that they will not recognize Gül as president. How the relations between Gül and the military will be shaped, on the other hand, still remains a puzzle. There are two views on this. One school argues that the tension would not abate even after the presidential election and continue throughout Gül's presidency. The second school would argue that after becoming president, Gül would be equidistant to all political parties and the military, and eliminate the tension by making all sorts of compromises. If the former view is correct, it is reasonable to expect that this tension will

dominate Turkey's near future. Such an atmosphere may transform the gains of the economy into losses. And if the latter camp is right, Turkey would be able to advance to a better position than before.

If the world conjuncture turns

Like many other emerging market economies, Turkey benefited from the upward trend and the consequent abundance of liquidity in world markets. In fact, I believe that without exaggeration Turkey has been the country that benefited most from this environment. Other countries were already able to attract foreign funds in the past. During the last three years, Turkey has managed to attract unprecedented amounts of foreign capital. It also managed to borrow successfully in international credit markets. Foreign borrowing, which was dominated by the public sector in the past is now dominated by the private sector. Turkey thus managed to easily finance its high current account deficit that resulted from high growth.

One of the most important concerns for foreign investors is the ability of a country to pay back its debt. By pulling the public sector debt burden down to 60 percent, Turkey has relieved foreign investors. Nevertheless, high current account deficit is still perceived as a serious risk. Yet this deficit is the result of the import of capital goods, which constitutes the driving force of growth. Economic growth has been Turkey's historical obsession, and rightfully so as keeping growth high leads to a rapid rise in per capita income and helps close the gap with developed countries. The faster this gap is closed, the easier our membership to the EU will be. That's why Turkey will continue importing capital goods, intermediate

goods, and raw materials, and hence running current account deficits. In the coming period we need to finance some portion of this current account deficit with foreign direct investment rather than foreign

debt as was the case in the past. We should not disrupt our debt indicators. Correcting debt indicators is hard, but keeping them there is probably even harder. But when corrected indicators start to deteriorate, they will lead to a perception of growing risk, which could bring the entry of fresh foreign investment to a halt.

What we call conjunctural movements consist of the ebbs and flows of the economy. In general, each ebb is followed by a flow and vice versa. When the upward trend starts, an optimistic look for the economy takes shape. Everyone wants to have a piece of the action, and the boom in demand carries the values in the economy to much higher levels. Market caps of companies increase, stocks gain value, real estate appreciates. This rise increases demand further. Even those who remained indifferent to these values previously start to buy stocks, real estate, funds or in more general terms take a position. Consequently, prices and values continue to bloat. In the face of rising demand, banks hand out more loans, issuing loans much more easily to industries, persons and institutions that they previously eschewed. Those who borrow loans from banks further increase the demand and prices start to bloat once again. At the end comes the realization that these increases do not reflect real values. Failures, bankruptcies follow one another, demand drops, values decline and the downward trend starts.

**TURKEY WILL
CONTINUE IMPORTING
CAPITAL GOODS,
INTERMEDIATE GOODS,
AND RAW MATERIALS,
AND HENCE RUNNING
CURRENT ACCOUNT
DEFICITS.**

For about a decade, the world conjuncture has kept an upward trend. This wave has been sustained despite occasional declines. However, the increasing frequency of intermediary waves brings to mind that we have approached the end of the upward trend. There are two distinct views on this. The first is that these intermediary waves have eliminated or at least greatly mitigated a possible major crisis. The second, on the other hand, argues that these corrections only postponed the major crisis that is due to erupt. We are not in a position to determine which view is correct since we are not fully aware of the problems of the economy. The truth generally comes up when problems turn into crises. The eruption of the mortgage crisis disclosed



that bad credits were indeed a widespread phenomenon. This should tell us that figures do not reflect the reality most of the time.

Turkey will be one of the most affected countries by a negative reversal in the world economic climate. Because at that point, the current account deficit, which is the driving force of growth, will be like a truck going downhill without any breaks.

Measures against the conjuncture

The successful scorecard for the economy I presented above tells us that the AKP should continue doing whatever it has done in managing the economy in the past 5 years. In other words it must stick to anti-populist practices to reduce the budget deficit, fight inflation, and add to these the structural reforms that could not be completed in the first term. These are easier listed than implemented. When a newly-established political party comes to power in the first election, the first term in power is easy. Because it has yet to become a party in a real sense, still undergoing the phase during which every order of the leader is carried out. However, things get tougher during the second term in power. Party discipline weakens a bit more and the leader loses some of his formal powers over his deputies. We observed the same phenomenon between the first and second terms of the Motherland Party in power in the '80s. Today, as Turkey must enact and implement particularly tough structural reforms how the political balances will be established remains to be seen. Therefore, Turkey should not waste any more time with the issue of the Presidency. AKP exercised its democratic right and elected Gül as President. It did not seek an accommodation with other actors. What comes next is much more important. Turkey needs the politics of compromise and not of confrontation. Here, a lot of responsibility falls upon President Gül as well. Everything should be done to avoid unnecessary tensions. Since electoral success is mainly a function of successful economic performance, the economy should continue to be our number one priority and managed accordingly.

Developments in foreign policy will also have a bearing on Turkey's economic performance. On that score Turkey's efforts must be concentrated on pursuing the EU membership goal. To that end the seemingly moribund process of negotiations must be revitalized with bold moves on thorny issues and determination that will also revitalize the public's waning enthusiasm for the project. It is incumbent on the AKP government therefore to pay as much attention to the EU accession process as to the skillful management of the economy. If they wish to attain their goal of \$10,000 per capita income and continue to win elections, that is.

Mahfi Eğilmez is the former head of the treasury and a co-host of ekodiyalog on NTV.

To whom does this smile belong?
To whom does this smile belong?
To whom does this smile belong?
To whom does this smile belong?



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FROM CHALLENGE TO OPPORTUNITY, TO CHALLENGE AGAIN

Metin Bonfil

11 years ago, I wrote an article for this magazine entitled, “Unchain the Bull!” It was 1996 and Turkey had just started to recover from the 1994 financial crisis. The world was not connected as today (Thomas Freedman had not yet published his great book called, *The World Is Flat*) and; a liquidity crisis would have been interpreted akin to a draught, as opposed to a flood. In the sphere of global economics, countries like Turkey were still ungraciously referred to as LDCs i.e. Less Developed Countries. Some observers quipped that Turkey was a ‘basket case’, a term coined by the IMF economists for countries that could not break out of the Third World. After a thorough review of the investment opportunities in Turkey in 1995, Goldman Sachs equity analyst Kent Osband had asked the following question: Will Turkey always remain the country of the future?

While South East Asian tigers like Korea and Taiwan were writing economic history, Turkey remained an economic mystery, astounding world economists with her capacity to sustain chronic high inflation without spiraling into hyperinflation.

Revolving door governments, coupled with high inflation and ballooning fiscal deficits, were the chains that had pinned Turkey down, preventing economic growth and prosperity. Hence, the title, *Unchain the Bull...*

Today, it is a fact that the Turkish economic turnaround ensuing from the 2001 economic crisis has outrun and outpaced most of the earlier economic cycles in recent Turkish history. Using the same analogy, the bull is finally set free. The Turkish economy has grown at a yearly average of 6% for the last 17 consecutive quarters. The rewards came in many ways, most strikingly in the form of higher asset prices and a more valuable Turkish Lira. Just before the critical EU decision whether to start accession talks for Turkey in October 3rd, 2005, I made a presentation in Valencia to a group of investment bankers, entitled “Turkey - From Challenge to Opportunity”, signaling the refraction point in Turkey’s economic fortunes was going to be the historic EU decision on October 3rd.

Stellar economic performance and single digit inflation (at

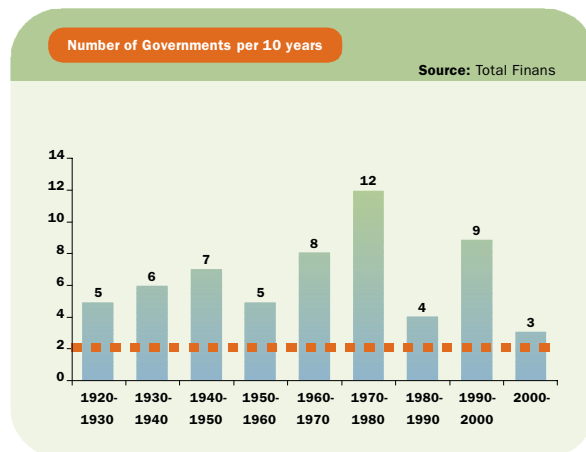
least as of February 2007 data) are the hallmark achievements of the AKP government today, not to discount the progress with EU convergence. The shedding of 6 zeros from the Turkish Lira crowned the achievements of the Central Bank. Stocks are up, real estate prices are way up, and the lira has gained significantly. Turkey now boasts 26 billionaires according to Forbes magazine. Through televised auctions, prices previously unheard of fetched most precious assets like Tüpraş or Erdemir, or even parcels of land in the center of Istanbul, signaling Turkey’s turnaround story to the world.

For those of us with 20+ years in the Turkish economic scene, however, innate conservatism does not wear off so easily. Remember the 80’s? How can we forget how inflation tore apart our society? Weren’t we led to believe that inflation was a necessary evil if we wished to achieve prosperity levels of the nations in the first league? Who could have argued at that time that massive devaluations were not good for export led growth? What a big difference with today, when we are witnessing consistent growth with low inflation and a revaluation of the lira instead of devaluation. The country’s exports have reached \$90 billion in the last 12 months, compared with \$23 billion 10 years ago. Times must have changed.

Today, judging by how the US economy has been tugging the world economy into growth by running twin deficits, should we conclude that trade and current account deficits are good for growth? Maybe not. Japan and Europe have not been running deficits for a long time. Could that be the reason why these economies are not growing? Maybe not in this case either: China and Brazil have been running trade and current account surpluses yet, they have grown consistently. None of these economies seem to have used inflation (fiscal irrationalism) to trigger economic expansion either. On the contrary, growth has come during periods when inflation has been under control. The Table below shows historic inflation trends in various parts of the world to compare with Turkey’s performance:

During the 10 years until 2000, Turkey seems to have missed

Source: Total Finans				
Average Inflation	60/69 %	70/79 %	80/89 %	90/99 %
USA	2.8	8.1	3.7	2.6
Switzerland	3.5	4.5	2.4	1.3
U.K.	3.9	14.9	5.3	2.7
Thailand	1.8	10.2	3.0	4.8
S. Korea	-	16.5	4.1	4.8
Greece	2.3	15.5	17.9	8.0
India	7.7	7.6	8.2	8.8
Turkey	4.4	29.2	48.5	80.8
Argentina	23.3	149.3	460.3	3.3
Mexico	2.9	18.5	76.6	19.7



the boat. Populism itself, deemed necessary to capture a governing majority, created the inertia against fighting inflation. Through populism, the people got back more than they gave in the form of taxes, so inflation was not entirely unacceptable either.

Let us observe briefly Turkey's track record with democracy and see the correlation between politics and economics. Since the establishment of the Republic in 1923, we had 59 governments including the current one. The Table below shows the number of governments that have been formed throughout the history of Turkish democracy:

There are two periods of 10 years when the number of governments was 12 and 9, respectively. After 12 governments during the 1970-79 period Turkey went into moratorium in 1979 and had a military intervention in 1980. Similarly, after 9 governments in the 1990-2000 period a ground shaking economic crisis took place in early 2001. Observe how GNP growth took a toll during times of political uncertainty:

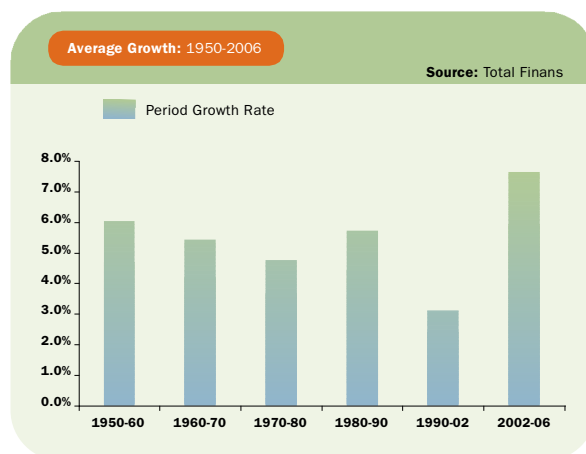
It will be concluded that the necessary evils for democracy and growth (populism and inflation) have cost Turkey dearly. Up until 2003-2004, when asked about the investment climate of Turkey, a 'poetic' businessman would have probably responded with the following verse:

*Volatility is the most common trait,
'tween heaven and hell, I await.*

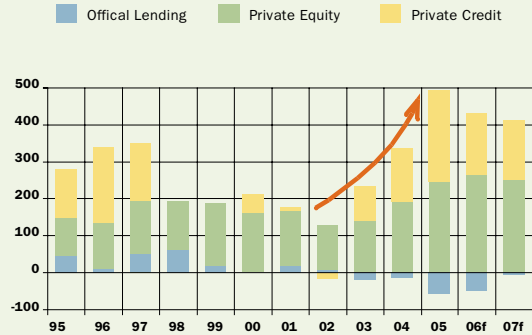
Turkey's GNP per capita remained around US\$ 3,000 level for the 13 full years between 1990 and 2002. Had the economy achieved a mere 4% yearly growth during this period, the 2002 GNP figure would have been 67% higher than what was reported. (89% higher if growth were 5% per year). The vicious cycle of political fragmentation, populism, inflation, devaluation, and the resulting volatility, curtailed growth and development for Turkey until the eventful year of 2001. The 2001 crisis and the ensuing reform program engineered by Kemal Derviş (who left the World Bank to become the Minister

of Economy) resuscitated a Turkish economy which had been trapped in this vicious circle. The IMF and the World Bank extended a lifeline worth USD 36 billion in total to restructure the Turkish economy, especially the banking sector. Coupled with the complete eradication of the old figures from the political scene (90% of the Parliament was renewed with first time MPs), the November 2002 elections marked the decoupling of the economy from Turkish political a complete reversal of the Turkish economic cycle, from vicious to virtuous. In a matter of two to three years following the elections, it became clear that a paradigm shift had occurred in Turkey. The impact of this incident was further leveraged by very favorable global conditions. Turkey's economic debut into global financial markets has since attracted many investors who had been previously shunning Turkey as a basket case.

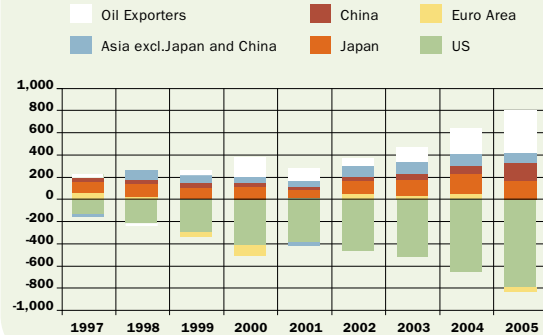
Let us sidestep for a moment and observe what has happened with respect to global capital flows since 2001. The table below shows how massive amounts of money started to move into emerging economies after 2002:



Capital Flows to Emerging Markets (USD billions)



The US Deficit and Its Counterparts (1997-2005 USD billions)



TODAY, THE CHALLENGES ARE MORE ABOUT CHANGING OUR WAYS AND VISION TO BECOME MORE GLOBAL.

While the main flows have been towards Brazil, Russia, India and China, the global liquidity lifted almost every boat.

The new world order which began to take shape after the Fed's reaction to 9/11 redefined the relationship between growth, inflation and the trade and capital account imbalances in the world. In line with this new vision, the LDCs were now replaced with the BRIC economies. These countries are large, export-oriented economies that can absorb huge amounts of capital and technology from developed economies. The BRIC economies stand to generate double (or triple) the growth that can be achieved elsewhere. This is because on the one part, they have huge populations who are creating the largest new consumer markets in the world and, on the other, they have large and cheap labor potential that is replacing the aging workforce of the West. Double-decker growth... Whopper opps with extra fries on the side...

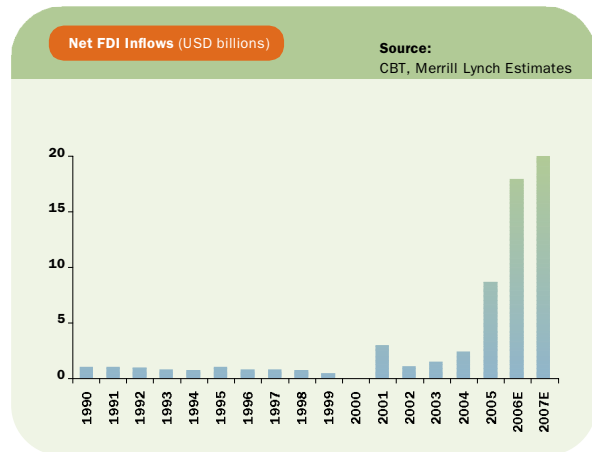
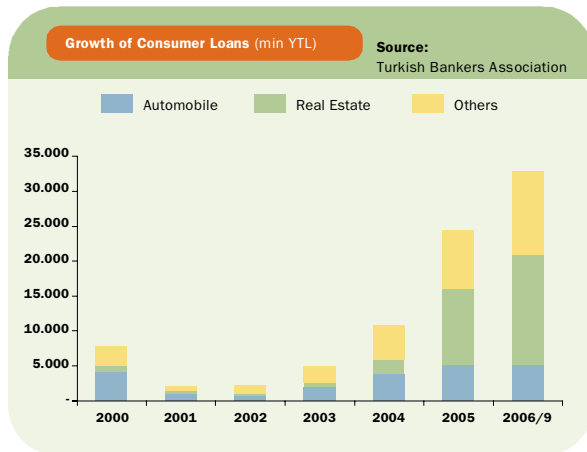
It seems there is a tacit and mutually beneficial agreement between those nations that receive the capital inflows to achieve consistently high economic growth and those that supply the funds for such growth. It seems they 'need' each other. On the one hand, receiving nations invest the proceeds into productive assets and grow their economies, thereby creating huge employment opportunities for its people. They run large surplus accounts, meaning they have high savings rate despite their low levels of income. On the other hand, there are the wealthy nations (primarily the U.S.) that 'dis-save' and use the imported goods and services to keep inflation under control. Is there any

other explanation as to why the Chinese would keep buying US treasury bills to finance the wealthiest nation on this planet? A quick look at the chart below shows how the saving oriented societies financed the spending oriented societies:

So where does Turkey fit in this picture? Are we a BRIC country? Prior to 2003, the level of foreign direct investment into Turkey was barely above that of Papua New Guinea. Today, Turkey contends to be in the same group along with Mexico and Indonesia, but we are much smaller than the BRIC nations:

On the other hand, we are nurturing hopes of accession into the EU, but we are not a small, former Communist Bloc country that can be easily swallowed.

	Popul. min	Size mSq.km	GNP \$bn	04-05 Growth%
Brasil	186	8.5	794	3.6
Russia	143	17.1	763	6.7
India	1,100	3.3	785	8.5
China	1,300	9.6	2,200	10.0
Mexico	103	2.0	768	3.5
Indonesia	220	1.9	287	5.3
Turkey	72	0.7	363	8.1



IT PRIDES ME TO SEE TURKISH COMPANIES THAT HAVE ALREADY OPENED UP TO BECOME TRULY REGIONAL COMPANIES.

While significantly smaller than the other BRICs, but significantly bigger than the Enlargement Countries in East Europe, Turkey too offers double-decker growth potential because of its proximity to Europe and because of its young and large population. Strategically situated in one of the world's most important energy routes, Turkey is an important manufacturing platform for the whole of Europe. Sectors like auto and textiles have long been locomotives for export led growth. In 2006, the exports of automobiles and auto components reached USD 12 billion, thanks to the investments of large multinationals such as Toyota, Ford and Mercedes. Textiles, a sector suffering significantly from the appreciation of the lira, rang in USD 9 billion of exports for ready-to-wear and USD 8 billion for other textile products in 2006. In the last 12 months, total Turkish export sales reached USD 90 billion, compared to USD 23 billion 10 years ago.

In addition to export growth, Turkey's double-decker growth potential came through with a big jump in domestic demand, which was helped greatly by the advent of installment cards and consumer loans. The table below shows how the banks have bankrolled the consumer in Turkey into spending:

With a large consumer population eager to spend beyond their means, all sectors serving the Turkish consumer (primarily real estate, retail and financial services) attracted very significant amounts of foreign direct investments. In 2005 and 2006, total FDI flows reached USD 30 Billion, with another USD 6 billion recorded in Q1-2007.

In a matter of 3 years, foreigners' share in Turkish banking increased to 36% from less than 15%. In insurance, foreigners share increased to 30% in a matter of one year from almost nil. Foreigners' share of YTL denominated assets increased from 12% in 2003 to 35% in 2006. In the Istanbul Stock Exchange, foreigners' share increased to almost 70% by market capitalization in 2006, compared to 33% in 1996.

This is the story of Turkey's successful integration into the global financial arena, bankrolled by strong inflows of FDI and 'hot money' portfolio investments.

We should not fail to understand that the global liquidity glut that has lifted all of the world economy on the whole has been the main driver of our economic growth as well, and prepare for a jolting adjustment when the tide turns.

In a recent article for the FT, the Chairman and CEO of Citibank Mr. William Rhodes wrote, "We are living in an increasingly interdependent world. Times have been good, even with the volatility of the past few weeks sparked by the Shanghai market and then fuelled by the subprime sector in the US. We have been living in extraordinary times in a global 'Goldilocks' economy - not too hot, not too cold."

We have already forgotten the sudden and unexpected pullback from emerging markets back in May 2006.

Today's hedge fund managers are like crazy aficionados running in front the semi-delirious bulls through the narrow streets of Pamplona. They know very well that volatility has increased, that risks have risen relative to potential for rewards.

Yet, the game must go on. The last two years have been exhilarating yet, very very profitable. Some like to call it the 'carry trade'. I would like to name it the 'merry trade' because it makes everyone happy. Exciting.. A quick glance over the shoulder while tearing down the street to see if those pointed sharp horns are too close for comfort? As long as you can run faster than the bull, you will be fine. If you trip? God forbid. There is much speculation that we may be nearing the end of a global virtuous cycle. There is no doubt that certain bubbles exist: The US mortgage market, the emerging market equity indices, the hedge fund bubble... Should we add the value of the US Dollar to the list of bubbles? How about the value of the Turkish Lira? I dread the day when the taxi driver is going to ask me why he had to lose his savings in the Turkish stock market because a large number of Americans cannot honor their mortgage obligations? With a current account deficit nearing 8% of GNP and heavy reliance on sustained inflow of fresh capital, one of the largest challenges for Turkey going forward will be to cope with external shocks.

There was another key driver of Turkey's economic success of late and that was the 10% threshold in our electoral system. Thanks to this threshold, AKP was able to receive 65% of the seats in the Parliament with just 34% of the votes cast. However, this threshold also resulted in 46% of the votes not being represented in the Parliament in 2002. The economic successes registered under the AKP government led to its landslide victory in the July 22 elections. This time, despite the electoral threshold, 85% of the electorate is represented in parliament as well. With this comfortable majority one would expect the AKP to surge ahead with a new generation of necessary reforms. Yet it is very important to note that a wide-spread consensus behind the current government is still absent to drive further reforms. AKP's major challenge is to demonstrate that it can successfully draw the line between party politics and running a secular state. In the event that global liquidity flows ebb backwards and the economy stumbles, AKP may face strong headwinds on account of a political issue and not so much on account of an economic failure.

The third challenge is in unemployment. While official statistics indicate that Turkish unemployment figures of about 10% are generally in line with EU averages, we know that this is not representative of the significant under-employment stemming from a large rural population as well as the non-participation of women in the workforce. Furthermore, job creation for the 1+ million young people entering the workforce each year should be on everybody's mind.

It would be out of place for me to enumerate a long list of problems or risks that pose a threat to Turkey's continued prosperity. I believe that the long list of issues that need immediate attention such as,

the looming current account deficit,
the growing social security burden,
the high cost of energy,
the high level of taxes on consumption,
the extent of the unrecorded economy,
the low level of value added in Turkish exports,
the heavy reliance on imported raw materials for production and exports, let alone, the potential for further conflict near our borders, must remain high on any government's agenda. If we can achieve sustained growth and higher productivity on the whole, which is no easy cake, it will be easier to deal with all such issues.

This is where I introduce my title once more:

From challenge to opportunity, and to challenge again.

I believe the challenges of the 30 years leading to the 2001 crisis were much different than the challenges we face today. Back then, it was about breaking free from the vicious cycle and from self-made political strife. Today, the challenges are more about changing our ways and vision to become more global. If that is too much of a cliché, then, truly 'regional' will do.

The first challenge is to further develop the core competencies of Turkey with a 10-year vision to become,
-one of the largest manufacturing bases for Europeans,
-one of the top three destinations for world tourism,
-one of the largest suppliers of agricultural products to the region,
-the new Dutchmen of the region to exploit new market opportunities in East Europe, CIS and the Middle East, and
-the stabilizing force for fostering peace in the Middle East.

This means eliminating the bureaucratic hurdles for investors who pick Turkey for production. The OEMs in the auto industry have become the champions of export as well as a big source for employment in the components manufacturing segment. This means targeting 35 million tourists per year instead of 17 million and spending money on promoting Turkey.

The second challenge is to achieve economies of scale. Size does matter. The efficiencies associated with scale are real and actually necessary in order to compete in global markets. The development of corporate culture, the ability to invest in R&D, the capacity to tap international debt and equity markets are only for large corporates. '*Klein aber mein*' is out; partnerships and alliances are in. This means consolidation for most Turkish corporations through mergers. It is a pity to see small and medium sized enterprises being sold off to large multinationals rather than merging with similar Turkish or regional entities without losing control entirely.

The third challenge is to increase long term domestic savings. This may come through reducing the crowding out by the government. Our chronic preference for debt as opposed to equity has to change. Debt in complement to equity may enhance returns on capital, however, debt used without measure can have devastating effects on shareholder value.

The level of domestic savings being channeled to productive investments is still very low, compared to developed nations. Long term accumulation of capital funds may be fostered through life insurance and funded pension schemes. This may mean investing in long term retirement accounts instead of the new summer house.

The fourth challenge is to increase value-added in the delivery of goods and services. We must continuously measure the value added that we create through our investments. It is estimated that Turkish exports enjoy only about 15% of the value added enjoyed by Taiwanese exports. This means selling directly to the consumer rather than through an intermediary; switching from being the outsourced entity to being the outsourcer. This means branding, know how, service quality and the like.

It prides me to see Turkish companies that have already opened up to become truly regional companies. Consider companies like Arçelik, which has the highest number of patents in Turkey and is present in many markets outside of Turkey with its products. Consider Efes which is a true force in Russia. Consider Fiba Holding, which offers banking services in Holland, Switzerland, Germany, Romania, Ukraine and Russia alike. Consider Enka, which has two plants in China to supply GE. Consider Eczacıbaşı which now has a leading world brand under its umbrella such as Villeroy & Boch. Turkey's billion dollar league is a much longer list, of course, but the trend is clear: Go regional! Partner up if necessary. Look at GE-Garanti gearing up to be present in new markets. Companies like Turkcell and Ülker, which draw huge strength from their local market dominance, are now taking on serious multinationals in other markets.

The recent interest from private equity firms to Turkish business is a great new opportunity for many, if applied correctly. Here is a group of people with the financial resources and strategic acumen to support the growth of Turkish companies to become more focused, to enjoy greater economies of scale, to create higher value through their own brands and, to become more regional.

Special thanks will have to go to Turkey's flag carrier, Turkish Airlines, which upgraded and invested to become a very strong player. During the last 5 years, this airline's number of planes increased from 61 to 102 with more additions on the way. The hinterland for Turkish companies should now be defined as the totality of the markets that fall within a radius of 2 and 6 hour flying distance from Istanbul.

This is the story of Turkey learning to grow into its new shoes in a world that has become flat.

The challenges facing Turkey during the 50's through the 70's were about coping with free markets and multi-party politics. The 80's were about switching from an import substitution economy to an export oriented economy. The 90's were 'lost' years in terms of prosperity and Turkey

remained trapped in a vicious cycle of instability and volatility.

Today, thanks to the reform program undertaken after the 2001 crisis as well as favorable external environment, Turkey began to develop into a true regional power in a very important region. With sustainable economic growth at home, Turkey is aiming to play a leadership role for achieving peace and stability in the Middle East. As an energy corridor, Turkey already helped diversify the world's vital energy sources. Successful and large Turkish corporates are already taking on their international competition in the race to develop new markets in Russia, CIS, East Europe, Middle East and North Africa.

Externally, the odds are in Turkey's favor: The war in Iraq raised the world's awareness regarding Turkey's stabilizing role in the Region. The EU integration process raised Europe's awareness regarding the market and outsourcing potential in Turkey.

The challenge this time will be to switch from the short to the long term and to develop the winning strategy; to achieve scale, to build value and to become more cost competitive.

The results of the July 22nd elections came as a resounding confirmation that economic success breeds political stability.

Despite much clatter from opposition parties about the election of Mr. Gül to the Presidency, the AKP proved to be the only contender in the general public eye to bring about the continuation of economic and political reforms.

While the last two months have shown that the bubbles in the global financial markets are likely to halt the rapid increase of asset prices everywhere, it is not yet imminent that the sub-prime mortgage debacle and the hedge fund losses will hinder Turkey's economic progress severely. This is because of the high level of foreign direct investment contained in the hard currency inflows that fund Turkey's bulging current account deficit. However, how many Telecoms or Finansbanks can be sold? Also, how long can and should Turkey keep real interest rates as high as 11% to shield the already high value of the Lira?

While the past is not necessarily the clearest indication of the future, there is reason to believe that the renewed confirmation afforded to AKP government will give PM Erdoğan the free hand to shape Turkey's political and economic strategy to an unprecedented degree. With politics out of the way, the 72 billion strong consumers, coupled with \$72 billion in Central Bank international reserves, cash rich neighbors in Russia and in the Gulf seeking new investment opportunities in Turkey, it is an opportune time to keep looking at the longer term picture.

Metin Bonfil is the founder of Total Finans and Member of TÜSIAD

Turkey since 2002 and beyond 2007:

Hasan Bülent Kahraman

In the early elections of July 22, 2007 the ruling Justice and Development Party (AKP) received 46.7% of the votes and got a strong mandate from the electorate to run the country for a second term. The dynamics of the elections, the events of the pre-election period and what this means for civil-military relations as well as Turkey's future course as a secular republic are treated elsewhere in this magazine. These questions will be with us for some time to come. But the electoral victory of AKP tells us another story as well. One that is related to the nature of Turkey's politics, the way power is organized and distributed and the reflection of Turkey's social transformation on the country's politics. In that story to correctly analyze the genesis of the AKP and situate it in the context of conservative right-wing politics in Turkey are of critical importance. As is the fact that the elections and the actors that participated in it still do not adequately deal with the structural issues of Turkey. This explains why the elections can only provide temporary answers to Turkey's permanent problems.

The advent of AKP

The 2002 elections in Turkey produced one of the most interesting political results ever. The election outcome ended the decade long period of coalition party rule and led the way to a single-party government. This was a welcome result, even though many of the institutionalized political structures and their main actors were not pleased with the results. If a different party had

won they would have reacted more positively, but in this case they were quick to criticize the new party in power, the AKP. This was due to the fact that the political and bureaucratic elites of Turkey have traditionally clung to a deeply entrenched official ideology and therefore viewed pioneering parties especially those such as AKP that stemmed from Islamist roots as the opposite of the sovereign ideal.

The political force or coalition that was so opposed to this new government is difficult to define. In Turkey, intuition and collective acceptance of the role of government take the place of open and explicit definitions. This is not merely the *de facto* truth but institutionalized in the 1982 constitution; i.e. the state is the army. Not only has this institution been one of the most important actors in Turkey's modernization process dating back 150 years, it has also played an important role in cementing positivism, the fundamental ideology of modernity. So when the Turkish republic was founded in 1923 much of its power and institutional support came from the army.

For long the military's main allies were the intellectuals and the bureaucratic class. Despite some ups and downs these allies remained quite loyal to one another until today. For this coalition of elites the AKP victory was quite an affront. We need to understand why.

What exactly is the AKP and what dynamics brought it to power? In the past five years how did power change the AKP and by examining this period what can be said about AKP's ideology and sociology?



Political Islam, or the manifestation of Islam in the political arena, made its first appearance in the 1973 elections in the form of the National Salvation Party (MSP). That year MSP won a respectable share of the vote and formed a coalition with the Social Democratic CHP in government. Later, it entered coalition governments with other right wing parties. After the military intervention of 1980, the party was banned like all others. With the elections of 1991, Islamist political actors came back to Parliament under the banner of the Welfare Party (RP). The RP managed to come first in the elections of 1995 and formed a coalition government with the right of center DYP. This coalition came to an end when the military, with the so-called post-modern coup of 28 February 1997 ousted it from power. Between 1997 and 2002 the Islamist movement formed three more parties and the third, AKP, represented a generational and ideological break from its predecessors. Previously perceived as a marginal force, the Islamist movement now represented by an AKP was transformed considerably. It moved away from its earlier introverted, anti-market, anti-western incarnation and captured the political mainstream.

AKP's strategy

The AKP is a movement that attracted young members of the Islamist movement disenchanted with the stance, record and outlook of the older generation as reflected in RP and its successor party's politics. These members included Tayyip Erdoğan, Abdullah

Gül, and Bülent Arınç who now lead this movement. They share several noticeable characteristics. All three had experience in local politics, came from a similar political environment, and had social and political relations with Islamic circles in their earlier years. While Arınç and Gül whetted their appetite for politics with many years in the parliament, Tayyip Erdoğan gained his experience from being the mayor of metropolitan Istanbul.

As a result of the lessons they drew from their earlier experience the AKP leadership set three principles to guide the formulation of their politics: a) do not confront the state and cooperate within the tradition of center right parties that dominated Turkish politics since the 1950s such as DP-AP-ANAP (Motherland Party); b) put modernization before religion and be clear about this; c) create a system wherein you place sustainable, reliable local management at the regional level, i.e. people who understand the region and attempt to bring them closer to the central government. These principles actually duplicate those of previous center-right governments. The only difference being that this time around the Islamic component was more accentuated and more openly assumed. Numerous things happened after 1990, all with an Islamic bent: new groups and cadres were formed or won over. By avoiding any conflict with the state, the Islamists were now able to obtain the support of businesses that were heavily concentrated in Anatolia but desired a move to metropolitan areas. Above all—they were able to reach an accommodation with established institutions that defend the

cover story



The AKP cadre understood that the path to power involved compromising with the state and at the very least avoiding conflict.



Republican ideology, by putting modernization above religion. This view of AKP, which was put to test during their first term in power and characterized the conflicts of this period, should be explained in more detail. This is especially important to better understand their main constituencies.

AKP's first base and preparatory environment

16 months after its foundation the AKP contested the elections of 2002 under the leadership of Tayyip Erdoğan who was then banned from politics and won. This was a result of AKP gaining support from two different bases. One of these bases was economic, the other social. The economic base was and is mostly situated in rural areas and, while frequently called “Islamic capital,” should more properly be called “conservative capital”. This is a rising bourgeoisie that retains its own network of relationships. From the early 1980s onward but particularly in the 1990s as globalization went apace they took advantage of new economic opportunities and wanted to move to metropolitan areas, to the center of economic activity.

The AKP cadre understood that the path to power involved compromising with the state and, at the very least, avoiding conflict. They must have realized that gaining power would mean the possibility of taking a larger share of power from the Turkish state. Turkish politics was understood with the help of the center-periphery dichotomy, that Professor Şerif Mardin introduced to Turkish social science literature. Drawing on the work of Edward

Shils Mardin argued that the dynamics of politics in Turkey took place between the state forming elites that virtually monopolized power and the people in general who were ruled and had significant cultural differences with the cadre of the center. This classical center-periphery definition, has lately begun to lose its significance. Today we have a new situation, which I call the “periphery center”. This signals a new factor at play. Here was a new political class, one that is open to the outside world and in favor of global economic integration forces. This group has reached a point in which their political weight could no longer be ignored or denied.

Keeping this in mind, we recommend the use of the term “periphery center”, which points to a dynamism that is not encompassed in the classical center-periphery definition. The periphery center consists of those groups of people who live in urban areas but who have not yet integrated into the urban sociological center. Turkey's process of modernization is the most important factor that brought this reality about. And here lies the social basis of AKP's power.

A defining characteristic of Turkey's social transformation is the mass migration from rural areas to urban ones that continued since the 1960s. As a social reality this is an issue that continues to have repercussions on modern-day politics of Turkey. This constituency that was generally center-right in their sensitivities, consistently looked for a party or a movement that would allow them to increase their standard of living. For a long time center

traditional right parties delivered the goods. The post-Cold War environment was different though both by the context of economic development and by the intensity of the migratory waves. One can add to this the expansion of the demands of the peripheral population. The failure of traditional political parties to even understand, let alone tackle, the new social realities of Turkey alienated most of the electorate from them. The unprecedented corruption of the 1990s and the succession of incompetent coalition governments eroded the legitimacy of the traditional political party system. The death knell, so to say, came with the severe economic crisis of 2001 and the country was ready to try a new force that in addition to being a fresh address understood the country's new dynamics and had a program to present to these emerging constituencies.

Is Islam a factor?

The structure that we have been analyzing up to this point begs the question of whether or not Islam played a defining role in these politics. It is difficult to argue that a radical Islamic attitude was behind AKP's success. Once the post-1920s radical-Jacobin, intellectual-universalist modernization wave had ended, Islam began to consistently protect its position in Turkish politics. This is not just because a large segment of the population adhered to the Islamic faith. Almost all of Anatolia is Muslim. However, Muslims are not a homogenous group, especially when one considers the role of Alevism and Sunnism, and the charge many Sunnis make that Alevism is merely a sect. History has shown that the tension between sects of an insular nature is stronger than the tension between different religions. In this way it is important to note that the Islamic political arena encapsulates the Sunni population more than the Alevi, which has many different practices and traditions. Whether or not Sunni Islam is in and of itself a homogenous grouping is also debatable.

The debate that emerged before Turkey's 2002 elections did not relate to this however. At that time Turkey was undergoing a socio-political crisis reflected in four realms. We can identify these as secularism, citizenship, governance, and identity. The debate over Islam arose at this point because secularism had previously functioned as the most important defining parameter of radical modernization. According to this idea of secularism, the appearance of religion in the public space was frowned upon since religion had been relegated to the private sphere. This particular notion of secularism, or laicism, was taken from France.

The crisis of secularism in Turkey is encapsulated in the controversial issue of the headscarf. The banning of the headscarf in the public arena is partly responsible for the increased search for democracy among the followers of Islamic as well as the new identity politics. While many people defended the right to wear the headscarf everywhere, others argued for the necessity to outlaw it in certain areas in order to protect the democratic-secular basis of society. An example of the sensitivity surrounding this issue dates back to the 1999 elections, when a veiled RP



candidate won a seat in parliament and subsequently came to the opening day of the new parliamentary session with her head covered. This act of defiance engendered an outburst of protest.

AKP entered the 2002 elections with the image of a party that wanted to find meaningful solutions to this issue. In the past five years however, the party proved unable to resolve the matter. One reason relates to the decisions of the Constitutional Court. The second and the more significant reason has two components. First, both France and Germany have instituted headscarf bans in public spaces and public schools. Second, the European Human Rights Court found in favor of the Turkish state when a Turkish citizen brought a case regarding the right to wear headscarves at the university. These factors essentially tied AKP's hands on this issue.

The central argument here is this: The army, bureaucracy, and urban and upper-class milieu of Turkey all see the headscarf as symbolizing not only anti-modernity but even pre-modernity. Other groups see the headscarf as both a modernizing element and a direct path to modernization. According to this perspective, the headscarf allows many women who otherwise would be hidden away to be able to openly participate in society. Yet another perspective argues that the headscarf holds a dual message. The woman who covers her head and the environment that supports her is modern, following the necessities of modernity, while protecting her privacy. From this perspective, the practice is in line with the public system and the new modifications that come with it.

Another symbolic clue to AKP's Islamic political leanings is

The unprecedented corruption of the 1990s and the succession of incompetent coalition governments eroded the legitimacy of the traditional political party system.



the status of the Imam Hatip Schools (preacher schools). These institutions were initially opened to meet the state's need for trained religious men, or imams. The Educational Unification Law allowed graduates of these secondary schools to pursue non-religious university degrees. This became one of the most widely debated issues in the post-February 28, 1997 era. At that time, the students could enter these religious schools immediately after their mandatory five-year elementary education. After February 28, however, the years of mandatory elementary school were extended from five to eight years, eliciting the anger of the pro-religious school group. AKP entered the 2002 elections on a platform of solving this issue, but in the ensuing years, despite the fact that they appeared to support the pro-religious school group, actually achieved close to nothing in this regard.

The final factor to be added here is the importance in Turkey of the various Islamic religious orders. It is a fact that the most vital factor in normalizing political Islam in Turkey relates to the religious orders. Turkey traditionally lacked secondary organizations or institutions that play effective roles in political life. It is a country in which there has been no historical or class developments within civil society. Under these circumstances these religious orders have emerged as elements that have driven the modernization process and have served to widen the net of public relations in civil society.

These orders also served another function in the period after 1980 when neo-liberal economic policies were adopted. When

the welfare system began to collapse, people looked to these institutions to help them adjust to the new social order. Likewise, large numbers of migrants from Anatolia who came to urban centers looked to these orders to help them settle and get accustomed to their new environment. It is easy to see that these groups are not outward-looking, but instead prefer to use introverted means as an organization. Closed and often clan-like, in many ways they function with a fundamentally pre-modern understanding. The influence of such groups on Turkish politics, however, is not just limited to today or recent history. Before the founding of the Republic, such groups were developing organizations in the modern sense of the word and were quite close to politics in their conception.

2002 and later

Against this backdrop, the solution that the AKP brought forth after coming to power was self-definition. The party labeled itself as "conservative democrat". This notion had not been articulated earlier. It was also suggestive in the sense that the AKP wanted to present itself in the same frame of reference as Western Christian Democratic parties. Since this has not been properly explored or examined previously and has actually been evaded to a certain degree, this claim is difficult to discuss at length. On the other hand, it is impossible to dispute that this idea came about, and the party decided to identify itself that way, because a solution to the aforementioned problems was needed.



Another issue that has remained unresolved and troubling for AKP in its first term is the Kurdish problem. AKP received strong support from the Kurdish population in the 2002 elections. In 2007 it substantially increased its support among the Kurds. Erdoğan declared in 2005 that “there is a Kurdish problem”. However, particularly in the period of increased unrest in northern Iraq, the government took no steps forward.

At this point it is important to take note of AKP’s foreign policy. After assuming power, relations between Turkey and the European Union (EU) grew closer and more open. With time though, as a result of the EU’s purposeful distance and patronizing attitude, relations soured. The Turkish public, once so enthusiastic about EU membership, was particularly disturbed and turned off by what it perceived to be unfair play and duplicity concerning the Cyprus issue. This produced a great disillusionment on the part of the Turkish population towards EU negotiations. The government’s mismanagement of the issues surrounding the EU and Cyprus led to a renewed birth of nationalism among the populace. The AKP exacerbated the situation and set the stage for this wave of nationalism by totally pulling back and quietly dropping the EU agenda.

Relations with the US also need to be addressed. It is difficult to say that AKP has followed a creative political strategy to ameliorate relations with Washington particularly after the rejection of the March 1 decree by the Turkish parliament that would have allowed the opening of a northern front. The

deterioration in relations between Ankara and Washington is analyzed in this issue in Mustafa Aydın’s and Gülden Ayman’s articles. For our purposes it is important to note that the strained relations will have to bear even further tension as the reconfiguration of the Middle East goes ahead and an American-Iranian military confrontation remains a possibility.

Quo Vadis?

In addition to all the aforementioned issues there are new challenges that the AKP will face. These include domestic political issues related to nationalism, globalization, and foreign policy. The Middle East and other factors will greatly affect the balance of Turkish political structures. The landslide of 2007 elections will put the onus of managing all these problems squarely on AKP.

The most serious domestic problem facing Turkey is nationalism. This movement, which is developing rapidly and creating numerous threats and dangers, has appeared as a result of bad governance on both the domestic and foreign policy fronts. In addition, the conflict between the state and the governing party has arguably exacerbated this rising sentiment of xenophobic nationalism. The AKP chose to go along with this wave for the time being, but in the future may not be able to successfully control or contain it. Particularly in the context of accelerating terrorist activities perpetrated by the PKK, the public mood will become and remain very volatile. The AKP needs to come to grips with this issue with an open mind in order to help rid the country of it.

The party labeled itself as "conservative democrat". This was suggestive in the sense that the AKP wanted to present itself in the same frame of reference as European Christian Democratic parties.



Turkey will continue to be affected by events occurring beyond its borders. It is clear that the country will feel the shocks of the violence emanating particularly from the Middle East. The Kurdish issue will be a burning problem in the near future.

The third factor is the relationship between the AKP and the state. We have already mentioned the tensions between this party and the state. If this tension continues, it is obvious that the "capital base" of the peripheral center will be uncomfortable. It does not take an oracle to see that the AKP will fully experience this tension. Nonetheless, the new political parameters that will emerge from here are not easy to predict exactly. At the head of all of this is the relationship with the army. Without a doubt, within a democratic country, the influence and power of the army on domestic politics ought to be limited. However, it is clear from the structure of Turkey that such boundaries have not yet been properly enforced. Shortly the government will experience a period of tension with the armed forces.

The societal and political tensions will not be limited to the civilian-military one either, although this will have a more visible presence because of the defiant election of Mr. Gül to the Presidency by AKP. There are other issues that will in due time poison the political climate partially because of the current government's inability to forge useful policies. The problems will stem from polarization along Turkish-Kurdish, secular-Islamist, Alevi-Sunni, and nationalist-internationalist axes. This is not an attractive situation for any democratic, pluralistic, and participatory political

system. Therefore, in the near future Turkey must come to terms with the diverse political identities all jockeying for space at the table.

As always, the problem is about who is going to give the impetus and start the momentum for a new period. The search for the solution to these problems necessitates a multi-dimensional perspective and pragmatic policymaking. The problem here is related to the overcoming of Turkey's recent political uncertainties. These uncertainties are both based in ideology and by extension the failure of politics. The point of departure is the need for centrist parties and policies that respond to moderate voices. The 2002 and 2007 elections brought a long-desired one-party rule but it is still unclear as to whether or not AKP can properly play the part of a centrist party. From this point forward the answers to that question will be decided. To the extent that AKP moves to the center and unifies its principles with moderate voices they will be able to prevent a weakening of their hold on power.

Turkish politics, on the other hand, will continue its search. In all probability, the most important reason is the rapid change in Turkey. The market philosophy of obtaining everything that is new in order to consume it as fast as possible contradicts a political culture that cannot catch up and cannot formulate answers quickly enough. Therefore the question really is about how much Turkish politics can transform itself into something more effective in addressing society's urgent problems.

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WHY THE CRISIS OVER THE PRESIDENCY?

Ergun Özbudun

Foreign observers with a superficial knowledge of Turkey must have found it difficult to understand the reasons behind the long and bitter constitutional crisis over the election of a new President of the Republic. Indeed, in most parliamentary democracies, the election of a president is more or less a routine business that does not arise popular passions or lead to bitter political controversies, for the simple reason that in such regimes the presidency is an essentially representative and symbolic office devoid of real political powers.

The recent Turkish crisis over the presidency is precisely related to this point. The Constitution of 1982, prepared under the aegis of the military government (National Security Council) sharply deviated from the classical parliamentary government model by creating a strong office of presidency. While maintaining the cardinal principle of the political responsibility of the Council of Ministers before the Grand National Assembly, it granted the President important executive and appointive powers that can be used without the counter-signature of the Prime Minister and the ministers concerned. At the same time, it rendered the President politically and criminally non-labile. Thus, it created a hybrid system somewhere between parliamentary and semi-presidential systems. It also differed from the latter, however, in that it provided for the election of the president by parliament instead of by direct popular vote. In this sense, the Constitution deviated from the fundamental rule of public law that stipulates parallelism between powers and liabilities of public officers.

This choice of the military founders of the 1982 Constitution in favor of a strong presidency was based on their almost total distrust for political parties and elected civilian politicians. This

was often and clearly expressed by General Kenan Evren and other spokesmen of the military regime. Thus, the office of the presidency was conceived as an office of tutelage or a mechanism of check and balance over elected politicians. The President was given broad appointive powers especially in the two areas considered particularly sensitive by the military leaders, i.e., the judiciary and the universities. The military tutelage over civilian politics was accomplished by getting the leader of the military regime General Kenan Evren elected as the President of the Republic for a period of seven years. This was done by combining the popular referendum on the Constitution with the election of the president. A yes vote for the Constitution meant a yes vote for Evren, the sole candidate. It stands to reason that the military leaders expected the continuation of their tutelage after Evren's term of office through the Nationalist Democracy Party that they created under the leadership of another general, Turgut Sunalp, in the hope of its becoming the majority party in the 1983 elections.

The electoral victory of Turgut Özal's Motherland Party (ANAP) did not confirm these expectations. Still relations between Prime Minister Özal (who himself was a deputy prime minister in the military government) and President Evren went reasonably smoothly since Özal did not attempt to curb the powers and privileges of the military derived from the 1982 Constitution. Thus, Özal's election as the President in 1989 at the end of Evren's term did not create a serious problem between civilian politicians and military authorities. Similarly, the election of Süleyman Demirel as President in 1993 upon Özal's death did not lead to a crisis, since by that time Demirel had become a trusted figure in

The office of the presidency was conceived as an office of tutelage or a mechanism of check and balance over elected politicians.



the eyes of the military. The election of Ahmet Necdet Sezer in 2000 was the result of the inability of a badly divided parliament to agree on a political figure. Sezer appeared as a trusted representative of the state elites since he was the President of the Constitutional Court. Thus, throughout this period, the military had no reason to object to the choice of the parliament. It should also be remembered here that all three presidents elected under the 1961 Constitution were former high level military commanders (Cemal Gürsel, Cevdet Sunay, and Fahri Korutürk).

Things started to change radically with the coming to power of the Justice and Development Party (AKP) in the 2002 elections. The military and a part of the public saw the AKP as a reincarnation of the Islamist Welfare (RP) and Virtue (FP) parties both closed down by the Constitutional Court on account of anti-secular activities, even though the AKP's constitution and program strongly endorsed secularism and rejected the notion of an Islamic state based on the *shari'a*. These suspicions were shared and forcefully expressed by the main opposition party (CHP), parts of the judiciary, mass media, and academic world. On the other hand, a majority of the Turkish population do not seem to agree with this perception. A recent public opinion survey showed that the percentage of those supporting a *shari'a*-based state was only 8.9 in 2006 (down from 21 percent in 1999). Similarly, only 22 percent of the respondents think that secularism is under threat in Turkey, and 32.6 percent think that Islamic fundamentalism has risen in the last 10-15 years.* Although this is a minority, it is not a negligible one, especially in view of the fact that it is strongly rooted in the strategic sectors of

the Turkish society such as the military, the judiciary, a significant part of the media, universities, and intellectuals.

This picture explains the bitterness of the crisis over the election of a new president. The state elites who have always enjoyed a controlling influence on Turkish politics see the presidency as their undisputable property and as a guarantee against anti-secular tendencies. The broad powers granted to it by the 1982 Constitution makes it a particularly important prize in political competition. The secularist camp often expresses the fear that an Islamist president can gradually Islamize the Constitutional Court, the judiciary, and universities through his broad appointive powers. This fear is more dramatically expressed in the often-heard slogan that the presidency is the last citadel of the secular Republic which should not be surrendered to an Islamist at all costs.

Such psychological polarization led to a number of constitutional battles in the spring and summer of 2007, and to highly objectionable manipulations and distortions of legal concepts. The current Constitution (Art. 102) clearly describes the procedures for the election of the president, according to which a maximum number of four rounds are foreseen for the election. The decisional quorum is two-thirds of the full membership of the Assembly on the first two rounds, and the absolute majority of the full membership on the third and fourth rounds, a minimum of 367 and 276 votes, respectively. The Constitution contains no special quorum rule for the meeting of the Assembly, in which case the general rule in Article 96 should be applicable, i.e., the quorum should be one-third of the full membership (184 votes). The parliamentary arithmetic then gave the AKP the power to elect the president

alone in the third or fourth rounds, but not in the first two rounds. Thus, there seemed to be no constitutional obstacle to the election of an AKP candidate.

At this point, maneuverings of dubious legal validity started in order to “save the last citadel of the secular republic” from the occupation of an alleged “Islamist.” A retired chief Prosecutor of the Republic (Sabih Kanadoğlu) put forward an argument that the two-thirds majority is not only the decisional quorum, but also the necessary quorum for the opening of the parliamentary session. The main opposition party, the CHP, embraced the argument after hesitating for a few days. The chorus was joined by some constitutional law professors and some members of the media. After the first round on which the two-thirds quorum was not obtained because of the boycotting of the opposition deputies, the CHP carried the case to the Constitutional Court, and the Court in an extremely controversial ruling rendered on May 1st endorsed the claim of unconstitutionality. It should be remembered here that just before the Constitutional Court ruling, on April 27 a statement was made public in the internet site of the Chief-of-the-General Staff office strongly criticizing some allegedly anti-secular local activities, expressing concern over the debates on secularism in connection with presidential elections, and threatening to use its “legal powers” in order to protect the secular republic. At any rate, the ruling of the Constitutional Court put an end to the election process since the required quorum (367 deputies) was not obtained on the first round, and the AKP’s candidate Abdullah Gül failed to get elected. This deadlock obliged the parliament to call new parliamentary elections as foreseen by the Constitution. A full analysis of the Constitutional Court’s decision is beyond the scope of this article. It suffices to say here, however, that it is found inconsistent with the literal, teleological, and historical interpretations of the



Constitution by a majority of constitutionalists, and described as based on political rather than legal considerations.

The parliament reacted to the new situation by passing a package of constitutional amendments, the most important item of which was the election of the president by direct popular vote for a period of five years for maximum two terms. Another amendment stipulated that the quorum of the meeting of parliament is one-third of the full membership for all parliamentary business including elections. Both amendments were designed to prevent the repetition of the deadlock experienced in April 2007. The amendment package was returned to parliament by President Sezer for reconsideration, and finally readopted verbatim on 31 May. This time, Sezer submitted it to a referendum which would take place on October 21. At the same time he took the case to the Constitutional Court asking for the annulment of the amendment package on highly arguable grounds. A parallel case was also brought about by the CHP. However, the Court rejected the claims of unconstitutionality on 5 July by a five-to-six majority, thus clearing the way for the referendum.

The elections of 22 July radically changed the political, and consequently the constitutional, picture. The AKP was the clear winner with 46.7 percent of the vote (a considerable rise over its 34.3 percent in 2002) and 341 (62 percent of) parliamentary seats. The AKP was still short of a two-thirds majority required for electing the President on the first two rounds. However, the election results were generally seen as a popular endorsement of Abdullah Gül’s candidacy, since many voters felt angry at the unconstitutional manipulations designed to prevent his election. The second largest opposition party, the ultra-nationalist Nationalist Action Party (MHP) declared that its deputies would attend the parliamentary sessions, thereby removing the artificially created 367 obstacle to the election of

The secularist camp often expresses the fear that an Islamist president can gradually Islamize the Constitutional Court, the judiciary, and universities through his broad appointive powers.





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the AKP candidate. The MHP was followed by the Kurdish nationalist Democratic Society Party (DTP), the Democratic Left Party (DSP) and some independents. The AKP renominated Abdullah Gül as its candidate over the strong protests of the CHP which declared that it will boycott the election. Gül was duly elected on the third round as the eleventh President of the Republic. Thus, the constitutional battles over the presidency seem to have come to an end at least for the time being. However, the political repercussions of the crisis over the presidency are likely to continue for a while.

The radical secularist camp and the CHP as its chief political representative do not see Gül as an acceptable President because of his Islamist past (Gül was minister in the Welfare Party- True Path Party coalition government in 1996-97). The attitude of the armed forces that are strongly committed to secular values was also a question mark. The CHP has insisted all along that the presidential candidate must be determined as a result of inter-party consultations and compromise. It also implied that there would be no objection to another AKP member whose commitment to secularism was not questionable. This polarized situation on the eve of the presidential election led some Turkish and foreign observers to predict a new and serious crisis. Gül's candidacy was presented by some as a challenge to the secular establishment (including the armed forces) and an attempt to take the revenge of the failed first attempt.

These pessimistic predictions seem highly exaggerated and based either on a very superficial knowledge of Turkey or strong prejudices against the AKP. These views lose sight of the fact that the AKP is radically different from the predecessor Islamist parties (RP and FP). The AKP's constitution, program, and numerous statements by its leaders clearly support the secular and democratic principles. The voter profile of the AKP in the 2002 elections, and even more so in the 2007 elections, indicates that it has become a conservative, liberal democratic catch-all party with broad support from many different sections of Turkish

society. Thus, in a sense it is a continuation of the strong center-right tradition in Turkish politics (previously represented by the DP, AP, and ANAP) rather than a successor to the "national outlook" (read Islamist) parties. The AKP's performance in government gave no hint of its alleged "hidden agenda" to gradually transform Turkey's secular and democratic system into an Islamist one. On the contrary, the AKP government has been the foremost supporter of Turkey's further democratization and her EU membership. In its 2007 election platform the AKP promised to give Turkey a more democratic and liberal constitution fully consistent with universal democratic standards. Thus, it may be predicted that the crisis over the presidency is now behind us and that Turkey's progress to a fully consolidated democracy will continue.

While the crisis over the presidency ended with the election of Gül and this was accepted as legitimate by all political actors, the CHP has continued to express its opposition on account of Gül's Islamist past. The military have also expressed their displeasure by some subtle gestures. However, the whole problem may lose its current importance, if the AKP's project for an entirely new constitution becomes a reality. The AKP in its election platform promised a new "civil and democratic" constitution that will raise the human rights standards to universally accepted levels and reorganize the governmental structure in line with the principles of parliamentary government. The draft constitution prepared for the AKP by a group of academics that I headed envisages substantial reductions in the current powers of the President, making the office essentially a symbolic and representative one, devoid of crucial appointive powers. If such a new constitution is finally adopted, then the presidency will cease to be an important prize in political competition, a "citadel" to be conquered or defended.

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THE 22 JULY ELECTIONS: A CHART FOR THE FUTURE OF TURKISH POLITICS

Tanju Tosun

The general elections that were scheduled for November of this year took place on July 22d in the wake of extraordinary political developments. Its results were quite telling as most observers of the Turkish political scene in Turkey and abroad suggested. The developments that led the Prime Minister to call for early elections were themselves intensely covered in the international media: the Republican mass-demonstrations, the military's e-memorandum of 27 April, and the ruling by the Constitutional Court that set the quorum needed for the presidential election process to begin at two thirds majority. Some political analysts claimed that those very dynamics were set up to effect an adverse outcome against the ruling party nominee for the Presidential election.

The electoral preferences registered at the 22 July general elections have contributed to the institutionalisation of the political party system. It helped deepen the process of democratization and further the normalization of the political regime. With this outcome, the voters, by design or not, have also made a contribution towards the construction of future balances in Turkish politics

From 3 November to 22 July:

From realignments to 'Maintaining Elections'

The results of the 2002 general elections that brought the Justice and Development Party (AKP) to power marked the beginnings of an electoral realignment. In 2007 despite the "extrapolitical pressures" exerted on the electorate prior to the 22 July elections, the voters' preferences continued to follow their normal course. The primary pointers for this normal course in electoral preferences were: a strengthening of political ties between AKP and society at large through policies the party

implemented during its 4.5 years in power; the inability of the CHP (Republican People's Party) to present a liberal, democratic left political agenda to society; and an almost doubling of the ultranationalist MHP's (Nationalist Action Party) support because of its ability to play on the feeling of heightened insecurity in society brought about by PKK terrorism in the South East. AKP substantially increased its votes. The MHP and independents mostly affiliated with the Kurdish nationalist DTP (Democratic Society Party) won parliamentary seats. But such developments did not fundamentally alter the existing balance of power in the party system.

Since the political landscape that emerged from the 22 July elections corresponded to the normal pre-election electoral potential of the parties, we can consider this election, following Pippa Norris and Geoffrey Evans, as a "maintaining election". This term refers to continuity in the party system.

The primary characteristics of a "maintaining election" is a corresponding reflection of electoral preferences in the ballot box in the absence of any major problem or event causing a distortion in existing electoral preferences.

Electoral system and political system:

From the question of representation to institutionalization

The Turkish electoral system has an unusually high threshold of 10 percent for parties to qualify to have seats in the parliament. In order to beat that threshold, many independent candidates, a majority of whom were affiliated with the Kurdish nationalist DTP, ran as independents. They thus overcame the limitations imposed by the threshold. 26 independents were thus elected. The following table presents information on the effects of the electoral system over representation in general.

The contrast between electoral success of parties taking part in the elections and the number of seats gained in the Parliament, i.e., the disproportion index showing the effective number of parties in the elections and the effective number of parliamentary parties, was 44.6% in 2002. This has now dropped to 8% in the present election. This means, representational injustice has been eliminated to a substantial degree.

The total number of votes cast for AKP, CHP, MHP, and the Independent Candidates was 30.482.445. This number corresponds to 86.9% of the total 35.049.691 votes properly cast. In comparison to the 2002 elections, there are now more parties represented in the Parliament, and despite the fact that the strongest two parties increased their electoral support, the total number of seats they won declined proportionally because of seats other parties and independent candidates won. The starkest evaluation about the Turkish party system emerging from the data presented in the table below is that despite all the adverse effects of the election system and despite the adverse external factors like the e-memorandum, the party system has displayed strong signs of acquiring a stable

substance. This obviously goes a long way towards its institutionalization after all the fragmentation and instability the system suffered in the 1990s.

Observations on the electoral map

In order to understand the realities brought about by the elections, it is important to evaluate the results of 22 July elections and electoral success of parties in the electoral map in comparison to the 3 November elections.

While the AKP increased its electoral support in all constituencies, it is important to note that the highest increases were recorded in Eastern and South Eastern provinces like Ağrı (+45.6), Bitlis (+40.7) and Bingöl (+39.7). In fact the AKP increased its votes everywhere except in K. Maraş where it suffered a drop of 10.5%. It thus emerged as the first party in terms of electoral success in all constituencies in the country from east to west and from north to south except for Osmaniye (MHP), Edirne, Kırklareli, Tekirdağ, İzmir (CHP), Diyarbakır, Hakkari, Muş, Şırnak, Iğdır, Tunceli (Independent Candidates). This mapping shows the extent of the geographic reach the

THE ELECTION RESULTS SUGGESTED THAT THE ELECTORATE IN GENERAL DID NOT SEE

THE AKP AS INTENT IN CHANGING THE SECULAR UNDERPINNINGS OF THE REGIME OR THE TURKS' WAY OF LIVING.

THEREFORE THE REAL CHALLENGE FOR AKP WILL BE WHETHER OR NOT IT WILL BE ABLE TO MAINTAIN

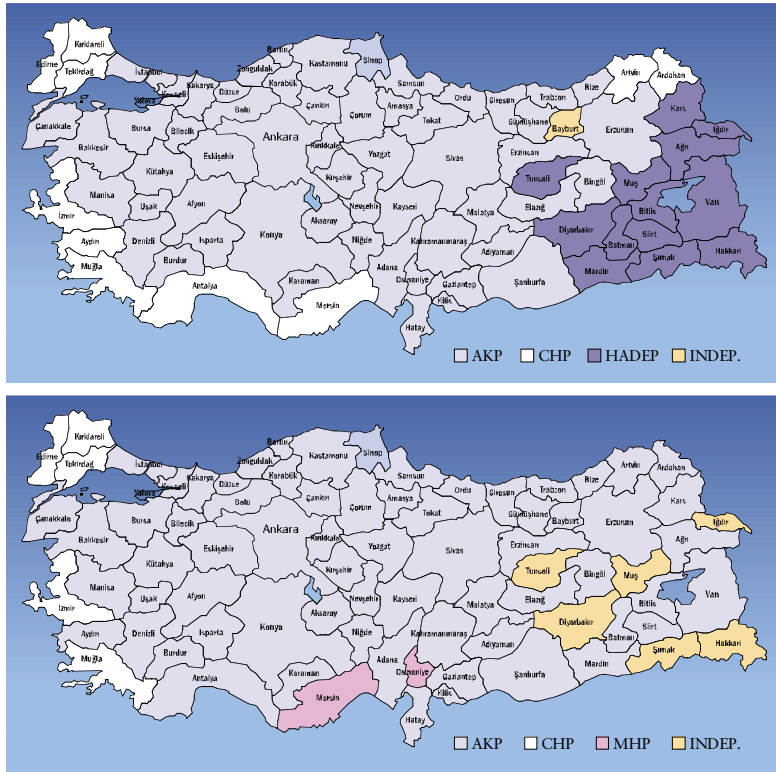
THAT DELICATE BALANCE AND CONSOLIDATE ITS IDENTITY AS A CENTRIST PARTY.

Table 1

Party System Indicators (3 November 2002, 22 July 2007)

Primary Indicators	3 November Elections	22 July Elections
Number of Parties Gaining Parliamentary Seats (n)	2	3*
Votes Registered for the Strongest Two Parties (%)	53.6	67.4
Seats Gained by the Strongest Two Parties (%)	98.3	82.3
Effective Number of Election Parties (n)	5.26	3.44
Effective Number of Parties in the Parliament (n)	1.85	2.27
Decrease in Party Numbers (%)	64.8	34.0
Index of Disproportion (%)	44.6	8.0
Ratio of Fragmentation of Votes	0.81	0.71
Ratio of Fragmentation of Seats	0.46	0.56
Volatility Ratio of Votes	0.46	0.25
Volatility Ratio of Seats	0.87	0.09

* According to the formulae designed to overcome the limitations imposed by the 10% barrage system, DSP (Democratic Left Party) candidates appeared in CHP lists, while candidates supported by DSP and party leaders of ÖDP (Freedom and Democracy Party), BBP (Grand Unity Party) were registered as independent candidates and won parliamentary seats. After the 22 July elections AKP, CHP, MHP and independent candidates won parliamentary seats, but those DSP MPs (member of parliament) having been listed under the CHP list in the elections left CHP and returned to DSP ranks, while the majority of independent MPs joined DTP, another independent MP, Ufuk Uras, joined ÖDP, Muhsin Yazıcıoğlu joined BBP. As a result, while there were only 3 parties in the Parliament, the number has since increased to display a more representative character.



Map 1

3 November 2002 Election and
22 July 2007 Election Results

Source:

Sezgin Tüzün; "Electoral Map", *Radikal*, 29.07.2007.
AKP (JDP): Justice and Development Party (Center Right Party- New liberal and conservative) CHP (RPP): Republican People Party (Center Left Party) HADEP (PDP): People's Democracy Party (Ethnic Kurdish Party) MHP (NAP): National Action Party (Ethnic Turkish Party) Bağımsız (Independent): Mostly Kurdish Candidates

Sezgin Tüzün, "Electoral Map" *Radikal*, 30.07.2007.



party has acquired and proves its successful expansion across the country. Already in the local elections of 2004 AKP had achieved a more balanced geographical electoral success throughout Turkey. In these elections despite the fact that the party won somewhat fewer votes than its national average in the coastal constituencies of the Aegean and the Mediterranean regions, it nevertheless started to grow healthily in these provinces as well. Moreover, in those provinces lying along the Eastern and South Eastern frontiers where it earlier had lower electoral success than its national average, AKP has now reached its national average and even surpassed it.

When we look at AKP's electoral success geographically, we see that it has increased its electoral support in all seven regions of the country. This increase is from 29.3% to 38.8% in the Marmara region, from 27.7% to 40.8% in the Aegean, from 31.3% to 38.3 in the Mediterranean, from 39.3% to 51.8% in the Black Sea, from 44.2% to 55.6% in the Central Anatolia, from 24.9% to 49.1% in Eastern Anatolia, and finally from 25% to 52% in South Eastern Anatolia. It is worth mentioning that the highest increase took place with 27 points in the predominantly Kurdish South East Anatolia.

In analyzing the electoral success of the party, it is important to analyse the situation in the big cities. In this case, too, a corresponding extension of the party's hold over voters can be seen. The party has increased its electoral support between

8 to 13 percent in Turkey's five largest cities by securing an electoral return of 45.3% in Istanbul, 30.4 in İzmir, 47.7% in Ankara, 37.3% in Adana and 51.1% in Bursa. The same is also true at the district level in these metropolitan centers. Indeed, here again, we witness a confirmation of this macro level tendency at the micro level, particularly in districts housing large numbers of poor people. In Istanbul, for example, AKP received almost as many votes by itself as all its opponents combined. This suggests that the AKP is gradually extending its hold from the periphery towards the city centers. AKP is the most popular party in the comparatively less developed and poorer townships of Istanbul. Thus, whereas the CHP is the first party in the rich townships of Kadıköy, Adalar, Beşiktaş, Şişli, and Silivri, AKP overwhelms in the remaining townships and districts.

This comparison establishes the existence of a sharp polarization between rich and poor districts in particular in terms of electoral support for CHP and AKP respectively. Although polarization shows that there may be class cleavages instead of other main social cleavages in Turkish politics, the center and periphery cleavage continues its dominant role. AKP represents the periphery as a catch-all party and should not be regarded as a religious party. As a matter of fact, the support it received from different social groups gave the AKP the attributes of a typical centrist party. As a proof

of the pudding, CHP electoral success in wealthy districts such as Ataköy is 61% compared to a mere 14.2% for AKP. Similarly, in Kadıköy Caddesi the tally was 66.8% for CHP and 11.8% for AKP, in Feneryolu it was 64% for CHP and 9.2% for AKP. On the other hand, the AKP secured 58.8% in the poor district of Bağcılar where the CHP received a meager 14.4% of the vote.

The voting behavior in Ankara is no different. AKP ranked first in 23 townships out of the existing 24. It would suffice to look at the differentiation of electoral success between AKP and CHP in some districts to understand the level of electoral support that the AKP drew at the district level and the dynamics bearing on this success. The CHP got 229,297 votes in contrast to a mere 115,853 votes for AKP in the famous Çankaya township (where the Presidential Palace is located) that is often presented as the fortress of the modern republic. This shows that the AKP is still some way away from conquering that fortress. Yet it should be of some concern to the establishment that the AKP secured twice as many votes as CHP did in Batıkent, a township which was built out of nothing as the first example of a social democratic vision to meet the housing needs of the masses.

It must be noted too that even in a city like İzmir that has long been the “fortress of the left” we have witnessed deep marks of the AKP brush. By increasing its electoral support from 17.2% in 2002 to 30.5% in 2007, AKP is gathering strength and just as it did in Istanbul it moves from the periphery of the city towards the centre, pushing CHP to the margins. Quite unexpectedly for a social democratic party, CHP has an overwhelming majority only in those wealthy townships and districts, whereas it is clearly the AKP that is improving its standing among the people in poorer districts. In a stark contrast to AKP’s poor electoral returns of 15 to 20%, the CHP electoral success in those coastal residential districts like Mavişehir, Bostanlı, and Atakent of Karşıyaka townships inhabited by the wealthy is between 55 and 60%. One needs only to move a mere 3 to 5 kilometers away from the sterile habitats of Karşıyaka to see a complete reversal of the situation and AKP nearing 50% against a less than 20% electoral return for CHP.

CHP’s debacle

When we analyze the ballot box returns for CHP throughout the electoral map of the country, we see that the party increased its electoral support in 33 cities. Yet the increase is only between 1 to 7 points. The main dynamic behind this increase was however not a strengthened representational tie established between CHP and the voters, but a last minute alliance with DSP (Democratic Left Party). The city where CHP secured the highest increase was Ardahan with 7.5 points, whereas the party suffered its heaviest losses in Ağrı with a drop of 8.4 points. CHP was the first party emerging from the ballot box



in the cities of Edirne, Kırklareli, Tekirdağ and İzmir. It secured a limited increase in 4 geographic regions, but suffered a decrease in the remaining 3. In the Marmara region the increase was 4.5 points, in the Aegean region 2.45, in the Mediterranean region 0.2, and in the Black Sea region 2. On the other hand there were losses of 1 point in the Central Anatolian region, 2.2 in the Eastern Anatolia region and 1.9 in the South Eastern Anatolia region. The distribution of votes cast for CHP-DSP alliance on the city level indicates that the party is fast turning into a regional political party. It has a solidly but gradually declining support in the regions east of Central Anatolia, and a concentration of electoral support in the West of the country, i.e., in the coastal Aegean region and the Thrace region in particular. Although the CHP maintained its average electoral support in 69 cities compared to the 2002 elections, its failure to register a substantial increase across the country despite the alliance with DSP puts the lie to the claims that it at least maintained its electoral support base.

As for the MHP (Nationalist Action Party) which increased its national electoral returns by 6 points in this last election compared to 2002; the party lost support in 14 cities in Eastern and South Eastern Anatolia regions, in addition to the cities of Yalova and Gümüşhane. While the party suffered its heaviest loss in Bingöl with a drop of 6.1 points, the highest boost came from Antalya with an increase of 18.9 points. Emerging as the first party from the ballot box in Osmaniye, MHP secured an increase of 5 to 7 points in big cities except for Adana where it scored 11.6 points.

In terms of the geographic distribution of its electoral support and changes in this respect in comparison to the 2002 elections, we notice that its electoral success in the Marmara, Aegean and Mediterranean regions is above its national average. It is worth mentioning that the party scored 9.5 points above its



national average in the Mediterranean region. There was no change in the percentage of votes it won in Eastern Anatolia, while it increased its electoral support in the remaining 6 regions. But an increase of 9.2 points and 10.7 points in the Aegean and the Mediterranean regions respectively should be noted. MHP was the leading party in Central Anatolia in the general elections of 18 April 1999. Today it lost cities like Çorum and Yozgat to AKP and has its power base now in the coastal cities of the West. Its electoral expansion is now taking place in a Westward direction. Its project of reaching out to the South East in 2004 is now replaced with -and actually realized in the coastal cities of- the West.

Finally, the results for the DTP (Democratic Society Party) give us an interesting picture as for the allegiance of Turkey's Kurdish citizens. With respect to geographical distribution with particular reference to the cities in the Eastern and South Eastern regions, we see that the party managed to beat the AKP only in five cities: Diyarbakır (47.1%), Hakkari (56.6%), Muş (46%), Şırnak (53.9), and Iğdır (40.7%). Despite a strong presence in a couple of geographic regions, i.e., 23.9% in Eastern Anatolia and 28.1% in Southern Eastern Anatolia, the failure of the party to do any better than a mere 1 to 2% in the remaining regions indicates that it will continue to exist as an ethnically based regional party for some time to come.

How should political actors read the results of 22 July?

AKP after 22 July

Economic stability was a primary concern for the voters. Even though the economic policies implemented by the AKP government were far from bringing any improvement on the lives of the poor, the local, cultural and social policies implemented with the help of municipal administrations were sufficient to keep the loyalty of the masses and hold on to

governmental power. Voter preferences also represented a social reflex against the 27 April e-memorandum by the military, a move that blocked the election of Foreign Minister Abdullah Gül as President. This laid the grounds for an increase in the electoral support of AKP. Along the electoral geography of the country, as one moves from West towards East, the discourse of "they did not let a religious person become our President" proved to be a potent electoral weapon. In general though the AKP government's approach to economic and social problems played a critical role in its electoral victory. In terms of its ideological positioning, basic and prioritized preferences, there is no doubt that the party is a typical right wing party. The main distinction of AKP is its ability to blend cultural preferences typical of the right with the simple yet important social economic policies usually associated with the left and sought by the electorate. The party managed to offer this blend to the electorate as a social good. The so-called socially responsible municipal governance model that had a significant place in the story of AKP success is a case in point. What was in fact a left wing model for municipal administration was blended with Islamic cultural nuances and local economic sensitivities and presented with great success to the society at large as an authentic model by AKP.

At times during its term, the AKP was inclined to see its electoral support as a license that gave the party the reigns of total governing power. It treated its position in power as having the right to hold all the cards in its own hands on the allocation of resources at the expense of objective criteria. On the issue of most concern for its adversaries the AKP mostly remained within the bounds of acceptable behavior. It refrained from appearing as a threat to the lifestyles of major constituencies. Ultimately the election results suggested that the electorate in general did not see the AKP as intent in changing the secular underpinnings of the regime or the Turks' way of living. Therefore the real challenge for AKP will be whether or not it will be able to maintain that delicate balance and consolidate its identity as a centrist party. It would have to be more careful with its appointment patterns to the bureaucracy where "better green than expert" appeared to have guided the selection of the personnel during the first term. The AKP may yet fall into the trap of populist illusions that suggest that it was just those sections of the electorate associated with the Islamist tradition that brought it to power. If it does and acts accordingly with respect to these constituencies' political demands, it would be impossible for the party to maintain its hold over the political centre of society, where it claims its new identity is located.

22 July and CHP: Mission accomplished?

Nothing Left in menu to be served?

The 22 July elections confirmed yet one more time that social democratic parties could win the hearts and minds of

the electorate only so long as they do not depart from their leftist messages, promises and projects. In contrast a culturally secularist and radically republican language used by self-defining social democratic parties do not have much appeal for the Turkish voters.

As the unique political agent behind Turkish political modernization, CHP had a tradition of using the state apparatus for the realization of its projects since the mid-1920s. Although the party leaned towards the left in the 1970s, it has reverted back to its statist form since the mid-1990s. Instead of stretching out their hands to meet the society at large, the party elite preferred to close ranks with the state elite and catered to their authoritarian reflexes. This, in turn led to the gradual estrangement of some segments of the population that used to embrace the party. The results of 22 July elections are only the end-point of this estrangement. CHP congealed a statist agenda and was unresponsive to the political demands of its actual or potential constituencies. It remained silent over those demands for decent economic needs, for employment, for social security and for income equality. Instead such demands were ignored. Instead, the republican, secularist political language privileged by the party elite established its unchallenged dominance in the party platform. At the end, the party lost those constituencies that voiced such demands that should have been foremost on the agenda of a so-called social democratic party. The CHP even proved unable or unwilling to respond to the demands for a more consolidated democracy, more rights and freedoms that the AKP championed almost by default. The Party satisfied itself by regurgitating the sacred codes of secularism and acted like a reactionary party on all pertinent issues of Turkish democratization such as the Kurdish question, amending the constitution or minority rights.

In economic policy as well the CHP as the main opposition party was unable to produce solid alternative projects or approaches worthy of a liberally oriented, contemporary social democratic party. Often mistaking being on the left with being against the reality of a market economy, CHP did not spend any intellectual effort to generate alternative social justice and welfare policies within a market economy framework. Instead of taking a clear position and developing alternative solutions on the issues of privatization, restructuring of the state apparatus, efficiency in public works, labor productivity, the party contented itself with an obstructionist stance. As a consequence, it was deservedly punished by the electorate at the polls. There is no doubt that the party will continue to be at a dead end unless it moves away from its present ideological, organizational ossification. CHP can only become a viable social democratic alternative if it brings its social democratic vision up to date, moves away from xenophobic nationalism and produces alternative left wing economic policies to satisfy the needs of a society weary of deep economic inequalities and class differentiation.

MHP and DTP in parliament: Is it possible to bring peace through ethnic identity discourse?

The results of the 22 July elections have placed face to face in Parliament two parties that cater to the electorate on an ethnic basis. Since the Kurdish problem is the most intractable political problem on Turkey's agenda, how these two parties will interface under the roof of the Parliament will be immensely consequential. Both of them are in some sense the product of the polarization generated by PKK terrorism and the military response to it. Their historical responsibility though would be to move away from the polarizing stances of the past and demonstrate their democratic maturity by, if need be, even opposing the electoral will that placed them in the Parliament. The fact that both MHP and the independent candidates of DTP suffered electoral losses in their safest constituencies in comparison to the 2002 elections means that there is a significant number of voters who stand up to say "Enough is enough, let the economy prosper and tolerance rule". In the period ahead, what both parties need to question is why they lost most of their electoral safe havens to AKP. It can clearly be seen that voters have reached a high state of political consciousness and refuse to be imprisoned by naive ethnic propaganda even if they still feel a strong attachment to their ethnic identities. In this Parliament both MHP and DTP have a critical role to play for the formulation of a grand compromise on the democratic resolution of the Kurdish question.

Conclusion

The most basic truth emerging from the results of 22 July elections is that the electorate, although not devoid of ideological concerns, supported simple alternative projects that could make their lives more comfortable, that would enable them to survive economically, politically and socially. It is very important that liberal, democratic, collectivist alternatives read the electoral message very clearly for their own benefit. This electoral message already made clear by the results of the elections is simple enough to understand. The public does not give in to the impositions coming from public, civil or military actors or their extensions, but sticks with political imaginations originating from and nurtured in society itself. The fact that the electorate brought to power with a landslide a party against which a military e-memorandum was directed proves this. It is now up to the AKP to work in earnest for a pluralist, democratic, liberal political and economic vision for Turkey if it wishes to keep the sand castle the voters built for the party.

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MOVING BEYOND IRAQ: RECONSTRUCTING

Mustafa Aydın

Turkey and the United States
are long time allies,
though the relationship is going
through a rocky patch
since the Bush administration
made the fateful decision to
move against Iraq.

First came the Turkish Parliament's refusal to support Turkey's cooperation with the US by allowing the deployment of troops and the opening of a northern front. Despite repeated efforts, the relationship seemed to recover only marginally from the so-called "March 1 debacle", named after the date the Parliament rejected the government's demand for permission. Equally damaging was the Sulaymaniyah incident of July 4th 2003 when Turkish special forces units were mistreated and humiliated by the US military. Different explanations as to why these happened are usually loaded with accusations. Or else the analyses are short sided and tainted by the intricacies of domestic politics.

A somewhat detached perspective is needed to provide a better understanding of the dynamics of the relationship, identify the underlying reasons behind its current status, and the possible directions it might develop in the mid-to-long term. This paper will first look at the historical determinants of the Turkish-American relations. Without a proper appreciation of the foundations of this relation, efforts to chart out a future would remain futile. Secondly, it will try to assess "what went wrong" or "what was destined to go wrong" due to the diverging interests and viewpoints in the post-cold war era. Without understanding the present constraints and limitations, it would be a fool's errand to attempt designing a strategy for the future.

Finally, it will attempt to delineate a way forward while taking into account opportunities and hurdles ahead.

Historical Boundaries of the Turkish-American Relations

The long history of the Turkish-American relations and its underlying forces, continues to shape the current relationship. Though the context, intensity and the scope of the relationship have changed over the years, a number of issues have remained constant. Looking through the prism of history, several analogies to today's uncertainties can be noted. To begin with the strategic importance of the Ottoman Empire for the US derived from three compelling reasons: 1) to secure free passage for American ships through the Turkish Straits; 2) to obtain a naval base in the Levant; and 3) to ensure safe and continuous transfer of Caspian and Egyptian oil to the West. Similar issues still dominate contemporary US policies towards Turkey: Access of American forces to the Middle East; keeping NATO and US bases in Turkey; and secure and steady access to Middle Eastern and Caspian energy resources.

During the Cold War when Turkey played a major role in containing the USSR, its value was determined exclusively by its strategic location. The end of the Cold War has significantly altered this assessment. Under the new circumstances Washington's need to contain the Soviet Union was replaced by a search for reliable regional allies. Turkey's geo-strategic reach on the other hand extended to a wider geography in the Balkans, Caucasus, Central Asia, and the Middle East. Therefore what was termed a "defense and economic cooperation" in 1980 was transformed into a "strategic partnership" by the mid-1990s.

There was and still is no agreement over what this "strategic partnership" meant. What is clear though is that it emerged as an attempt to position Turkey within the context of the "new world order" promised by President George Bush after the Gulf War. The term was also brought up frequently whenever Turkish-EU relations passed through difficult times like right after the 1997 Luxembourg Summit. At that summit the EU declined to extend candidate status to Turkey for membership. The Prime Minister of Turkey at the time, Mesut Yılmaz, conveyed the message that Turkey would improve its strategic partnership



TURKISH-AMERICAN RELATIONS



with the US in response to the snub by the EU. However, looking from the US side, the strategic partnership and the Turkish-EU relationship were complementary relations and not substitutes. Clearly, however different the perspectives of the partners might be in relation to the nature of the bilateral relationship, for both sides strategic partnership was meant as an additional anchor for Turkey within the Western (security+) system.

There were three fundamental parameters for the strategic partnership concept in the context of Turkish-American relations. First, the concept naturally defined a bilateral relationship, but this created problems in the post-cold war era when Turkey's foreign policy became more active and multi-dimensional. Strategic partnership does not allow for such multi-dimensionality. In fact it limits Turkey's room for maneuver by forcing Ankara to give priority to bilateral relations with the US over other areas, such as relations with the EU, the Balkans, the Middle East, and Eurasia. Thus, there is a gap between the concept and the changing nature of global politics, which increasingly forces Turkey to focus on regional issues and give priority to its regional relations.

Second, strategic partnership within the Turkish-American context was in essence a security-based concept. However, analyzing regional and global post-cold war issues from a



strictly security perspective leaves increasingly important areas out of the parties' vision and creates a serious handicap in dealing with current problems. The issues that we face today are increasingly linked to concepts such as democratization, economic development, cultural identities, etc., and require non-military approaches for their resolution. Strategic partnership based on (hard) security cooperation however glosses over the interconnectedness and complexity of these issues. Instead it proposes to approach them with traditional concepts and deal with them by military means. Thus the traditional way of securitizing the relationship generates problems because it ignores Turkey's potential to make a constructive contribution to democratization, economic development and socio-political restructuring in its surrounding regions. In an age when the US was looking for partners that could provide added value in areas beyond the traditional security cooperation such blindness was almost inexcusable.

Third, the strategic partnership concept creates an asymmetric relationship between Turkey and the US. When US global perceptions and interests do not converge or coincide with Turkey's regional perceptions and interests, problems arise. Clearly, the strategic partnership between Turkey and the US can not be a relationship of equals. It is that of a powerful

cover story





TURKISH-AMERICAN RELATIONS

The two countries, unable to (re)define their post-cold war relationship, opted for “strategic partnership” more as an expression of expectations than a well-thought out conceptual framework.

state with a smaller one. American interests in the regions surrounding Turkey are much more crudely defined and straightforward, whereas Turkey's concerns and priorities are fine-tuned to local sensitivities and operate with regard to complicated balances both domestic and regional. The US, with its global concerns and interests, do not always acknowledge Turkey's regional needs and sensitivities. On the other hand, while Turkey cannot implement rapid policy changes in its immediate neighborhood, rushed shifts in US' regional policies strains Turkish capability and decision-making abilities. Traditionally a status quo power geared towards defensive action rather than proactive policy making, Turkey finds it trying, dangerous and costly to make quick adjustments to Washington's rapidly changing interests and demands.

Thus, despite its frequent use, the strategic partnership concept has remained problematic because it could not cover over the ambiguities in the nature of the relations that emerged since the end of the cold war. The two countries, unable to (re)define their post-cold war relationship, opted for “strategic partnership” more as an expression of expectations than a well-thought out conceptual framework. In retrospect, it is clear that both sides have been avoiding the redefinition of their relationship since the end of the Cold War. It is now high time to let go of the concept of “strategic partnership” and redefine Turkish-American relations in a way that is more suited to the realities of the post cold war, post-September 11, and post-Iraq war era.

The current problematic nature of Turkish-American relations

To reconstruct Turkish-American relations on a sound and vigorous basis, the current context and issues affecting the relationship need to be diagnosed carefully. There has been a clear paradigm shift in both international politics and Turkish-

American relations first at the end of the cold war, then after the 9/11 attacks, and finally with the American invasion of Iraq. Yet bilateral relations have been slow to adjust to these changes. During the cold war, Turkey's regional interests easily melted within the US's global considerations. However, a different situation emerged since the bipolar world system ended. Regional interests and problems have gained primacy for Turkey, whereas the US has become more insistent on its sub-regional projects that sometimes clash with or contradict Turkey's own aspirations.

The parties had divergent views on the nature of the changes that took place in the international system. Such diversion of views inevitably effected their relations as well. Moreover, the traditional importance of hard power/security dimension of the relationship decreased to make way to the rising importance of soft power issues such as energy supply security, cultural/civilizational dialogue, combating religious extremism, democracy promotion, etc. Turkey and the US have not yet properly adjusted to these significant shifts in their relations.

Turkish and American interests and expectations specifically diverge in the Middle East sub-region of the emerging global system. Iraq in particular easily becomes a survival issue for Turkey in connection with the future of the Iraqi Kurds. For the US; the Middle East is a far away region with substantial natural resources that need order and stability. There is a clear material difference in Turkish and American approaches towards Iraq and the reality that surfaced in the wake of the war. In short, their priorities do not match. Although Turkish and American projections vis-à-vis Iraq are similar in general, i.e. preserving its territorial integrity, creating a democratically governed country, peaceful and stable state, etc., they diverge in details and specifics. Such divergences become all the more important in the rather precarious situation of the Middle East today.

For the US, following the military operation the priority has been to attain and hold on to a somewhat stable situation in Iraq. All other issues were secondary. Thus, the US, when necessary, could and would cooperate with almost every state and group (i.e. Kurds and the others) that would help the success of its forces in Iraq. For Turkey, however, while stability is an important issue, prevention of the emergence of a situation whereby Turkey's own territorial integrity could be threatened has the highest priority. Therefore, there is no more urgent matter than to keep Iraq intact. As a result Ankara would demand that the US be more restraining towards the Iraqi Kurds and clean out the PKK forces from northern Iraq. Americans, on the other hand, beset by other demands in the midst of an increasingly unpopular war, do not want to change the status quo in the most stable part of Iraq. Although it could reasonably be argued that stability in Iraq, a US priority, would secure the territorial integrity of Iraq the linkage between the two is not as direct as it first appears. A divided Iraq could be stable, provided that all Iraqi actors are satisfied. Nevertheless, this would not make

Turkey happy. On the same level, a united Iraq could be unstable and threatening to its neighbors but still be preferable for Turkey since this outcome would not pose a survival problem.

Another challenging issue related to Iraq is the uncertain status of Kirkuk. Turkish officials fear that Kurdish control of Kirkuk and its oil wealth would enable them to finance an independent and then irredentist Kurdish state. They want the referendum to be postponed and power to be shared by all ethnic groups in the city. If the Iraqi Kurds attempt to take Kirkuk by force or subterfuge, this could provoke violence inside the city and reactions from Turkey, exacerbating the instability of Iraq and the region as a whole.

There is also a clear divergence between Turkey and the US regarding the concept of (international) terrorism. Part of the problem stems from the differences in attitudes towards the PKK. Although the US has declared the PKK and its off-shoots as terrorist organizations, CENTCOM is averse to moving against them in northern Iraq. The reluctance of the US to take military action against the PKK in Iraq has led to growing frustration and bitterness in Ankara, contributing to the already worrying level of anti-American sentiment in Turkey. According to different polls, among Europeans, Turkey has the lowest favorable opinion of the US (8% in 2007). The approval rating for President Bush's foreign policy is abysmal (7% approving, 81% disapproving). Strong negative feelings are also recorded

about American leadership (56% find it undesirable) in world affairs, while 65% of respondents view US as a possible military threat to Turkey.

Diverging views on terrorism created difficulties on other occasions too. Turkey's policy towards Hamas is one such area where repercussions are felt on different aspects of Turkish-American relations. Only a few weeks after the Palestinian elections, Turkey hosted a Hamas delegation led by Khaled Mashaal in Ankara, without consulting with the US or Israel. This provoked anger in Jerusalem and Washington since the visit undercut their policy of isolating the Hamas government internationally. On the other hand, Prime Minister Erdoğan, in pursuing an active pro-Palestinian policy, has been openly critical of the Israeli policy in the West Bank and Gaza, calling some Israeli actions acts of "state terror" and thereby provoking an uproar from the Jewish Lobby in the US. Recently when the Turkish press reported that Erdoğan invited İsmail Haniyeh, the prime minister of Hamas-led Palestinian government, as well as president Abbas to Turkey, a number of American Congressmen with ties to the Jewish Lobby threatened to vote against Turkey on the impending Armenian genocide bill.

This brings us to another problematic issue in Turkish-American relations: The way that members of the US Congress use the Armenian genocide allegations as a matter of political expediency and in total disregard for Turkish-American partnership and/or alliance relationship. The political influence enjoyed by the Armenian lobbies in Washington effects the judgment of American politicians regarding Turkey. Their perceptions are blurred and get sidetracked by the interplay of domestic politics. Similarly, both Turkish and American politicians react unnecessarily harshly to the comments made in each other's media outlets or even to characterizations in movies and TV series. It is not uncommon to hear high level decision makers, let alone politicians, on both sides citing from newspaper editorials or a particular movie as proof of anti-Americanism in Turkey or of an American conspiracy to undermine Turkish sovereignty. These examples show how fragile and sensitive the relationship is and how much it needs constant attention.

Yet, there is hope for the future of Turkish-American relations

Turkish-American relations were badly strained by the events over Iraq. Arguably the Pentagon never got over the fact that the Turkish Parliament failed to pass the resolution to allow the deployment of American troops in Turkey. The

Turks on their part will not easily forget or forgive the treatment accorded to Turkish special operations troops in the city of Sulaymaniyah on July 4th, 2003 no matter what the American side said regarding the issue. The desired rapprochement would not be fully materialized in the short run primarily because of the US failure to act against the PKK





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(recent allegations that some of the US guns and ammunition in Iraq have ended up in the hands of the PKK only fuels Turkish distraught with the US) and the public sanctioning accorded to manifestations of rising anti-American sentiments in fiction and movies in Turkey by leading politicians. Though full recovery looks like a distant prospect there are yet areas that can be mended even in the short term.

The Iraqi War was a test case for “strategic partnership”. It clearly exposed the strains that the Turkish-American relations had accumulated over the years. It brought forward the need to reassess the relationship and readopt the rules of engagement to the new realities. After the debacle that led to the momentous decision by the Turkish Parliament on March 1, 2003, many analysts in Turkey and the US have argued that Turkish-American relations could no longer be defined as a strategic partnership, and that they needed a new conceptualization. While that may be the case, it is clear that the need and basis for a strategic relationship (in contrast to a strategic partnership) have not disappeared, though ebbed with various constraints.

While the Middle East has emerged as the leading troublesome region in the post-9/11 world, Turkey’s importance to the US increased accordingly. To begin with, Iraq stands as the most problematic issue in the Middle East today, which elevates Turkey to an indispensable logistical back up for the US. Over 25% of the fuel used by US forces in Iraq and 29% of all the fuel used by the Iraqis are supplied through Turkey. Around 65-75% of all the logistical support material for coalition forces in Iraq is shipped from the Incirlik base in Turkey. Turkey’s non-cooperation on over-flight rights or the slowing down of the traffic at the Turkish-Iraqi border could easily hurt US operations in Iraq. In addition, Turkish construction companies are busy rebuilding northern Iraq and they can do so in the rest of the country if allowed. In practical terms, the experiences

of Turkish contractors in Iraq and their ability to work in demanding situations make them valuable, especially in the areas where western companies are not willing to take the risks under existing conditions.

The roles played by Syria and Iran in the Middle East and their conflicting relations with the US need to be taken into account as well in assessing the US need for Turkish support in the region. Although Turkey is rarely cited among the states to cooperate with for the future of the region, the US wish to contain Iran and Syria inevitably requires Turkish cooperation. Instead of last minute demands to comply with the US policy adjustments in the region, it would be more productive if the two countries engaged in a dialogue today regarding the future shape of the region. Not only does the US need Turkey to contain and surround Iran from the outside, it also needs Ankara’s help to counter-balance the rising Iranian influence in the region. Recent Saudi surge for action would not be enough by itself to match the current Iranian sway in the region. As far as Syria is concerned, improved Turkish-Syrian relations are important for keeping dialogue channels open, guiding Syria towards a more cooperative mould and a peaceful settlement with Israel.

In the context of Central Asia, the Caspian Basin and the Caucasus, Turkey continues to play an important role in the US project to establish an east-west energy corridor. It plays a crucial stabilizing role in the Caucasus, especially guiding Azerbaijan gently towards peaceful conflict resolution methods. To break the connection between Russia and its last ally in the Caucasus, Armenia, and bring the latter into the Western mould, Turkey’s cooperation is indispensable through normalization of Turkish-Armenian relations.

These examples clearly show that the need for cooperation has not disappeared in the post-March 2003 world. Yet the parameters of the strategic partnership/relationship have changed and the relations are in need of fine-tuning. The suspicion and distrust between the parties engendered by what had transpired during the American misadventure in Iraq weakened the relations. On the other hand, the fact that both countries can still speak of future joint projects and have not renounced each other on the face of worst crisis in Turkish-American relations proves the resilience of the historical connection.

What could be done?

The Turkish-American strategic relationship deserves constant attention and more care from both sides. During the cold war, it was based on the US ability to protect Turkey from the Soviet threat on the one hand, and Turkey’s geography and its importance to the US on the other. As the Soviet Union collapsed, both the threat and the geographic significance have disappeared, though the latter was revived briefly when the US’s “dual containment” policy was in force. The relationship has evolved since then. It is now multidimensional and has different potential

anchors, which only need to be highlighted and worked into a new coherent paradigm.

Larrabee and Lesser once conceptualized the Turkish-American relations with the term “pivotal state”. Turkey is one of the “pivotal” states in the world and a regional power in the Middle East, Balkans and the Caucasus, based on four factors. First is the lure of the “Turkish model”: Turkey’s identity as the only state in the Middle East that combines modernity, democratization, market economy and a Muslim identity underscores its exceptionalism. Second is Turkey’s success in democratization and its relationship with Europe as a candidate member of the EU. This empowers Turkey in its foreign policy towards these regions. Third, economic development (Turkey is currently the 16th largest economy in the world) and stability make Turkey an economic magnet for the region. This would mean that if Turkey is able to solve its economic problems and stabilize its economy, it could project economic or soft power over its neighbors. Finally, Turkey’s geopolitics between east and the west still count for a great deal. The combination of these four factors makes Turkey indispensable for US interests. However, when Turkey cannot manage or harmonize all these factors, it experiences various problems. The country turns more and more introverted and nationalistic, which in turn affects Turkish-American relations negatively.

In terms of strategic cultures, that is, the way that both states

see the outside world, there are many more convergences than divergences. Both states primarily employ a strategic outlook with utmost attention devoted to security. There are clearly enough strategic long-term issues that both states need to talk to each other about. These include the emergence of one or more nuclear powers in the Middle East, the expansion of east-west energy corridor, the future of Iraq, cooperation against radical Islamists and international terrorism. In most of these issues, Turkey is still much closer to the US perceptions and views than the EU despite what its developing convergence with the ESDP would suggest. The differences emerge not in the substance of the problems, but in how best to respond to them. This is exactly the point on which a lot of work and good will ought to be expanded.

Traditionally, the Pentagon and the armaments industry in the US were Turkey’s main sponsors in Washington. That connection somewhat lost its aura since March 2003, and, though there are signs of reparations, key defense constituencies remain disenchanted with Turkey. There emerged, however, a modest economic constituency in the US for Turkey that consists mainly of energy and finance industries. Turkey’s strong economic performance since the financial crisis of 2000-2001 has spurred US private sector interest in Turkey. Recent investments by Citibank (in Akbank) and GE Capital (in Garanti Bank) are leading examples. Over time, this interest could





TURKISH-AMERICAN RELATIONS

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produce a strong new constituency for US-Turkish relations.

For a successful new paradigm to emerge, Turkey clearly needs to develop new constituencies in Washington beyond the military-industrial complex. In this regard, Turkey's perennial weakness in developing a Turkish lobby appears even more consequential. Unless Turkey is able to develop such a dedicated group of people, ready not only to counter influences of anti-Turkish lobbies but also geared up to "walk around the corridors of Congress and administrative offices", efforts to explain Turkey and Turkish sensitivities to US audiences through hired lobbyists and tourism posters will inevitably fail. Most of the people in Washington circles, including many that claim to know Turkey, for example, do not know that, despite the March 1 decision, the US military has enjoyed unlimited over fly access through Turkish airspace both for the Afghan operation and logistical support for Iraq. This kind of information needs to be hammered in if Turkey is ever going to get a positive reception in the US Congress.

To improve the relations, there should be a change in the US perception of the post-9/11 world. Washington focused heavily on security challenges, with insufficient attention paid to long-term regional alliances. This approach also produced a tougher style in dealing with allies. Should the US prefer to continue to act alone, relying solely on military power, the future of Turkish-American relations could be very difficult and problematic. Instead, if Washington chooses to look at the world with the intention to solve the problems of economic under-development and inequality and changes the way it deals with international terrorism, then Turkey's relationship with the US could go beyond the confinements of the strategic partnership. Indeed the relationship could become a constructive and multidimensional

one. At the same time, the US policy makers will need to get used to dealing with an independent-minded and assertive Turkey that will be extremely unwilling to allow the US to use its military facilities for operations in the Middle East unless they are clearly in line with Turkish interests.

The US could also reserve a more central position for Turkey in its regional diplomacy for Iraq. The debate in Washington in recent months has focused too much on the role of Iran and Syria, and Turkey was rarely mentioned. Ankara has at least as much leverage over key actors of the Iraqi scene, and a substantive stake. It is imperative that the US address Turkey's concerns about the PKK and the future political form of northern Iraq. In response, Turkey could help the shaping of a concerted response to Iranian nuclear and missile

programs. Ankara, if deemed politically desirable, can easily be a key partner in containing and managing Iranian ambitions.

It is clear that the two countries need to foster a more diverse relationship if they wish to improve on the dismal state of their cooperation. The relationship has been too heavily focused on security matters, which is likely to remain unpredictable in the foreseeable future. The economic and other dimensions of the relationship, while expanding, remain underdeveloped. The two countries could easily interact and increase effectiveness of cooperation in meeting the various challenges ranging from terrorism and WMD proliferation to organized crime.

Finally, the two countries need to consult each other before taking significant decisions that are of interest to the other side. Mere exchange of views will no longer suffice. They should rely on official channels of communication and avoid communicating through the media and third parties. It would be useful to stress the positive elements in the relationship from Central Asia and energy to Afghanistan. The American administration can certainly do more to tackle the PKK in northern Iraq, and would decisively aid the improvement of the relationship if it can once more help to shelve the simmering "Armenian Bill" in Congress. In the meantime, high-level bilateral consultation and communication could ensure that things do not get out of hand. The current Turkish government's sympathetic approach to the US and the positive responses generated in Washington by the election of a well-known figure, Abdullah Gül, to the presidency in Turkey would help the building of a more open and sincere dialogue. Heightened US attention to the areas around Turkey (by the recent decision to withdraw some of the US forces from Iraq and refocusing on Iranian nuclear issue) could provide the necessary incentive to the US to accentuate once more its relationship with Turkey. Only thus would the Turkish-American alliance once more prove its resilience on the face of difficult problems it is facing today.

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TURKISH-AMERICAN RELATIONS AND THE FUTURE OF IRAQ

S. Gülden Ayman

The end of the Cold War had initially generated optimism in Turkey. While the NATO alliance enlarged and strengthened its relationships with Russia, Ukraine, and the frontline states of the Caucasus and Central Asia, Turkey found new partners and opportunities to extend its influence in the ex-Soviet territories through political, economic and commercial cooperation.

Turkey had benefited from the disappearance of Soviet influence in the Middle East especially in terms of her relations with Syria, Iraq and Iran. When Soviet support faded away these countries found themselves gradually isolated and their bargaining power reduced. It was partially as a result of this new configuration that Turkey successfully applied coercive diplomacy toward Syria and received American assistance in the capture of the PKK (Kurdistan Workers' Party) leader Abdullah Öcalan after his deportation from that country.

Change in the nature of the alliance

However the end of the Cold War did not just offer advantages and opportunities. It also posed serious challenges to Turkish foreign policy making. Structurally speaking during the Cold War era the Western alliance rested upon the presence of a common enemy and the dependence of the allies upon the United States for protection. In the post-Cold War period no solid and common criteria presented themselves to help distinguish opponents from allies. The international system was defined by its polycentric character as well as its unipolar nature. In such a system individual interests independently determined possible partners. The risk of abandonment by allies augmented.

In general abandonment means "defection" that can take a variety of specific norms. As Snyder explains, the ally may

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realign with the opponent; it may merely de-align, abrogating the alliance contract; it may fail to make good on its explicit commitments; may fail to provide support in contingencies when support is expected. Though abandonment appears as a general problem in alliance politics, allies differ in terms of their relative dependence on the alliance to preserve their security: the more dependent an ally is, the more likely it is that it will fear abandonment.

Turkey was not exposed to the negative impacts of the alteration of the international system until the US military intervened in Iraq. Since then Turkish-American relations present to us an interesting case study in alliance politics. Turkey found herself in a serious dilemma; it faced either entrapment

or abandonment. Entrapment could be defined as being dragged into a conflict in pursuit of an ally's interests that one does not share or shares only partially. Entrapment usually occurs when one values the preservation of the alliance more than the cost of fighting for the ally's interests.

During the Iraqi crisis for instance Turkey was more concerned with the possibility of being drawn to a war with a neighboring country where her vital interests were not at stake. The risks of abandonment and entrapment tend to vary inversely; reducing one tends to increase the other. In this vein, the Turkish government's wish to avoid "perceived entrapment" by not allowing the deployment of US ground troops to cross Turkish territory into Kurdish controlled northern Iraq further complicated the bilateral relations with the United States. This, in turn enhanced Turkey's fears of abandonment by her superpower ally.

In the Turkish-American case, the highlighting of individual policies alone cannot provide us with a satisfactory explanation for the gradual worsening of bilateral ties. Two intermediary

IRAQ

reasons could be underlined to explain the deterioration of Turkish-American relations. The first is the Turkish government's mismanagement of the crisis in the sense of giving confused messages and raising US expectations for the deployment of American troops in Turkish territory. Secondly the US failure to restore peace and stability in Iraq which not only caused the use of Turkey as a "scapegoat" but also resulted in American reliance on the Kurdish Peshmerga guerrillas for security reasons.

Turkish concerns in Iraq

Turkish concerns about the future of Iraq are twofold: Ankara wants to curb the activities of the PKK that found safe heaven in northern Iraq. It has military bases there and uses the territory for political propaganda. Secondly, Turkey wants to see Iraq territorially unified, all Iraqi groups equally treated and economic resources fairly shared.

Turkey is eager to curb PKK activities in northern Iraq. Terrorists and munitions cross the border from the Kurdish Regional Government's territory and enter Turkey's predominantly Kurdish southeastern region. However, the eradication of the PKK from Iraq is not something to be achieved by individual efforts alone; it requires security cooperation beyond Turkey's borders. Today the PKK problem remains an intractable issue because of the absence of a strong central authority to control Iraq's borders with Turkey. What is the relevant authority with which Turkey could negotiate to end PKK incursions from Iraq? Shall Turkey rely on the United States, the Kurdish Regional Government or the central government in Baghdad, or all of them together to come up with a solution?

Turkey wishes to work with the United States that Ankara considers "Iraq's sole sovereign". The US instead consistently advocates Turkey's direct dealing with the Iraqi Kurds. Ankara and Washington share the view that Iraqi territory should not be a safe haven for international terrorist organizations. Ironically, it is not the US but Iran which has shown eagerness to provide logistical and combat support to Turkey in the event of military operations inside northern Iraq. Currently, Turkey, Iran and Syria are seriously consulting each other for possible cooperation in fighting Kurdish terrorists. However, building a front with

Iran and Syria would neither be sufficient nor satisfactory for Turkey in the long run. Convergence of interests with the previous supporters of PKK appears a crisis time reality and intimately related to their opposition to the establishment of a Kurdish state.

What blocks a determined US pressure on Kurdish leaders to halt PKK activities is the US's reliance on Kurdish Peshmerga guerrillas. The Peshmerga play a role similar to that of an army. The Pentagon received Kurdish assistance in military operations and the Kurdish towns became the only relatively secure places for the Americans in Iraq. By presenting themselves as America's

only reliable partners, the Kurds created the opportunity to form a strong bond with the U.S. forces. Thereby, they expanded their influence so as to become power brokers in Iraqi politics. This is the context of Washington's opposition to Turkey's military action against the PKK forces in northern Iraq.

Under these circumstances conducting a military operation to halt the PKK incursions is problematic. A limited operation would not provide an effective solution whereas a full-scale one would create even bigger problems both in terms of drawing Turkey to a

war with no end and also triggering a split between Turkey's own Kurds and the rest of society.

The US government formally handed over the sole responsibility for maintaining the security of northern Iraq to Kurdish regional authorities on May 30. In the meantime the number of PKK militants based in regional President Masoud Barzani's territories reached 3500 and northern Iraq is being used as a base to attack Turkey. The Kurdish authority refuses to define PKK activities as a security problem. Even if they were to change their position though it would not be realistic to expect Kurdish leaders to abandon the PKK card permanently for obvious reasons. First, if attacked PKK is militarily strong enough to pose a security threat to Kurdish leaders' forces. Secondly, PKK raids destabilize and weaken Turkey and provide a bargaining chip to convince Turkey to recognize the Kurdish Authority. Thirdly, smuggling is an important part of both parties' revenues. This creates an area of cooperation between Barzani forces and the PKK. Fourthly, rival groups tend to





unify more easily under external pressure. More importantly Kurdish national identity is strengthened as long as fighting between Kurdish terrorists and the Turkish army continues.

What worsened the situation was that the support PKK terrorists received was not confined to the regional government of northern Iraq. They also attempted to acquire arms from U.S. troops in Iraq with the help of some corrupt military personnel. Recently, three PKK deserters alleged that U.S. armored vehicles delivered M-6 rifles and munitions to PKK bases in Qandil Mountains.

While Turkish-American relations were further strained by these allegations Ankara consistently avoided negotiating with Barzani. Ankara declared in several instances that she only recognizes the central government of Baghdad as her counterpart. In April a diplomatic note was given by Ankara asking the Iraqi government to take urgent and effective steps against the PKK presence in Iraqi territory. The draft agreement proposed to Baghdad for combating terrorism, asked among other things that the Iraqi authorities cut off financial and logistical support to the PKK; block its access to the media for propagating its ideology of violence and its political program of separatism; extradite to Turkey PKK leaders involved in terrorist activities; and exchange intelligence on militant activities. Ankara also underlined the fact that otherwise Turkey may feel compelled to take all necessary action to exercise its right of self-defense under Article 51 of the UN Charter.

Same concerns were also voiced by Turkey during Iraqi Prime

Minister Nuri al- Maliki's visit to Ankara in August. However the only tangible result of the Iraqi PM's visit that could meet Turkish concerns about cross-border terrorism was a memorandum of understanding that envisages further discussions on cooperation in countering it. This was followed up though by a "Turkey-Iraq security pact". The pact was signed on 28 September 2007 by the Minister of Interior Jawad al Bolani for the Government of the Republic of Iraq and his counterpart Beşir Atalay for the Government of the Republic of Turkey. The agreement includes a pledge to prevent finance, logistical support and propaganda for the PKK but it falls short of meeting Ankara's demand to cross the border in order to chase the PKK terrorists who stage deadly attacks from their bases in northern Iraq. That was not a surprise since Maliki, after the crackdown of his multi-sectarian coalition was forced to rely even further on the major Kurdish parties, the KDP and the Patriotic Union of Kurdistan (PUK)

as his main backers in the government.

However the pact is still important in stepping up cooperation against the PKK, since the legal basis for cooperation has been created between the two neighbors. It stressed both parties' determination to combat all forms of terrorism, condemned the destruction and damage caused by acts of terrorism committed in particular by the terrorist organization PKK/KONGRA-GEL and emphasized the obligation to implement in full UN Security Council Resolutions 1373 (2001), 1546 and 1566 (2004) and 1624 (2005), as well as their common desire to cooperate effectively in combating the terrorist activities perpetrated by the terrorist groups. Besides Ankara reiterates once more that the agreements (Ankara Agreement signed on 5 June 1926, Friendship and neighborly Relations Agreement signed on 29 March 1946, the Agreement on Legal and Judicial Matters signed on 19 September 1989 and the Memorandum of Understanding signed on 7 August 2007) signed between the two states are still in force. According to Ankara's interpretation, if the Iraqi government fails to live up to its commitments, then the Turkish right for a *de facto* hot pursuit will emerge. Though not agreed to by the Iraqi side, Ankara bases its argument to stage hot pursuit operations into northern Iraq on, among other things, Iraqi Constitution's Article 7, Paragraph 2, which holds the Iraqi government responsible for dealing with all kinds of terrorist acts.

Ankara still expects a better understanding of its security problems by the USA and in the meantime the Turkish military



tries to enhance its own capability on the Iraqi border to fight Kurdish militants. Three “interim security zones” were recently established in Şırnak, Siirt and Hakkari provinces in southeastern Anatolia. Restrictions were put on non-military activities, a ban on air traffic in the area and steps were also taken to increase Turkey’s surveillance capabilities.

Economic measures are also on Ankara’s agenda. Possible limitations on the usage of electricity are being discussed. Yet, Ankara is reluctant to close its borders with Iraq. Turkey’s soaring trade with northern Iraq is estimated to be in the region of \$5 billion. An important source of income for northern Iraq, the Habur Gate became indispensable for the population of eastern and southeastern Anatolia as well. Re-activating the border trade with Syria to bypass Iraqi territory that is under KDP rule could be an option. But Iran’s readiness to fill the gap on cross border trade makes this pressure meaningless. Economic and trade relations are not only difficult to give up because of economic necessities but also because they introduce a friendlier image which prevents the consolidation of hostile identities on both sides of the border. Nevertheless it would not be realistic to expect economic ties to solve security issues by themselves. Economic solutions are only likely to work in the long run if parties have already resolved their political differences.

Steps taken to preserve Iraq’s unity

From the Turkish perspective any alteration of the recognized, already demarcated borders of Iraq is unacceptable. If Iraq were to break up not only ethnic violence and ethnic cleansing are likely but the spillover effects of that conflict may prove destructive. It would trigger a massive influx of refugees and drag other countries into the conflict. It is also highly likely that the break up of Iraq would trigger long lasting wars in the region.

Ankara’s position is based on the founding treaties of Iraq. The Turkish Republic agreed to the creation of Iraq that comprised the Mosul province with the condition that Iraq remained a unified country. Though any solution other than a unitary Iraq was initially rejected by Ankara, today the Turkish government is more inclined to accept the formation of a regional federation. The idea of an ethnic federation and the Iraqi Kurds’ annexation of Kirkuk as well as the creation of an independent Kurdish state in northern Iraq are strongly opposed.

One of the main concerns of Turkey has been the violation of the rights of the Turcoman who form Iraq’s third largest ethnic group. Kirkuk preserved its identity as a Turcoman city until the administration of the city was passed to the Kurds after the fall of the former Iraqi regime. Despite a Turcoman presence of roughly one third of the city’s total population, a Kurdish governor was appointed without election. Similar acts of injustice targeted the Turcoman during the transitional and interim Iraqi governments. Prior to the Iraqi elections many Turcoman areas were exposed to intentional raids and attacks and consequently thousands of Turcoman were prevented from participating in the elections.

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Turkey’s risk management strategy

Parallel to the efforts to develop political, economic, diplomatic and military measures against the threat emanating from the PKK, Ankara employed a risk management strategy to avert the division of Iraq. The most important element of this strategy was to reduce uncertainties.

Uncertainty in Iraq mainly derives from the absence of defined political rules. Although the rules of the old regime were rejected, the rules of the new are yet to be formulated. However, establishing law and order is not an easy task especially when factions resort to indiscriminate violence against each other to obtain a larger share of the resources and where the central authority is neither neutral nor powerful enough to impose its will. Sharp disagreements still exist in Iraq on the most

important questions like how oil resources and revenue will be shared. Yet the main source of trouble right now is not the sectarian nature of Iraqi politics, but the rise in political factionalism and competing visions for the future of Iraq.

All the actors vying for power in Iraq, particularly the Sunnis who lost a great deal, resort to violence as a “beyond-the-table” tactic to influence negotiations and achieve political ends. This vicious cycle of fear (insecurity) and violence would continue as long as all internal actors are not assured that their interests are addressed on a fair basis. In the meantime though, the ethnic cleansing of regions continues and multiethnic areas of the country are rapidly turning into single sect or ethnicity areas.

One of the critical means to reverse this situation is the inclusion of all the groups in the political process. A noteworthy effort to remind all the fighting groups of their shared values was the



Organization of Islamic States' Initiative launched by its Secretary General Ekmeleddin İhsanoğlu. The OIS issued a document from Mecca's Holy Mosque during the holy month of Ramadan in 2006 (on 19-20 October 2006) to reiterate the ruling of Islam with regards premeditated extra-judicial killings of Muslims in Iraq .

Widening the political process in Iraq to include all the segments of the Iraqi society also has a critical value. The Turkish government has been instrumental in bringing in the Sunnis to the present government. Turkish Foreign Minister Abdullah Gül held a surprise meeting with the US Ambassador in Baghdad Zalmay Khalilzad and Iraqi Sunni leader Tariq Hashemi in a bid to lure the Sunni bloc to take part in Iraq's elections at the end of 2005. The move aimed at strengthening the Iraqi government's power by increasing its legitimacy.

The U.N. sponsored meeting on 26-28 July 2006 that was hosted by the Turkish government presents to us another attempt that has brought the representatives, drawn from Sunni, Shiite, Kurdish and Turcoman groups together to discuss their views on issues such as the functioning of public services, transparency of government action and the organization of the armed forces. The meeting, served as a platform for them to discuss the reforms the country needs.

In the same year Turkey also hosted a "Conference for the Support of the Iraqi People" in Istanbul on December 13-14, 2006 that brought together more than 150 attendees, including politicians, religious figures, intellectuals and activists, from both inside and outside Iraq. Although the conference was beneficial in highlighting the "systematic marginalization of the Sunnis; the targeting of their ulema, imams, areas, mosques; and the liquidation of their men and women based upon their identity", its contribution was limited since it comprised only Sunni participants. While the initial reluctance of the Turkish government to communicate with Iraqi Kurdish groups constituted a stumbling block to the effectiveness of Turkey's efforts, Ankara later changed its stance and initiated unofficial communications with these groups.

Besides the efforts that targeted internal groups, Turkey also took international initiatives to avoid the division of Iraq. Most important Turkish initiative in this regard was the meetings of the "Foreign Ministers of the Neighboring Countries of Iraq". Though Iraq's neighbors' pledge to reassure the inviolability of



Iraq's borders was assured, Turkish efforts to build a regional consensus to end violence in Iraq proved largely futile. One reason for that is the preference of a big forum that is not the best venue for detailed discussions over concrete road maps.

Furthermore, the real problem is not the absence of an agreement by Iraq's neighbors' on the necessity to bring peace and stability to Iraq but how to build a common perspective, defining necessary ways and means to realize it. In this respect unlike Turkey, not all the neighboring states necessarily perceive the continuation of instability in Iraq contrary to their interests. In this equation the goals and the expectations of Iran, currently the most powerful actor in Iraq, seems to be critical. Iranian links exist at the highest levels of the Iraqi government and include not only Shi'a political personalities but also Kurds and even some Sunnis. For Iran the ideal is a Shiite dominated regime in Iraq. On the other hand, an eventually successful U.S. policy that leads to the establishment of a secular, democratic state which seeks friendlier relations particularly with the US and Israel would be a very worrying development for both Iran and Syria. Therefore unless the disagreements between the US and these two neighbors of Iraq can be solved/or at least diminished, reaching a common perception is unlikely. In this regard it should also be added that the rise of the Shi'a in Iraq became a serious concern for Saudi Arabia. In case of US withdrawal from Iraq, the eruption of a full-scale Sunni-Shi'a civil war is likely, with the possibility of Iran and Saudi Arabia fighting each other through their proxies.

In such an environment Ankara tries to do basically two things; to activate a dialogue between the US and Iraq's neighbors and support an expansion of the UN's role in Iraq.

Ankara prepared the ground for the Sharm el-Sheikh Conference which gathered Egypt, the Arab League, the Organization of Islamic Conference and the United Nations in addition to Iraq's six neighbors in Egypt on May 3-4. Senior diplomats from the five permanent members of the UN Security Council and members of the G-8 also attended. The Sharm el-Sheikh Conference was the first international ministerial meeting on Iraq since the U.S.-led coalition forces seized Baghdad in April of 2003. As of this writing, Istanbul is waiting to host the next enlarged summit of Iraq's neighbors at the end of October which will bring delegates from the Baghdad government, all Iraq's neighbors, as well as the five permanent U.N. Security Council member countries and the G8 industrial



powers. According to the Turkish Foreign Minister and Chief EU negotiator Ali Babacan who recently visited Syria, Israel, Palestine and Jordan during his tour of Middle Eastern countries, “no major decision should be made on Iraq without consulting its neighbors”. One of the expectations of Ankara from this meeting is to lay the foundations for an institutionalized consultation mechanism.

On the other hand, Turkey welcomed the resolution that extended the mandate for the UN Assistance Mission for Iraq. The resolution that received unanimous support, paved the way for the office to roughly double its team in Baghdad to 95 expatriates. It authorizes the U.N., at the request of the Iraqi government, to promote political talks among Iraqis and a regional dialogue on issues including border security, energy and refugees. The Turkish government expects that the UN as a more neutral party could facilitate talks among feuding parties. Ankara would urge equal treatment in Iraq of all parties including the Turcoman and diffuse the pressure on the American Administration for the acceptance of a soft partition plan.

Ankara does not support the idea of a soft partition that was proposed by Senator Joe Biden as an option in case the existing coalition government of Prime Minister Nuri al-Maliki fails. Soft partition is defended as the only means of avoiding an intensification of the civil war and the growing threat of a regional conflagration. The idea, as in Bosnia, is to maintain a united Iraq by decentralizing it, giving each ethno-religious group - Kurd, Sunni Arab and Shiite Arab - room to run its own affairs, while leaving the central government in charge of common interests. However this plan carries the risk of accelerating the breaking up of Iraq. It could also cause bloodletting in Iraq's urban areas since Baghdad, Kirkuk and Mosul don't have clear geographical lines separating the main groups.

Recently, a development related to the future of Iraq, the postponement of the referendum to determine the status of Kirkuk gave a boost to Turkish-American relations. Article 140 of the Iraqi constitution stipulated a Dec. 31, 2007 deadline for the Kirkuk referendum -at the end of a process that includes "normalization", shorthand for reversing the effects of Saddam's policy to drive the Kurds out of a string of northern cities and replace them with Arabs. The constitutional timetable also provided for a census to be completed by the end of July, but

neither this nor "normalization" has been implemented.

There are over 36,000 land dispute cases in Kirkuk. So far, not even 10 percent of them were resolved. Ankara was especially worried that an influx of Kurdish immigrants into Kirkuk over the past years guaranteed a vote for inclusion of the city in the semi-autonomous Kurdish region. The Turkish government's and the Iraqi Turcoman's proposal to avert the division of Iraq includes a special status to be given to Kirkuk to guarantee that its oil riches will be shared by all Iraqis. Ankara and the Iraqi Turcoman were not the only ones calling for a postponement of the Kirkuk referendum. The celebrated report of the Iraqi Study Group as well as reports by others, most notably the

International Crisis Group, recommended that the referendum be postponed. Undoubtedly such a development removed one source of tension in Turkish-American relations.

Conclusion

The cost of abandonment by the USA is higher for Turkey because the threats and risks emanating from Iraq are directly related to Turkey's security and territorial integrity. Moreover the security dilemma in Turkish-American relations could not be ameliorated through Turkey's recognition of the Kurdish Regional Government. KRG cannot provide assurances to prevent the PKK raids and stop the violation of Turcoman's rights.

Nor could it give up its own efforts to form an independent Kurdish state.

Additionally, Turkish-American differences in Iraq became more difficult to resolve because of the growing complexities of the Iraqi crisis in terms of the number of actors and the issues involved. Iraq turned into a battlefield of proxy wars in an environment where tensions do exacerbate between the US and two neighbors of Iraq; Iran and Syria on the one hand, Saudi Arabia and Iran on the other.

Currently Turkey relies on her own efforts to counter the dangers emanating from Iraq. However she could not determine the fate of Iraq only through her capabilities. Therefore facilitating a dialogue between the US and the regional actors as well as between opposing factions in Iraq is of critical importance for Ankara.

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**THE
POSTPONEMENT
OF
THE REFERENDUM
TO DETERMINE
THE STATUS OF
KIRKUK GAVE
A BOOST
TO TURKISH-AMERICAN
RELATIONS.**

EURO TURKS

dwelling in a space of their own

Ayhan Kaya

“When I was a child I was feeling more Turkish although I had several French peers. When I became older my French identity has become more visible in the public space. Lately I have discovered another part of my identity, i.e., Islam. I have a triple identity. And the good thing is that I can live with all those three, and I don’t have to choose one of them.”

A young, veiled French-Turkish woman testifying at a conference held in the French Senate.

Migration brings about new openings, encounters, bridges, doors and windows between peoples. However it may also be put to use as an attractive form of governance. In other words it can be employed as an effective tool or strategy of dominance by conservative political elites.

Migration has recently been framed as a source of fear and instability for the nation-states in the West. Yet not so long ago it was rather a source of contentment and happiness. What has changed in the meantime? Whence this shift in the framing of migration? Several different reasons like de-industrialization, changing technology, unemployment, poverty and neo-liberal political economy can be mentioned. One should not underestimate the enormous demographic change caused by the dissolution of the Eastern Block either. The period starting in 1989 signifies the beginning of a new historical epoch that ushered in the massive migration flows of ethnic Germans, ethnic Hungarians, ethnic Russians and Russian Jews from one

place to another. The post-Communist era has also brought about a process that corresponds to the re-homogenization attempts of the western nation-states like Germany, Austria, France, Italy and the Netherlands. Political instability and ethnic conflicts in formerly communist countries (USSR and former Yugoslavia) pushed some ethnic groups to emigrate to Western European countries because of ethnic affinity.

The mobilization of millions of people has stimulated the nation-states to change their migration policies in a way that encouraged the arrival of immigrants from similar ethnic backgrounds. Partially as a result of this new influx of “kin” the status of the existing migrants became more precarious. Yet, these nation-states were not suitably equipped to absorb the spontaneous arrival of millions of their ethnic kin either. This period of demographic change in Western Europe went in tandem with the rise of discourses like the ‘clash of civilizations’ or ‘culture wars’ that presented societal heterogeneity in an unfavorable light. The intensification of Islamophobia made easier by al-Qaeda type terrorism and the radicalization of segments of the immigrant Muslim communities in several countries reinforced these trends. The result was the introduction of restrictive migration policies and increased territorial border security vis-à-vis the nationals of third countries who originated from outside the European continent.

Some other issues should also be highlighted. Citing statistical figures about migration has become rather popular lately. Such exercises certainly generate a climate of fear that may be useful for political purposes. On the other hand though it makes the political elite, media and bureaucracy neglect, ignore or dismiss the social, political, cultural and economic gains that migrants contribute to the receiving societies. The

common tendency, prevalent in Western states, to categorize migration along with drug trafficking, human trafficking, international criminality, and terrorism fuels the fear of migration and vilifies the 'others'. Securitization of migration has become a particularly vital issue after the September 11 attacks in the United States and related ones in other places, notably Istanbul, Madrid and London. States rely on the discourse of securitization as a political technique that has the capacity to unify a society politically by presenting a credible existential threat in the form of an internal or an external enemy. The popularity of the claim that the EU will face a flood of migration from Turkey when she joins the Union illustrates how such a politically and socially constructed fears can be put to use.

Sustained references to the rising number of illegal immigrants is meant to underline the need to protect the national, social, ethnic and 'racial' body against being polluted and contaminated by culturally and religiously different migrants. One should keep in mind the fact that this new phase of immigrant-bashing happens at a time when net migration is almost zero, or even negative, in several countries like France, Germany, Austria, Belgium and the Netherlands. This fact also makes the securitization of migration a rather cynical process. One could recall how the conservative political circles brought the 'Polish plumber' issue in France immediately on the eve of the European Constitutional referendum in 2004. It must be recognized that the total number of plumbers from Poland then in France was only 640, obviously an insignificant number unlikely to hurt the domestic labor market. Stereotypically casting migration and emphasizing its disrupting consequences, the media also play a role in the securitization process of migration. Migrants are often presented as imagined alien enemies that undermine the culture, sap the nation's scarce resources, steal precious jobs and bring in alien customs and religions.

What I want to do in what follows is to scrutinize the ways in which Euro-Turks living in Germany, France, Belgium and the Netherlands respond to the changing perception of migration and Islam in the west. There are more than 4,5 million Euro-Turks dwelling in the European Union countries. About 3 million of them live in Germany, 400 thousand in France, 400 thousand in the Netherlands, and 200 thousand in Belgium. These migrants by and large tend to comply with the legal, political, social and economic structure of the country they dwell in. That is why migrants who come from a particular country of origin and are dispersed in various countries of destination do not generate similar political participation strategies.

Communitarian and republican policies of integration

The migrants differ from each other in how they build their survival strategies and identities in their country of residence. For instance, while the French-Turks develop a universalistic, republican and laicist political discourse and identity, the



While the French-Turks develop a universalistic, republican and laicist political discourse and identity, the German-Turks develop a more particularistic, culturalist and religious-political one.

German-Turks develop a more particularistic, culturalist and religious-political one. The differentiation is simple to decipher. These two countries historically, politically and economically differ from each other: France is more universalistic, civilizationist and assimilationist, and Germany is more particularistic, culturalist and pluralist. To give another example, while the Flemish-Turks in Belgium tend to form a more culturally distinct identity away from the receiving society, the Walloon-Turks tend to incorporate themselves into the Walloon culture. This divergence stems from the fact that the Flemish society is more inclined towards a multiculturalist discourse of integration just like in the Netherlands. The Walloons, on the other hand, are more prone to pursue assimilationist policies.

Communitarianism in contemporary Germany and the Netherlands seems to provide the German-Turks and Dutch-Turks with a more liberal ground whereby they can politically, socially, culturally and economically integrate into the mainstream society. The data gathered through structured and in-depth interviews indicate that German-Turks, Dutch-Turks, Flemish-Turks, generally speaking, are more communitarian, religious and conservative than French-Turks and Walloon-Turks. Compared to French-Turks and Walloon-Turks, German-Turks seem to be less in favor of cultural integration, as they



**Euro-Turks
have become
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in the West.**

are content with their ethnic enclaves, religious archipelagos and traditional solidarity networks. There are however, other findings that indicate the contrary. Compared to German-Turks and Dutch-Turks, the French-Turks and the Walloon-Turks seem to be more engaged in the modern way of life, orientating themselves to integration, learning the French language, accepting secularism, laicism, and following the French speaking media. On the other hand, they are less engaged in French and Belgian domestic politics, use the internet, go to theatres, and cinemas. However, German-Turks, Dutch-Turks and Flemish-Turks seem to generate more cosmopolitan, hybrid, global, and reflexive identities in a way that redefines Europeanness, which is actually subject to constant change. Thus, their experiences actually seem to indicate that Islam does not necessarily contradict Europeanness, cosmopolitanism, modernity, and globalization.

Political participation of migrant communities

Euro-Turks have become more politically mobile after the rise of Islamophobic tendencies in the West. Local elections in both Belgium and the Netherlands in 2006 resulted in the political participation of thousands of Euro-Turks as both candidates and voters. Political participation has even become a source of distinction among the Turkish origin migrants and their descendants, which has given them a stronger status in the wider society.

Contrary to common belief, comparative research I conducted with my colleagues reveals that there is a positive correlation between ethno-cultural membership of Euro-Turks and their

political participation. The denser the network of associations of a particular ethnic group, the more political trust they will have and the more they will participate politically. Voluntary associations in Germany, Belgium and the Netherlands create social trust, leading to more political trust and higher political participation. Furthermore, ethnic media also contribute to the political activities of the communities of migrant origin in the wider society.

Liberal citizenship regimes

There is lately a strong inclination among Muslim origin migrants as well as other ethno-cultural minorities in the West towards essentializing and reifying their identities, ethnicities, religions, pasts and particularities. Majority societies tend to interpret such identity claims as an outcome of conservatism and essentialism featuring the Euro-Muslims in general, and Euro-Turks in particular. It is commonly argued that such an ethno-cultural essentialism poses a challenge to the national, societal and cultural security of the wider society in question. However, the ongoing research that we have been undertaking among the Turkish origin migrants dwelling in four countries, Germany, France, Belgium and the Netherlands, reveals that ethno-cultural revival among the Euro-Turks can be seen as a quest for justice and fairness, but not as a security challenge.

In order to avoid conflict and alienation, an essential task must be undertaken: citizenship laws must not be based on prescribed cultural, religious, linguistic and ethnic qualities. Moderate and democratic citizenship laws can be anticipated to resolve the emphasis made on ethnicity, religiosity and nationality by migrant groups and alter their reclusive status. The remarkable increase in the rate of naturalization among German-Turks after the introduction of more liberal citizenship laws in 2000 clearly illustrates that migrants and their descendants positively respond to inclusive citizenship policies. Prior to the year 2000, the number of German-Turks having German citizenship was around 350 thousand, and now this figure has gone up to more than 800 thousand. Around 60% of German-Turks either have German citizenship or plan to have it soon. This percentage represents around 2 million out of 3 million German-Turks in total. The new German citizenship law, although it has limitations, actually reveals that migrants can be quite receptive to democratic and inclusive political and legal changes.

Massive or reverse migration?

I can now turn to the claim that the EU will encounter a flood of migration from Turkey when she joins the European Union. And that furthermore such an influx will change the character and culture of Europe. I propose that this claim is a fabricated one, and illustrates a politically and socially constructed fear. This fear is mainly constructed by conservative political elites, who are not capable of devising solutions to the structural

problems of insecurity, deindustrialization, poverty, violence, political inequality and ghettoization. The same fear had also been raised when Spain, Portugal and Greece joined the union. What happened in those cases was reverse migration. 30 percent of the Euro-Turks report that they would consider returning to Turkey after a prospective membership. Already, the number of younger generation, qualified Euro-Turks migrating to Turkey is rapidly increasing. İnanç Kutluer, director of the Dutch Migration Institute, a Euro-Turk himself, states that each year approximately 1,000 young Dutch-Turks attracted by the dynamic Turkish economy are migrating to Turkey to be employed by international companies.

Euro-Islam:

Revival of honor in the age of structural outsidersim

We cannot treat the issue of the relations between Euro-Turks and host countries without looking into the relation the migrant communities have with their religion, Islam. Some Euro-Turks, or Euro-Muslims in general feel alienated by their surrounding and feel insecure with their future in the capitalist West. A while ago those alienated and socially excluded migrants just stopped inventing local futures for themselves. They thus remained tied to their traditional pasts, religions and ethnicities. Remaking, or recovering, the past serves at least a dual purpose for diaspora communities. Firstly, it is a way of coping with the conditions of the present without being very critical of the *status quo*. Secondly, it also helps to recuperate a sense of self not dependent on criteria handed down by others -the past is what the diasporic subjects can claim as their own. Hence, their growing affiliation with Islam, culture, authenticity, ethnicity, nationalism and traditions provides Euro-Turks or Euro-Muslims with the opportunity to establish solidarity networks, bulwarks against the major clusters of modernity such as capitalism, industrialism, racism, surveillance, egoism, loneliness, insecurity, “structural outsidersim” and militarism. Accordingly, Islamic revival emerges as a symptom, the outcome of certain processes of structural exclusion from the mainstream society.

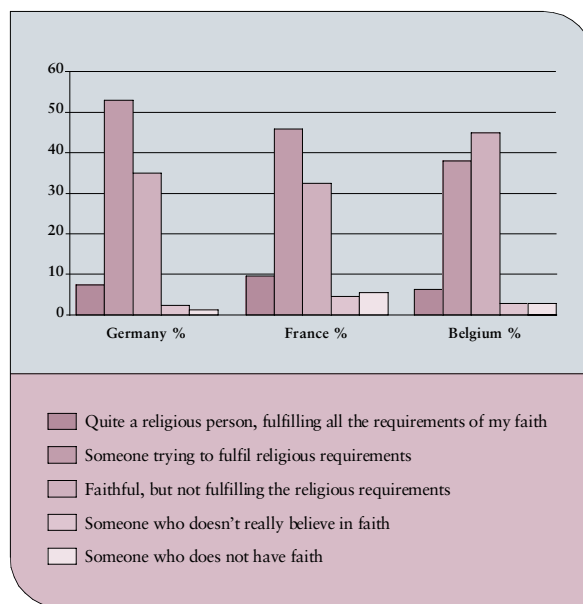
If we were to look at the religious disposition of Euro-Turks and the evolution of their religious identity as well as the way they relate to their new habitats, we find some striking results.

How do you define yourself with the following statements regarding your faith?

7,5% of German-Turks, 10% of French-Turks and 6, 8% of Belgian-Turks define themselves as quite religious, a similar pattern to Turks in Turkey. 89% of German-Turks, 80% of French-Turks and 84% of Belgian-Turks are reported to be relatively faithful. However, 2, 4% of German-Turks, 10% of French-Turks and 5,8% of Belgian-Turks seem to be either atheist or agnostic. These figures contradict the stereotypical perception of Islam in the West, imprisoning

Figure 1

How do you define yourself with the following statements regarding your faith?



Muslims in their alleged fundamentalist habitats of meaning. Recently, some Islamic oriented movements, such as the Cojepiennes based in Strasbourg, or some moderate off-springs of Milli Görüş movement (National Outlook) based in several cities in Western Europe, have shown a determination to adapt to the western way of life while preserving their own identities. Such modern interpretations of Islam prove that Islam does not actually pose a threat to western values; its main concern is actually to incorporate itself into the mainstream. Our data indicate that several Euro-Turks identify themselves with hyphenated (multiple) identities such as French-Muslim-Turkish, German-Muslim-Turkish, or Dutch-Muslim-Turkish. What is remarkable here is that the political identity takes precedence over religious and ethnic identities. Similarly, there is also something almost revolutionary among the young generations of Euro-Muslims, i.e. the individualization of religion.

How do you define yourself with the following statements regarding your faith? And birthplace?

Table 1 displays the correlation between birthplace and faith, and indicates that religiosity is still dominant among German-Turks. Religious mobility is quite understandable in a country like Germany where religion is still a strong source of identification among the German people. Furthermore, German-Turks are primarily defined by their Islamic identity in the eyes of the majority society. On the other hand, the secular and republican characteristics of French-Turks are prioritized by the French. The table above also displays that

Table 1

How do you define yourself with the following statements regarding your faith? and Birthplace?

%	BIRTHPLACE			
	Turkey	Belgium	Germany	France
Quite a religious person fulfilling all the requirements of my faith	9,3	2,4	2,8	5,5
Someone trying to fulfil religious requirements	53,5	35,8	51,9	57,8
Faithful, but not fulfilling the religious requirements	33,3	49,7	40,5	28,4
Someone who doesn't really believe in faith	2,1	3,0	4,1	3,8
Someone who does not have faith	1,8	3,0	0,7	2,9

religiosity is becoming less and less important among the young generations born and raised in Belgium. Religiosity among Euro-Turks is not an essentialized one, but a symbolic one. Symbolic religiosity is available to those who want to sporadically feel religious, without being forced to act religiously. The stress on religion is usually something adopted from their parental culture as part of negotiations with the majority society. The manner in which Euro-Turks, especially German-Turks, employ religion as a source of identity is quite distant from being essentialist.

Table 2 on the other hand reveals the correlation between social status and faith, and indicates that religiosity increases among Euro-Turks of lower social status while it decreases among those with higher social status. Since those with better education have a better chance of having access to resources available in society, this correlation also indicates that finding refuge in one's religious identity is highly linked to one's life chances and acceptability in wider society.

Individualization of religion

This tendency among the younger generations of Euro-Muslims towards religion as an intellectual and spiritual quest, distances them from the inherited cultural practices of Muslim communities. Islam is being differentiated by the youngsters from culture. Mandaville, too, observes a similar tendency especially among young Muslim women in diaspora:

"More and more women seem to be taking Islam into their own hands. They are not hesitating to question, criticize and even reject the Islam of their parents. Often this takes the form of drawing distinctions between culture, understood as the oppressive tendencies which derive from the parents' ethno-social background, and religion, a true Islam untainted by either culture or gender discrimination".

Migrant women are likely to see in Islam a progressive force emancipating them from their traditional roots, but also

preventing them from surrendering to Western cultural forms. Muslim women in diaspora no longer refer to the dress codes, arranged marriages and gender roles as symbols of Islam. The emphasis seems to be shifting towards the ethical and spiritual values of Islam. "We used to learn the content of Islam from our parents. They taught us how to pray, how to fast, and how to read the Quran. We learned those things in practice without knowing the very meaning of the verses and the rituals. Our parents did not know them either. Only the Imams knew what the verses meant, because they could understand Arabic, the language of the holy book. But now we no longer need our parents to learn the religion. We have the internet, religious associations, and schools to inquire about everything. I don't want anybody, or any institution like the mosque, to impose on me anything about my faith. I am always surfing the internet, and I send my writings to the relevant forums". These are the words of a young, veiled Euro-Turkish woman, who treats Islam as a way of emancipation from the repression of both parental culture and traditional institutions. In doing so, youngsters make use of modern telecommunications provided by the contemporary processes of globalization. The media and information technologies have certainly played an important role in the emergence of a new breed of Islamist intellectual whose activities represent a form of hybridized 'globalization from below'. The expansion of economic, cultural and political networks between Euro-Turks and Turkey is one such example of this trend.

Conclusion

The discussions about the Euro-Turks have been heated in a time when Turkey has been given a full-membership perspective to the European Union. These discussions have also become imbedded in the debates on 9/11, 7/7, Islam, killing of anti-Islamist political leader Pim Fortuyn and film director Theo van Gogh in the Netherlands, the cartoon crisis

Table 2

How do you define yourself with the following statements regarding your faith? and Social Status?

%	SOCIAL STATUS						
	Highest	Upper	Upper Middle	Middle	Lower Middle	Low	Lowest
Quite a religious person fulfilling all the requirements of my faith	7,1	5,9	6,9	7,0	6,5	9,2	13,8
Someone trying to fulfil religious requirements	51,9	42,0	45,4	55,3	54,9	55,2	53,1
Faithful, but not fulfilling the religious requirements	28,2	45,7	38,5	33,6	35,5	33,8	32,6
Someone who doesn't really believe in faith	10,9	2,0	5,2	2,5	2,7	1,2	0,2
Someone who does not have faith	1,9	4,2	3,8	1,6	0,4	0,7	0,4

in Denmark, and the Pope's unfortunate gaffe about the Prophet Mohammad. In the meantime, Euro-Muslims in general, and Euro-Turks in particular, have had a wider visibility in the European public sphere in a way that fueled Islamophobic sentiments. However, it seems that the real clash is not between Christians and Muslims, it is rather between the so-called seculars and Muslims who become more visible in the public space. Turkey's attempts to become a full member of the EU also triggers the Islamophobic sentiments of the seculars in a way that reveals the fact that enlightened European secularism is not yet ready to accommodate Muslims in the public space.

Secular political figures like Giscard d'Estaing and Helmut Schmidt have lately become obsessed with underlining the Christian roots of European civilization at the expense of risking the channels of dialogue between the EU and the her immediate neighbours to the south and southeast. Seculars have opted for a religious discourse trying to make use of the defensive cultural and religious mood prevailing in Europe. The escalation of this conflict between the autochthonous (local) and allochthonous (migrants in Dutch language) populations has resulted in politicization of massive number of Euro-Turks in countries like Germany, Belgium, and the Netherlands. Although the new political atmosphere seems to be strenuous for the Euro-Muslims and Euro-Turks, it has compelled them to express themselves through legitimate political channels rather than through culture, ethnicity and religion.

The research I conducted with my colleague Ferhat Kentel reveals that the social, political, economic, cultural and linguistic integration capacity of Euro-Turks is primarily related to generational differences and socio-economic status. Younger generations and groups with higher socio-economic status seem to be more integrated than older generations, women and groups with lower social economic status who feel excluded from the social, political and economic spheres

of everyday life. However, such groups tend to generate their own alternative strategies for integrating in the majority society, through ethnocultural and religious institutions. Although the younger generations entertain doubts about the European Union because of the current crisis between the EU and Turkey, they are very engaged in European and German/French/Belgian/Dutch identities. Compared to middle-class groups who complain about ambiguity and insecurity, those with higher social status, who enjoy stronger social and cultural capital, and those with lower social status, who have positive expectations about the future, seem to be more closely affiliated with their countries of settlement. Although these groups are socially, economically and culturally different from each other, they both generate alternative forms of integration. Thus, the way Euro-Turks act in their countries of settlement is very dependent on the quality of relations between Turkey and the European Union.

Eventually, the problem of integrating Euro-Turks into the social, political and economic spheres of life in the European Union countries should no longer be confined to the policies generated by the member states. The European States should also consider formulating and implementing new integration policies in collaboration with the Turkish State, German/French/Belgian/Dutch governments etc. and Turkish civil society organizations, as well as migrant associations in the respective countries. Since global circuitry of communication creates a relational space between Turkey and the European Union, it is no longer possible to ask migrants of Turkish origin and their children to cut off their relations with Turkey, a country which is on the verge of becoming a member of the Union. Young generations of Euro-Turks will go on dwelling in a space of their own, which is by definition a space bridging Turkey and the European Union.

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Essay by

YASEMİN ÇONGAR

Modesty is a *sine qua non* of a democratic mind. A democrat readily acknowledges the limits of his judgment, knowing full well every one of his articulations is a human edifice and therefore relative. He claims no monopoly over the truth. By this definition, Daron Acemoğlu is a democrat. But he is also a ground-breaking social scientist. While the democrat in him concedes the inability to arrive at objective truth, the scientist in him nevertheless keeps digging at it in search of a better, albeit subjective, explanation of why we are the way we are.

Or why some countries are democracies while others are not. Acemoğlu tackles this question in his book (with James A. Robinson) *Economic Origins of Dictatorship and Democracy* (2006). Winner of the Association of American Publishers Award for Excellence in Finance and Economics -the kind of information that Acemoğlu, in typical modesty, would volunteer neither to a friend nor a prying journalist. This book is a comprehensive treatise in political economy. Focusing on the different paths of Britain, Argentina, Singapore and South Africa, Acemoğlu and Robinson propose a framework for analyzing the creation and consolidation of democracy.



D A R O N A C E M O Ğ L U

An extensive discussion of the book is beyond both the scope of this essay and the skills of its author. It will suffice to state Acemoğlu and Robinson's conclusion that democracy consolidates only when the elites do not have a strong incentive to overthrow it--a contingency which depends, among other factors, on the strength of civil society and the extent of globalization. The good news is Acemoğlu plans to publish a non-mathematical version of the book soon. For my purposes here, let me just say that even a quick glimpse at the book reveals Acemoğlu's authority in not only economics, but comparative politics, sociology and history as well as an empirical depth that is informed by developments in over a dozen nations. He also has a refreshingly political desire to be able to make reliable predictions about events such as revolutions and coups.

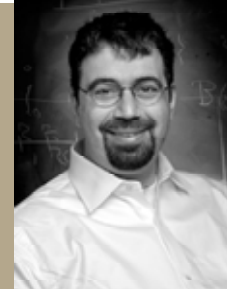
This book is but one of many achievements of Acemoğlu's career. I met him for the first time many years ago in Washington at the house of a common friend who whispered to my ear, "He is a genius. He does not like big words, but some day he will win the Nobel Prize." Indeed, Acemoğlu does not like big words. Instead, he has a Socratic way of expressing himself via questions thereby turning each conversation into an active mutual exchange. My memory of that first encounter is of a boyish thirty-something who comfortably mingled with the crowd and carried lively conversations with teenagers around a pinball machine and the elderly Turks about national politics.

Little did I know then that Acemoğlu was to become the recipient of the 2005 John Bates Clark Medal from the American Economic Association. Awarded to the

most outstanding economist working in the United States under age 40, the Clark Medal is viewed as a precursor to the Nobel Prize in Economics, and for good reason: Forty percent of the Clark Medal recipients, among them Samuelson, Friedman and Stiglitz, were eventually also honored by the Swedish Academy. In other words, my friend's prophesy has much better potential for being fulfilled than I initially presumed. I remember telling Acemoğlu as much when in 2005, upon learning of his award, I called to congratulate and interview him. "It is too early to talk of the Nobel," he told me, "but being one of ten recipients of this medal who are still in academia gives me enormous responsibility."

Acemoğlu turns 40 this year, but he has already published some 80 highly acclaimed academic papers. Currently the Charles P. Kindleberger Professor of Applied Economics at the Massachusetts Institute of Technology, he spent the last academic year as a visiting professor at Yale University. He is the editor of the *Review of Economics and Statistics* and associate editor of the *Journal of Economic Growth*. In 2006, he was inducted into the American Academy of Arts and Sciences.

The only child of a Turkish-Armenian couple, Acemoğlu graduated from the Galatasaray Lycée in 1986 and soon after left Istanbul to go to college in Britain, where he would receive his doctorate in 1992 at the London School of Economics. Today he fondly remembers his late mother Irma and late father Kevork Acemoğlu, who was a law professor at Istanbul University. "In Istanbul, we had a house full of books and reading them was my first foray into history and politics. But I owe something very special to my



parents" he says, "and that is, while growing up as a member of the Armenian minority in Turkey, not ever feeling defensive about it. Because my parents taught me to see the evil in all kinds of nationalism I learned, at an early age, to value human beings as human beings."

Earlier this year, I interviewed Acemoğlu for the Turkish-Armenian newspaper *Agos*. It was not long after the murder of Hrant Dink, the editor-in-chief of *Agos*, and Acemoğlu was clearly shaken by it. Still, he spoke with persistent optimism about what awaits Turkey: "There were two sides to this murder. On the one hand, the ones who committed this terrible crime and those who lay the groundwork for killing such a good man. But also there were the thousands of people who took to the streets in solidarity with Dink's friends and family and protested the murder loud and clear." For Acemoğlu, that protest was also a voice for democracy and "If democracy is not derailed yet again, if the ties with the European Union are strengthened, then Armenians, Jews, Greeks, Turks and Kurds can all live in Turkey in peace." The alternative, in his view, would be arrested economic development and a political outcome that would "pain" many. The compassionate native son, committed democrat and the brilliant economist that he is, Acemoğlu has no brief for that "alternative".

Nilüfer Kuyaş

DISTANT COUSINS ARE THE TURKS SHAPING HISTORY AGAIN?

A fascinating journey through Central Asia and the so-called Turkic lands is what Hugh Pope offers us in this enjoyable book.

It is also a journey through time, since his interest in the region spans more than a decade; he was among the first Western journalists to report on this vast and little known area, even before the various former Soviet Republics gained independence in 1991.

Sons of the Conquerors: The Rise of the Turkic World takes the reader through four hundred pages of anthropological and cultural insight, political background, tragic history, strategic possibilities and the everyday lives of the most recent and exotic arrivals in the community of independent nations.

Of course, interest in these countries has been intense after their independence mainly due to the enormous reserves of oil and natural gas.

The statistics are truly impressive. "In terms of natural gas" says Hugh Pope, "the Caspian region produced as much in 2001 as the Americas south of the Rio Grande, and will likely produce as much as the whole Middle East in 2010."

Just as I finished the book and prepared to take pen to paper for this article, news came of a new deal that President Putin signed with Kazakhstan and Turkmenistan to transport their oil and natural gas through a pipeline north across Russia.

While this development further tightens Russia's grip on energy routes out of the region, Turkey has been sidelined and lost some ground in the fierce competition for the vast resources of Central Asia.

So much for Turkic brotherhood and solidarity, I thought, and remembered Hugh Pope's timely warning in the book; that ethnic ties have a minor role when strategic issues are at stake for the individual states involved.

Distant cousins do not necessarily make close partners. From Turkey in the West to Kazakhstan and the Uyghurs farthest east in China, there seem to be as many differences that separate the Turkic peoples as there are affinities which unite them.

Hugh Pope remembers an interview he did with President Nazarbayev of Kazakhstan, who saw the Turkic world "as a loose, diverse group, like the Anglo-Saxon or Slavic countries."

When the late President Özal of Turkey urged all the newly independent Turkic states to sign a strong declaration of common Turkic purpose, during a gathering in Ankara in 1992, there was general embarrassment and silence, whereupon Nazarbayev apparently spoke out and made it clear that he envisaged no scope beyond trade and close cooperation.

This anecdote indeed reminded me of the euphoria in the early 1990s when in fact the sister Turkic Republics seemed for a while a glittering Eldorado, lands of opportunity where Turkey could at last flex its muscle as an emerging regional power and as potential leader of the Turkic world as well as a model of democracy and modernization for them.

It soon became clear however that neither the Kazakhs nor the Turkmen or the Uzbeks (also the Kirgiz) had any intention of allowing Turkey to play big-brother to them as junior partners in tow.

The business community in Turkey learned its lesson quickly, though, and Turkish investment in the region steadily grew. But with other powers like Russia, Iran and China to contend with, a larger and more strategic alliance with these new republics was never going to be easy. Turkish politicians and diplomats were slower to learn that the Turkic card was not the joker they all hoped it would be.

Given that fact, the question comes to mind -and frequently did come to mind as I read Mr. Pope's book- as to why it is that we still insist on identifying such a new strategic bloc, the Turkic world, however loosely defined?

The reasons are quite complex I would guess, and one doesn't have to read too far between the lines to find some of them in Hugh Pope's book.

I personally always thought that "Eurasia", for one, was a misnomer to start with, or a non-starter if one prefers; bluntly

put, a ploy by America and to some extent by Europe not to lose control to Russia over much of Europe's -and the world's- energy supplies. Obviously, that old chestnut, the "big chess board" was on the agenda again. Hugh Pope reminds us that it is still very much in place but is also in constant flux and change.

Well, it seems the same with the grand appellation, "Turkic world."

Will it ever catch on, though? Is there some cultural or political truth here, other than gas and oil and big power games, that the world needs to see?

Or is it the same story all over again, all too familiar from Africa; underdeveloped countries sitting on top of rich energy fields, what a pity, we should teach them how to exploit their luck better, and not pay too much attention if their corruption is rife, dictatorship or authoritarianism the rule of the day; and if they want to build kitsch hotels and ugly monuments to a mythical past, so be it?

Reality is always more complicated, of course, and we find out in Mr. Pope's book that such is the case on both counts. There is indeed deep corruption and authoritarian rule in these countries, but there does also seem to be a truth worth our attention beyond oil or gas, especially in a post 9/11 world.

If we consider the chess board first, there is intense nation building going on in these countries and nation building is a fraught business. Hugh Pope's book is excellent on this count. He has first-hand experience of these countries, through frequent visits; there are both sympathy and irony in his outlook, which is gratifying for the reader. He is never condescending, nor is he duped by appearance or rhetoric.

There were some surprises in this book for me, most of them positive.

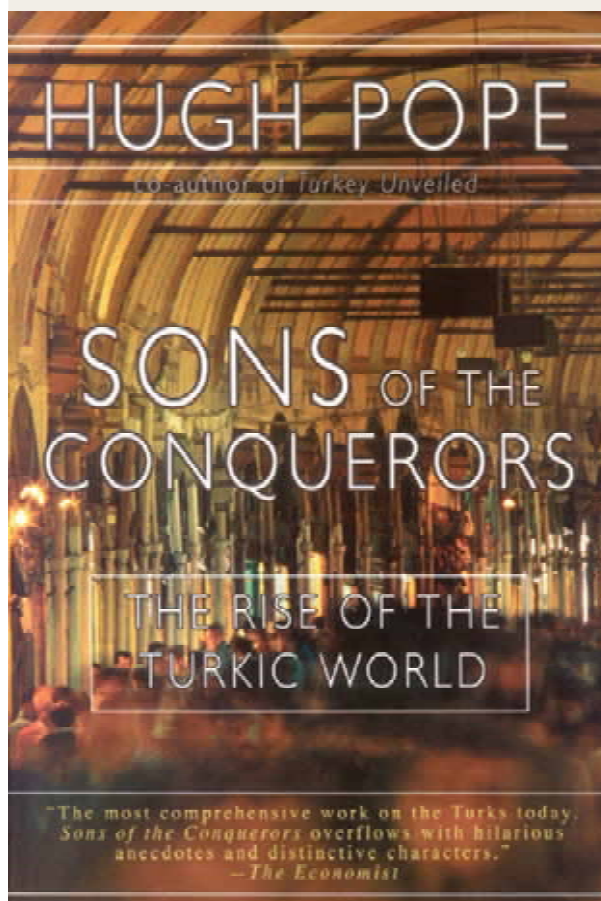
For one thing, nationalism doesn't seem to be too aggressive or violent in these countries, and seems to be tempered even in Azerbaijan, after its long and bloody struggle over a disputed area with neighboring Armenia.

It seems that all of today's six independent Turkic-majority states-Turkey, Azerbaijan, Turkmenistan, Uzbekistan, Kazakhstan and the Kirgiz Republic - give priority to their local national development, different goals motivate them, and they are even more likely to bicker among themselves than put any great effort into forming any kind of "Turkic league". This is good, I think.

There is a loose entity here sharing a distant past; without any strategic pretence, there is a good story of a scattered race, a Turkic Diaspora, peoples who share distant shades of a long lost original mother language and race.

Race is always a dangerous category and luckily it doesn't always work.

What Hugh Pope emphasizes in its stead is a much more



FROM THE BOOK

"In 2002, a Turkish general sent a wave of surprise through the ranks of Western military thinkers by suggesting that Turkey's place lay more with Russia and Iran than with the West. The general was reflecting a proud strain of republican isolationism that interpreted EU attempts to reduce the Turkish army's power as part of a conspiracy to keep the Turks down. But he struck a chord: Turks and Russians are neighbors, they do have flourishing trade and the broader Turkic-Russian relationship is deep and goes back a millenium."

"Yet Iran lost. Its theocratic regime was not taken seriously even among its fellow Persian-speakers in Tajikistan, to judge by the jokes cracked by a Tajik official who had taken a course in diplomacy offered by Teheran."

"Unlike the Arabs, the Turkic peoples are not tightly bound to Islam by geography and language.Most Turkic peoples are too open to outside influences, and have moved too far from ignorant poverty, than (sic) to succumb easily to the religious fascism seen in Iran, Afghanistan or Saudi Arabia."

"The Turks could claim to be the fastest growing ethnic group in the United States, with numbers rising by 15% a year."

modern, attractive alternative of loose alliances that might benefit the huge transformation which the world is undergoing at the moment.

Turks have always migrated west for newer pastures and riches; they created an almost symmetrical path of cross fertilizing cultures in reverse direction from Alexander the Great's big push to the East centuries earlier.

The world had benefited then from Hellenization. It might again benefit from the Turkic reach of pragmatic energy which today spans half the world, from the new Turkish-American community to the European and largely German one, across the Balkans, just under the Russian belt through Turkey, all the way to the doorstep of China. I like the way in which Hugh Pope draws the picture of such a new elan for diverse Turkic identities through a much more peaceful push toward prosperity.

Of course, Russia and Iran are important stopping points in this wide Turkic span.

My surprises in the book came exactly here; it was news to me that "the Turks' star is not just raising relative to the Russians in the east but in the Balkans as well" and by association, in Europe perhaps.

There is a big, historical gap here. Almost all of these Turkic lands had opted for some kind of national independence during or just after the First World War, but it was short lived. Almost in all cases, Russia – or the Soviet Union – was the big impediment.

The fact that all Turkic or Turkish national entities are now looking for a better *modus vivendi* with Russian power, "while not hesitating to join the United States as allies against Islamist extremism" bodes well for a Turkic/Turkish role in embracing world peace, which was after all the biggest legacy of Atatürk, the founder of Turkey and possibly still the model leader in secularism for all the newly independent republics in question. But it is also Atatürk's legacy to play the Russian card whenever the West drags its feet in terms of integrating Turkey within its alliance structures.

It is an entirely different story with Iran, of course. Turkey and Iran have been in competition for regional power since time immemorial and here came my second surprise in the book. Hugh Pope contends that "Turkish pragmatism outflanked Iranian theocracy".

He suggests that what he calls "Islam *alla turca*" might be gaining ground; at the beginning of the Central Asian Turkic "Eldorado" dream, Iran had seemed to be gaining ground in terms of establishing influence over this area. I now find out that even the more natural allies of Iran, through closer Shiite ties, the Kirgiz, are apt to joke about Iranian theocracy and influence.

"Thanks to their relatively secular and opportunistic outlook, the Turks have shown themselves to be more open to Western ideas than other major Islamic peoples" observes Mr. Pope. I think, he is right to emphasize the more relaxed attitude to

religion in the newly independent Turkic Republics, and safeguarding Turkey's secular revolution becomes all the more important in this context.

I do not think, however, that Turkey should be hasty here in drawing hegemonic conclusions; there have been times when it did not play its cards wisely or well and it has its own political problems with the new "mild" Islam that the ruling AK Party has fostered during its turbulent five-year term. But the important point in Hugh Pope's book is exactly that the ambition of hegemony is the wrong path to choose. He emphasizes the most distinguishing characteristic of the Turks anywhere, their fierce sense of independence. Partnership, pragmatism and solidarity seem to be the wiser paths to choose.

And this brings me to the most important message of this book, finally.

In the epilogue, Mr. Pope states an interesting observation. "To my mind it is this sense of distinction from their non-Turkic neighbors that is bringing Turkic nations closer" he says. I think that it is in its emphasis on this loose and independent choice of identity which in the final analysis gives his book its real strength.

Hugh Pope has pioneered in bringing to attention a story (he aptly calls it "lonely history") which has not been sufficiently told or adequately appreciated. From modern Turkey to the deserted reaches of Xinjiang; from the streets of Berlin to the hills of the Caucasus, Turks are struggling for the recognition of their unique identity and trying to heal the centuries old wound of being perceived as existing in the outer borders of civilization. Pride and pragmatism go hand in hand in this so-called rise of the Turkic world.

One of the most enjoyable passages in the book is his description of the traditional Turkish Day parade in New York, where envoys from Turkic states have now begun to make an appearance, from the Crimean Tatars to the Turks of the Balkans, the Azerbaijan Society of America, and representatives from all of the Central Asian republics.

With similar scenes in today's European cities, the Turkish or Turkic Diaspora seems to herald the possibility that Turks are once again on the rise and poised to play a role in shaping world history.

At least it seems to be a fact that the Turkish language, as the most modern and developed Turkic language, now constitutes the hub of an emerging linguistic constellation and is "unmistakably making its comeback as a world language".

Whether any of us would be justified to draw big strategic conclusions from this rise or expect great tidings from it, only history can tell.

But the story needs to be told, and Hugh Pope has done a great job to give it a kick-start.

Nilüfer Kuyaş is the author of the novel Yeni Baştan.

Hüseyin Çağlayan



Kerem Görsev



Nil Karaibrahimgil



Ross Lovegrove



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TURKEY @ EUROPE WEEK IN EUROPEAN CAPITALS



Between 3-5 October 2006, TÜSIAD organized “Turkey@Europe Week” activities in three capitals of Europe; Brussels, Paris and Berlin. Three Turkish ministers, Deputy Prime Minister Abdüllatif Şener, State Minister responsible for foreign trade Kürşad Tüzmen and Justice Minister Cemil Çiçek participated in the activities, each in one capital.

The main purpose of the week was to celebrate the first anniversary of the opening of accession negotiations with Turkey. Turkey@Europe-Week was one of the major components of TÜSIAD’s ambitious communications programme. TÜSIAD hosted a series of political, business and cultural events in Brussels, Paris and Berlin so as to present a side of Turkey, which is not widely recognized or appreciated in Europe. The working hypothesis for the activities of Turkey Week was simple. Turkey’s accession to the EU cannot be achieved if we fail to convince European public opinion of the benefits of Turkey’s EU membership. Therefore, TÜSIAD has assumed the task of building bridges between Turkish society and European societies just as the Presidency conclusions of December 17, 2004 recommended.

Being aware of the fact that the EU public opinion was a key factor in Turkey’s EU membership, TÜSIAD’s aim was to “win the hearts and minds” of EU citizens. In this respect, the Turkey

Week drew attention to the Turkish economy, society and culture in order to show that possible contributions of Turkey to the EU would be even greater than expected. Thus this event help form a positive opinion of Turkey and its membership in the minds of EU citizens.

The celebrations were neither a victory parade nor a spiritual festival. The underlying goal was to set the track for the future in terms of relations between Turkey and the EU. Over 100 media organizations attended the events in all 3 capitals.

3 days, 3 cities, 3 activities a day

Day 1, Brussels The kick off for Turkey Week was held in Brussels on the 3rd of October. The day started with a press briefing by the Deputy Prime Minister and State Minister of Turkey, Abdüllatif Şener and the then President of TÜSIAD, Ömer Sabancı. Then a conference entitled “Europe’s Global Challenges and Turkey” was held at the Residence Palace with the participation of Abdüllatif Şener; Leader of the House of Commons, Jack Straw; member of the European Parliament, Joost Lagendijk; TÜSIAD Honorary Chairman, Bülent Eczacıbaşı; TÜSIAD Board Member, Ömer Aras; EC Head of Unit, Christian Danielsson; Lead Economist of the World





THE MAIN PURPOSE OF
THE WEEK WAS TO CELEBRATE
THE FIRST ANNIVERSARY OF
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NEGOTIATIONS WITH TURKEY.

Bank, Aristomene Varoudakis, Economist and Chief Strategist, Mehmet Şimşek; Representative of the OECD, Merrill Lynch and European Policy Centre, Hans Martens.

After the cocktail at Residence Palace, the participants enjoyed the photography exhibition by famous Turkish photograph artist, Ara Güler at European Commission Charlemagne Building Hall. The exhibition was a success not only because of the artistic aspects of Istanbul photographs, but also because of its vital messages.

As the third and last event of the day in Brussels, Borusan Istanbul Philharmonic Orchestra gave a concert at Palais des Beaux Arts. In addition to the guests from the EU Commission and European Parliament, more than a thousand people including the non-governmental organizations and media, had the occasion to listen to Ferit Tüzün's Anatolian melodies, Mozart's "a la turca" and Schubert's catchy tunes with the conductor, Gürer Aykal.

Day 2, Paris On the second day of the Turkey Week, the events started with the press briefing by the Minister of State and of Foreign Trade of Turkey, Kürşad Tüzmen and the Minister of Foreign Trade of France, Christine Lagarde.

Later a conference entitled "Europe's Global Challenges and Turkey" was held jointly with Fondation Innovation Politique at La Maison de la Mutualité with the participation of Christine Lagarde; Kürşad Tüzmen; Ömer Sabancı; TÜSIAD Vice President, Pekin Baran, TÜSIAD International President Aldo Kaslowski the Director General of the Fondation Innovation Politique, Franck Débié; President of the Fondation Innovation Politique, Jean-Claude Paye; Former Minister of Economy of France, Francis Mer; Secretary General of EU General Secretariat, Oğuz Demiralp.

Following the lunch, Minister Tüzmen opened the cartoon exhibition of Piyale Madra and Jean Plantu in Galérie UNIVER.

The Paris events ended with Tekfen Philharmonic Orchestra at the Eglise Saint Roch with the participation of economic, political and academic circles in Paris.

Day 3, Berlin The third day of the celebration took place in Berlin on the 5th of October. The first activity was a debate session, supported by BDI and the German Marshall Fund, on "Turkey's European Integration Process and German-Turkish Relations". The speakers were the then Minister of Justice of Turkey, Cemil Çiçek; TÜSIAD Honorary Chairmen, Bülent Eczacıbaşı and Muharrem Kayhan; Member of the BDI Board, Klaus-Dieter Rennert; TÜSIAD Board Member, Ümit Boyner; Governing Mayor of Berlin, Klaus Wowereit and Director of GMF Berlin, Constanze Stelzenmüller. The conference took place in Rotes Rathaus.

Following the conference, Cemil Çiçek, Bülent Eczacıbaşı and Muharrem Kayhan held a press briefing. In the afternoon, a ceramic exhibition by Turkish ceramics artist, Mehveş Demiren was opened at the Art Center.

The Berlin events ended with the concert by Tekfen Philharmonic Orchestra at the Konzerthaus am Gendarmmarkt with the participation of economic, political and academic circles in Berlin.



The gates 2010 Istanbul open for Turkey

Nuri Çolakoglu

"It is said that in those days one could hear seventy languages in the streets of Istanbul. The vast Ottoman Empire, shrunken and weakened though it now was, had made it normal and natural for Greeks to inhabit Egypt, Persians to settle in Arabia and Albanians to live with Slavs. Christians and Muslims of all sects, Alevis, Zoroastrians, Jews, worshippers of the Peacock Angel, subsisted side by side and in the most improbable places and combinations. There were Muslim Greeks, Catholic Armenians, Arab Christians and Serbian Jews. Istanbul was the hub of this broken-felloed wheel, and there could be found epitomized the fantastical bedlam and Babel, which, although no one realized it at the time, was destined to be the model and precursor of all the world's great metropolis in a hundred years hence, by which time Istanbul itself would, paradoxically, have lost its cosmopolitan brilliance entirely. It would be destined, perhaps, one day to find it again, if only the devilish false idols of nationalism, that specious patriotism of the morally stunted, might finally be toppled in the century to come".

I found this quotation in Louis de Bernier's beautiful novel *Birds without Wings* and it took me to the days I arrived in Istanbul in mid 1950s as a young boy coming to study as a boarding student at one of the best located and for that matter one of the most mind opening schools in the country- Robert College. Perched on a hill overlooking the Bosphorus away from this bustling old city, most of the students of Robert College (which now has moved to the other hill over Arnavutköy to relinquish its Bebek campus to newly founded Boğaziçi Üniversitesi) were boarders as there was not sufficient public transport. Anybody living beyond Beşiktaş was bound to be a boarding student. Mind that at the time I arrived in Istanbul the population of the city was a little over a million and to the south of the Golden Horn most of life was confined to within old city walls and in the north Şişli was the final stop for buses - thus one of the most prominent apartment buildings of Şişli was called Terminus Apartmanı, named after the big bus and street car garage where now the gigantic Cevahir Business Center is rising.

In less than five decades the city's population increased ten fold and city burst out of its seams and became one of the megapolises of the 20th century. Fueled by the fast industrialization and an incredible internal migration, new neighborhoods mushroomed around the old city and converted it into a beautiful old lady surrounded by not so pleasant men.

As these slum areas grew so did the problems of the city



grew. The old lifestyle of “İstanbullu” evaporated. Menderes’ policy of modernization of the city left some very ugly scars as the historical texture unraveled and historical buildings were razed down to open new roads in the heart of the old city.

With the resurrection of Özal-Dalan era some of the architectural and industrial heritage were also torn down. As the city’s internal transportation and communications routes were renovated residents moved to the outer perimeters to establish a more agreeable living environment.

With the improving economy came a more lively cultural life and İstanbul started establishing itself as a new arts and culture center of Europe. This new development is hailed by bestowing upon İstanbul the title of “European Capital of Culture” for the year 2010.

European capital of culture

“The European Capital of Culture” project was launched in 1985 by the Member States of the EU on the initiative of Mrs. Melina Mercouri, then the Greek Minister of Culture. Since then, the event has grown in popularity every year, and is now well known to European citizens.

As a major European Union activity, it is seen as a way of bringing together people from the European Union and other European countries who are involved in cultural matters. The objective is to highlight the richness and diversity of European cultures and the features they share, as well as to promote greater mutual knowledge and understanding among Europe’s citizens.

In 1999 the Council of Ministers decided to extend the project to non-EU countries of Europe. A Turkish academic scanning through the Official Gazette of the EU came upon this change and invited a number of civil society activists to work for that goal. This small group managed to persuade first the metropolitan municipality of İstanbul and then the governor’s office and later the ministries in Ankara to create an Initiative Group to lead this bid. This was one of the outstanding features of İstanbul’s bid and this was what the International Panel that approved İstanbul’s application for the title unanimously was referring to in its report as the “bottom-up process” (on panel’s verdict see the box).

For so far all the ECOCs have been either proposed, supported or sponsored by a government or a municipality. İstanbul is the only example from 1985 to 2006 of a bid initiated by NGOs.

And this effort was rewarded when the international selection board’s recommendation was endorsed by the Council Ministers of EU on November 13, 2007 and İstanbul was declared European Capital of Culture for 2010 along with Germany’s Essen and Hungary’s Pecs.

A sui generis cosmopolitanism

As underlined by the initiative group, İstanbul is one of those cities that deserve this title more than many others.

Throughout the ages, she had been the capital of three of the longest-lived empires in history and a centre for monotheistic

For centuries,
she had served as
the capital of many cities
which today are capitals
in their own right.

beliefs. For centuries, she had served as the capital of many cities which today are capitals in their own right. And this had attracted people of different roots, nationalities, beliefs and creeds who came and lived in this city. Such a long experience enabled İstanbul to design a *sui generis* concept of cosmopolitanism. In İstanbul one can find an apartment building flats of which are occupied by a Jewish family, an Armenian family, a Turkish family with their children playing in the side street.

This design protected not just those who lived in a specific territory but also the identities of scattered populations who did not even share a common language. Today, the world and its dynamics are different. But İstanbul has retained its vibrant legacy.

Today people all around Europe are becoming increasingly introverted and isolated. Tensions are building, fueled by social and economic problems. Divisions between ethnic, religious communities are widening. Here İstanbul can serve as an example of how all of these shared problems can be overcome by coming together in creative and thought-provoking initiatives. Fear can be overcome and practical processes can be initiated through artistic and cultural activities.

İstanbul 2010 will use participatory and grassroots approaches to artistic and cultural productions, thereby bringing especially disenfranchised voices and groups from across Europe to İstanbul to start a process of thinking and feeling together.

Culture coming to the forefront

It is interesting that the European Union up until very recently refrained from referring to culture in its joint communiqués when it set goals for this great project. Culture was not mentioned



European Capital of Culture is one of those rare projects which highlights culture and tries to place it at the roots of Europeanism.



either in the Treaty of Rome or in any of the recent texts such as the Lisbon Declaration.

Europe prepares itself to a competitive world in industry, technology and innovation and even in education but not in culture. European Capital of Culture is one of those rare projects which highlights culture and tries to place it at the roots of Europeanism.

Of course this is a very useful instrument for Turkey as she also has to bring down the walls in her mindset and start to develop a culture of compromise, tolerance and understanding of the "other". Here Istanbul using the ECOC project can approach its past and roots, highlight the positive elements that had made this city a centre of attraction for all.

Moreover this would give Istanbul the opportunity to restore some older districts of the city whose texture disintegrated due to fast industrialization and domestic migration.

End of rollercoaster ride attracts global players

Of course the economic and political developments of the last two decades are boosting Istanbul's standing as a business hub. Liberal policies introduced at the beginning of 1980s after a shaky era which took Turkish economy on a rollercoaster ride with too many ups and downs has finally came to equilibrium at the beginning of the Millennium. The stability which seems increasingly durable makes the Turkish economy more predictable. The immediate impact of these developments were seen in the increasing interest of global players in Turkey's privatization program. As days go by more companies moved their regional headquarters or opened offices in Istanbul. The six-year uninterrupted economic growth is encouraging more international capital to invest in Turkey.

Istanbul's perfect location and its accessibility to many capitals of Europe, Middle East, Central Asia with a more or less three-hour flight help to contribute to Istanbul's internationalist

tradition and the golden age of Istanbul returns with a new cosmopolitan touch.

Therefore *Istanbul 2010* would be a very appropriate tool to highlight what this glorious city can offer to the global business community and arts and culture lovers alike.

Possible benefits for being an ECOC

Initially the EU had given this title to really prominent cities of Europe such as Athens, Florence, Amsterdam, Berlin and Paris. But these big cities, already being "there" were not terribly enthusiastic in making use of all the benefits this title could provide them with. Then the EU changed course and started selecting cities that really wanted this title and could make good use of it. For Glasgow in 1990 or Lille in 2004 the title served as a catapult to raise the standards in the city, to render better service to its citizens, to create a fuzz of cultural activity that helped these cities gain their rightful place as a cultural capital in Europe.

But unfortunately some cities missed this chance because of political bickering and never ending confrontations between the city administration and the central government on the issue of who would get the medals.

Istanbul's advantage of developing a tripartite approach that brings together the central government, the municipality and the NGOs not only helps create a good platform to pave the way to success but also gives a chance of developing a new governance in which the "ruled" would have more of a say on the doings of the "rulers" and a process of developing common wisdom.

If this process can be carried to the end some of the benefits of this title would be,

- From 2006 onwards the name of Istanbul will be associated with culture and the arts all over the world.
- The city's cultural heritage will be managed in a sustainable manner and it will become even more of a magnet than ever.



Those who come to Istanbul for cultural and artistic projects will visit the city's cultural riches, mosques, churches, palaces and museums.

- Istanbul will achieve lasting gains in the fields of urban renewal, urban living and environmental and social development.
- New museums will be established to protect and display our cultural assets and historical buildings will be renovated, given new roles and opened to the public. Already the recently inaugurated Santral Istanbul complex of Istanbul Bilgi University is on its way to become a contemporary arts center. Also a Center for Young Art&Design is on the drafting board and the plans for a city museum is developing.
- Istanbulites will embrace new artistic disciplines. Young talented people will have the opportunity to become more closely involved in artistic creativity.
- Through discovering the beauty of their city, Istanbulites will be proud to live in such a city.
- Jobs will be created for a large number of people ranging from communications to organization, education, design, management and creative fields.
- Those who come to Istanbul for cultural and artistic projects will visit the city's cultural riches, mosques, churches, palaces and museums.
- Cultural tourism will be invigorated and develop. (Educated, cultured tourists spend three times as much as normal tourists. This means that, as a European Capital of Culture, Istanbul will have a great tourism potential.)
- Many people from the world of culture and the arts, together with members of the print and visual media, will come to Istanbul from Europe and different countries all around the world.
- This will make a positive contribution to the promotion and branding of Istanbul.
- Being selected as a European Capital of Culture will give a boost to the city's economic relations with Europe as well as contributing to its cultural relations.
- With the renovation that will take place, the administrators and administered will join together, hand in hand, sharing their

knowledge and experience, to develop a long-term sustainable model for the future.

An instrument for putting the case by the EU

As Turkey moves ahead with the process of accession to the European Union, the projects that will be realized will demonstrate that Istanbul, the symbol or the window of Turkey, has been interacting with European culture for hundreds of years. The significance of this can be much bigger than it looks. Because when the time comes for Turkey's accession to the EU it will not be enough to persuade some 20-30 governments. As the tendency to hold a referendum for new members is gaining strength Turkey will need to reach out to public opinion in Europe to persuade them that she really belongs to this family and that many of the cultural roots of Europe lay in Turkey. Here *Istanbul 2010* can be a very strong tool to get this message across if a media hype can be created during the year and afterwards.

One ought to remember the "Cool Istanbul" cover of *Newsweek* magazine and the 16 page supplement of *The Wall Street Journal*. The former presented what Istanbul offers in entertainment and the latter dealt with Istanbul's extremely impressive Biennale.

Moreover *Istanbul 2010* can create a new understanding in governance and decision making processes. As the example of Istanbul's application for the title has shown officials of the central government, local authorities, civil society leaders, academics, representatives of professional organizations sat around a table for weeks on end and pondered together on how to package and present Istanbul. This can be a good example in the future for even bigger issues.

Istanbul will be the place to be in 2010.

Nuri M. Çolakoglu Chairman, Executive Board
Istanbul 2010 European Capital of Culture



The gates 2010 Istanbul open for Turkey

International Panel's verdict on Istanbul's application

An International Panel led by the famous English man of Culture Sir Jeremy Isaacs, studying Istanbul's bid document and grilling Istanbul's representatives after an oral presentation in March 2006 declared their verdict at a press conference to a large audience in Brussels at the auditorium of the European Union on April 14, 2006:

"As to the candidature of Istanbul, the panel noted that the proposal was the result of a long and careful preparation and of an in-depth reflection on the nature and purpose of the ECOC action. The panel thought that the delegation had a clear view of the concept and the tools and methodologies needed in order to achieve the event. The experts expressed



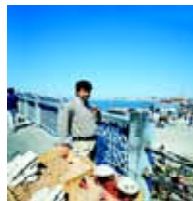
satisfaction with the innovative character of the program and the strong European dimension of the project. The idea of a program articulated around the Four Elements



was considered to be very valuable because it was viewed both as innovative and as building on the roots of the city at the same time. The bottom-up process, as well as the active role of civil society, were viewed as crucial assets of the proposal. The sustainable character of

the program, starting in 2007 and going beyond the ECOC year, was noted positively, as well as the intention to reach out to parts of the local population which would not normally be the primary target groups for cultural events. The communication strategy which was developed as an integral part of the proposal could serve as an example to be followed by other candidate cities.

"The panel concluded that Istanbul's decided unanimously to recommend for 2010".



proposal responded to all criteria and the designation of Istanbul as an ECOC





The gates
2010 Istanbul
open for Turkey



The City of Four Elements

Istanbul was presented to the international selection panel as “The City of Four Elements”. This is the theory developed by three most famous ancient philosophers from Miletus, Thales (624-546 BC), Anaximander (610-546 BC) and Anaximenes (585-528 BC) who tried to define the universe through the four basic elements of earth, air, water and fire. Aristotles (384-322 BC), who spent his last years in Western Anatolia, developed the theory that took earth, air, water and fire as the four basic elements of the nature. This philosophy remained influential for hundreds of years in ‘western’ and ‘eastern’ intellectual, scientific, philosophical and theological circles.

This theory is the inspiration for the artistic and non-artistic activities that will take place during 2010 in Istanbul. These four elements will help to convey the basic message.

- Earth as the traditional culture,
- Air as the culture of religions,
- Water as the culture of connecting to others,
- Fire as the modern, supranational culture.

The synthesis of four elements will play a major role in reconstructing harmony in order for everyone to live together in a multicultural environment.

‘Earth’ is the history, tradition and cultural heritage of the land. Under the heading of ‘Earth’, the values of the past will be passed on to future generations. The values of the past will be reinvigorated and transformed into a new set of modern values to ensure the traditions of the bygone era last forever.

‘Air’ is the time of the minarets and church bell towers, which rise towards the heavens and which are the symbols of the city’s spiritual wealth. With its synagogues and churches, some of which are being used today, and the mosques which characterize the extraordinarily beautiful silhouette of the modern city,

Istanbul has been blessed with an unrivalled cultural legacy. This period will be a chance to look at what enabled people of different faiths to live side by side, practicing their beliefs and worshipping freely for hundreds of years.

Istanbul is a city divided and united by waterways namely the Bosphorus and the Golden Horn. So ‘water’ connects the people of Istanbul to each other and to the ‘others’. In order to understand the impact of the Bosphorus and the Golden Horn on daily life, Istanbul’s waterways have been added to the ECOC 2010 programme. The Bosphorus and the Golden Horn have been chosen as major venues for the summer session of the celebrations under the theme of ‘Water’.

‘Fire’ is the most powerful transformative instrument. It turns water to steam, wood to ashes and sand to glass. In this sense, ‘Fire’ symbolizes the future of Istanbul. The autumn

phase of ECOC 2010 will be:

- the inspiration for forward-thinking projects;
- a ‘search zone’ to create sustainable cultural assets and urban renewal;
- an opportunity to reach a modern understanding of multiculturalism;
- the launch of a new perspective on the democratisation of the decision-making processes of the city and the development of new concepts of what is meant by ‘public’.



Pamuk's world

Orhan Pamuk is a writer with a unique fortune. The Nobel Award is, of course, a wreath of honor for most writers, even if mainly subconsciously. Pamuk is the first Turkish writer to get this award, an event which normally would make all his compatriots feel proud of him. This, however, is not the case. There certainly are many who share that feeling of pride; but he is also the object of quite formidable hatred, as a consequence of which he spends more of his time abroad and is given police escort to protect him against attempts at assassination when he is in Turkey. This can hardly be considered a normal situation.

Salman Rushdie is the prime example of the "threatened writer" in our age. Though the *fatwa* has been taken back, there is no guarantee that a fanatic may still feel convinced of the validity of the act as a free entrance card to heaven. Pamuk's case is purely Turkish. The main reason for the hostility is his statement about the Armenian massacre of 1915 and about the Kurds killed in the ongoing struggle in Turkey. But although the threat seems more local, compared to Rushdie's, the surge of violence and murderous assaults in Turkey makes the danger very acute.

Orhan Pamuk is not the first or the only Turkish writer eyed with displeasure by the Turkish state authority. Almost all writers and artists, specially those with leftist tendencies, have been put into, or came very near to, prison confinement. This is not the kind of problem that Orhan Pamuk is facing. He has been turned into the hate-object of the various ultra-right wing vigilante groups, with due contribution coming from the main-stream media.

The paradox is that Pamuk is not primarily a "political" writer. This is not to say that he does not have or shirks political commitment. He does have his commitment to democracy and human rights and is not afraid of voicing his opinions. But he is, before anything else, a writer totally committed to his craft. In his literary works, politics is present like (and because) it is present in life, together with all other themes a writer would want to handle, like love and sex, friendship and loyalty, virtue, etc. In more than one novel he investigated human behaviour in political circumstances. In spite of all that, his attitude towards the political is not as that of George Orwell or Brecht, but rather like Conrad in *The Secret Agent* or Dostoevsky in *The Devils*. That, however, did not rescue Pamuk from the political strife in Turkey. It is not the literary merit of his work that people discuss when Pamuk is mentioned but his political statements; and the decision of the Nobel Jury is likewise interpreted as a political decision of "the enemies of Turkey" or "European prejudice" or "the influence of the Armenian diaspora" or a combination of all these quite unreal factors.

"The literary merit" of Pamuk's work... That, really, is the question. The problematic that attracts his imagination more than anything else is the positioning of "East and West". In *The White Castle*, *The Black Book* and *My Name is Red* Pamuk is preoccupied by this question. He does not see it as a black and white divide and hints at such an interpretation, for instance, in the "other as the double" in *The White Castle*, with the Italian slave and the hodja;

or, in *My Name is Red*, where in spite of the cultural differences, perspective can be comprehended by the Ottoman miniature painter.

The "East-West" problematic is like a wide river, flowing in and supplying nourishment to, Pamuk's works, but it is not the only source of inspiration and its manifestations in different novels are variable. Orhan Pamuk is the great architect of the Turkish novel tradition. He is a cool and lucid planner of novels, of plots and themes. This is not to say that he has no place for spontaneous invention. On the contrary, a lot of the –mostly humorous– inventions must be the product of the actual writing process. But the outline, the intellectual structure of the work is already formed before the actual writing process and this results in the almost perfected symmetry of an Orhan Pamuk novel. Nothing sags, nothing lags; all the details are there to contribute to the whole. The serious intent of the theme and the colourful playfulness and humor of the various episodes are wonderfully poised and balanced.

He likes to work with symbols and loads of meaning are contained in the names of his heroes and heroines. History looms tall in almost all his works and the names function as links between past and present as well as clues to the symbolic relationship between the characters (such as Celal and Galip in *The Black Book* which immediately evoke Mevlana, the Sufi poet of the 13th century and Şeyh Galip of the 18th, the last fine representative of the Divan tradition of poetry). As a rule, he provides the plot with a mystery, sometimes in the form of a quest, which contributes to arousing the reader's interest in the linear development of the story, in contrast with the relatively static terms of the "theme".

The New Life is a very good example of Pamuk's blending of history with the plasticity of the art of the novel. It is an allegory (in the sense defined by Fredric Jameson in his concept of "national political allegory") of the development of the Turkish Republic and the contrast between the aspirations and designs of the founding fathers and the real shape given to society by the expanding forces of capitalism and commercialism. This is primarily symbolized in the transition from the railroad network to the highway network and the replacement of the tram by the intercity bus, but the main theme is supported and enriched by a multitude of secondary symbols and emblems functioning at different levels in the novel. It is a totally novel and original way of giving an account of the formation of Turkish society.

Orhan Pamuk has contributed a body of fine work to Turkish literature. From very early on, it was obvious that here was a novelist of international stature. The Nobel award of 2006 endorsed the point. In addition to this success, he has acted as a responsible intellectual vis à vis the political problems of Turkey past and present. If certain sections of Turkish society feel unhappy about Pamuk, there is not much he can do to alter the situation. It is up to that section of society to see and understand truth and value as they are universally seen and understood and come to terms with it, not only for a reconciliation with Pamuk, but for self-therapy as well.

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