



OPENING ADDRESS OF
MS. ÜMİT BOYNER,
PRESIDENT OF THE TUSIAD
BOARD OF DIRECTORS
AT THE MEETING OF THE
HIGH ADVISORY COUNCIL

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Sabancı Center, İstanbul

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Honorable Speaker of the Grand National Assembly of Turkey, Esteemed Chairs, Fellow TÜSİAD members, Distinguished Members of the Media,

We are here together, following a brief interlude of a summer break loaded with hot issues. The burden of the difficult period we are passing through, the anguish of the news of the losses of our young people saddens us and admittedly casts a shadow on the joy of this reunion.

It's been a long time now that our daily agenda is plagued by incidences of terror, deaths caused by them, afflicted families and our common sufferings. After many years, terrorism regained its leading position among social concerns in the public polls. Even if we stand strong as a society against the seismic effects of this violence, we deeply feel the pain caused by these actions and deaths.

A depressive, dreadful atmosphere and an ensuing dissociation, unknown, unseen up to now, become prevalent. I cannot say that this augurs well for the coming days.

We, the citizens are uneasy with the growing polarization of the political scene once again as we witnessed in the previous decades. We are worried to see political parties refusing to contact each other let alone to communicate effectively.

We are afraid of seeing an imperious attitude dominate once again the mode of governance of our country.

All these divert us from the possibilities of finding solutions to our common problems. Reminded of past unedifying experiences, we regret deeply the harsh discourse of our politicians.

Then, we inevitably ask ourselves: What is the cause of the recurrence of this nightmarish history? Why do we allow it to happen? Each time virulence, polarization, hate and hostility move us away from our social, political and economic achievements.

I want to remind you when we could break this vicious circle and we were able to drop violence from the social agenda. We did succeed to break this vicious circle when the EU accession process, the very process of membership to EU we are nit picking now, had injected an unparalleled positive and creative energy in our country. EU harmonization process acted as a catalyst in the difficult discussions about the relations of civil authorities-military, the cultural rights, the human rights and the public administration reforms, it prevented debates to become disruptive, laid the ground for reforms or at the least for progress in the mindsets.

Esteemed TÜSİAD members,

Believing that we are vocalizing the common sense public opinion, I want to share some of my observations. I think that our governors, people in the governing positions or the candidates for such positions behave as if they keep forgetting a crucial point.

We are citizens. Our state exists for our sake. Otherwise, it should be so. In the 21st century, an individuals in a modern, developed society, base their relationship with the state on their rights and liberties. They question current events, demand their due, they expect clear cut, intelligible, transparent explications following important developments. When catastrophic tragedies strike fellow citizens, they want to find out whoever are the responsible, and to be sure that these are reprimanded deservedly.

One of the criteria of how the state values its citizens is the swiftness of revealing crimes, felonies, misdeeds against its citizens. Citizens want to understand what happened in Uludere, the background and causes of the Explosion in Afyon; they want to know who are responsible. They don't want to remain silent. They absolutely don't want to be silenced by the appointed administrators as in the days of the coup d'état, nor by the ones elected by their own vote.

In a democratic state of 21st century, an outrage upon the rights of the citizens because of the solidarity among the government officers is unimaginable. Injustice harming the credence of the judicial system cannot be tolerated. Moreover, a democratic state builds up and strengthens as a result of clamping down these kind of vice and failing.

Intimidation against citizens' demand is unacceptable. Intimidations, forcing citizens to remain silent mean that the relationship between state and society is no more defined through the notion of citizenship.

This is not and cannot be how things work in a democracy.

We cannot accept this. As we cannot accept the surrender of the whole society to the terrorism, falling in the trap set by a terror-fed organization and the decay of our social fabric, of the fraternity which define us, so we can neither consent to that.

Esteemed TÜSIAD members,

Within this general framework, we value the invitation of the Speaker of the National Assembly, in other words the invitation of the head of the institution representing the sovereignty of the nation/citizens calling for a common attitude against the evil tormenting our country. We particularly want to underline the emphasis in his draft document on the basic principles of the democratic state of law and on the human rights.

We enthusiastically approve the efforts towards a democratic consensus. In case the document needs to be perfected, we take it as our duty to contribute to this end.

We are for drawing a division line between the struggle against terrorism and the Kurdish problem which is a political, social, and cultural problem and basically an issue of modern citizen rights. We are aware that it is difficult to make this distinction in a society where each day brings the news of a new martyr, losses of young people in their prime, and where anger and bitterness widespread. This is why we insist to underline that not to fall in the trap is a must.

We criticize to reduce the struggle against terrorism merely to its military dimension and to evaluate it mainly and primarily from such a mechanical perspective. We demand that at all costs, the state does not restrict the scope of legitimate political action, avoids the methods used in the '90s with results our nation paid dearly, and does not allow infringements of law. We demand also that our security forces in the front line of this struggle to be enabled to pursue their task in the safest, most protected and best equipped conditions.

We do not understand and we refuse to understand the ones dealing in politics in the name of the Kurds and harming the legitimate and rightful positions of the people they claim to represent. We decry certain politicians who embraced PKK men whose profession is to kill. We

demand them as deputies elected by the votes of our citizens, to condemn and come out against the PKK violence.

Similarly, I believe that the ones who use the social anger and bitterness caused by terrorism as an excuse for propagating hate speech and who advocate security oriented policies as the only way of solving problems are damaging the country and the nation. After the experience of so many years, we know that such an approach is not sustainable.

In our opinion, Turkey cannot afford this option voiced frequently nowadays, the option to return to the social climate, to the mindset and to the methods creating more problems than they solve.

Esteemed TÜSİAD members,

While Turkey is on this bridge upon the abysses, while the stakes are so high, the reactions from both ruling and opposing wings of the political arena to the invitation of the Honorable Speaker of the National Assembly demonstrate well the negative impact of the atmosphere of polarization I mentioned at the beginning of my speech.

In our activities up to now, we always emphasized that we are for creating a democratic consensus about the Kurdish issue. We repeat the same call once again and we appeal for a free discussion about this issue, together with all the other issues of the democratization of our country.

We got the gist of the invitation of the Honorable Speaker of the National Assembly. We believe that the document he has proposed to start the discussion is an opportunity for the citizens to build upon to create a democratic consensus.

Esteemed TÜSİAD members,

Turkey is enduring these internal troubles while it is in the midst of the ring of fire in the neighboring countries and it is struggling to manage its economy in a way to minimize the impact of the global crisis.

Signs of recession are growing in the world economy. The problems of the developed countries have already been badly affecting world trade and global markets. But now, in the post crisis period, they are slowing down the emerging market economies which are currently the driving force of the growth of the world economy.

In addition to the continuing economic crisis, the drought in many countries and lower than expected harvest in the US, the granary of the world, will exert a serious pressure on the price of food this year. We know from past experience that rising food prices means exploding social unrest in many countries.

The Euro Area has been in the focal point of the problems and every day brings a new declaration aiming at preventing the collapse of the monetary union. Every declaration creates a new wave of hope, but none of these waves has been abiding up to now.

The markets rallied following two developments, first on the September 6th, then on the September 12th. European Central Bank meeting decided to not to change key policy interest rates. In spite of the opposing vote of the Bundesbank, it was also decided to start a program of

intervention in the secondary bond markets. Then, German Constitutional Court cleared the way of German government to develop policies to save the Euro Area. We will see the effectiveness and the sustainability of these actions.

While the European economy has been dragged into a crisis of confidence, the situation in the US is neither much promising. The rates of unemployment are not decreasing as fast as expected.

The world trade is slowing down, it may even be in a decreasing trend and probably it will be one of the most important problems of the coming years. In this case, Chinese economy will inevitably enter in a very difficult period. Slowing down of the production, increasing inflation, and particularly inflation of the food prices tied to the rising world food prices are restricting the feasibility of stimulating Chinese economy with loose monetary policies.

Our country, a country with growing weight among the emerging market economies will inevitably be distressed by these global issues, in a world going through such severe economic circumstances. National account statistics announced this Monday show that Turkish economy has grown by 2.9% in the second quarter and revised the growth rate of the first quarter growth rate to 3.3%. According to these data, while the first six month growth rate of 2011 was 10.5%, a quite high figure, it is reduced to a mere 3.1 for the first six month of 2012.

Of course this is a noticeable slow down. However, all the developing economies starting with China are under the pressure of the problems of the developed economies which are stagnating or even recessing.

Growth rates close to long run potential rates should be welcomed in these global circumstances. This is certainly true if you have opted for a strong policy mix, aiming at balancing internal and external demand, and reducing the current account deficit. The slowing down from the high growth rates to around 4% seems to be a result of this policy package as well as the global circumstances.

Our economy has world class strong public balances, a strong banking system resilient to shocks and it is also doing well relative to the past years with regard to the price stability. The policy approach we adopted because of our current account deficit problem is one of the limited number of alternatives we can choose under the current circumstances.

The demand balancing efforts of the last two years, while they cause the growth rate remain under the potential, they also allow for managing demand to prevent a course of fast and perilous expansion and collapse. The demand balancing efforts are very important for the macroeconomic stability.

Consequently, as its growth impulse, basic macroeconomic balances, confidence of its private sector, and its financial stability are quite sound, the greatest priority of the Turkish economy seems to be to maintain its macroeconomic stability and manage this inevitable low growth period appropriately. However I believe that we do not have reasons to worry much about that.

According to a general evaluation of the Turkish economy, confirmed by international assessments, current data show that Turkey has strong fundamentals, favorable circumstances, and useful experience of dealing with crises acquired in the beginning of 2000s, and all these enable it to manage this low growth period using an effective monetary-fiscal policy mix.

Esteemed TÜSİAD members,

As you all know, we misspend the '90s. But I guess that we did not discuss adequately the relation between economic instability on the one hand, and the anti-terror struggle methods and backsliding from democratic practices of the period on the other. Similarly, today there is a vicious relation between the increasing terrorist actions and the integration of the eastern and south-eastern regions of Turkey with the rest of Turkey and the global economy.

We believe that the new incentive scheme is important to the economic integration of the region. We administrated a survey covering our members and investors in the region. We probed about the content of the incentive scheme. We tried to gather the opinions on the 6th region. The result of the survey will soon be shared with the general public. Within the context of the incentive scheme, the government has created a very adequate investment climate and the framework can be further ameliorated through negotiations. This means that the question of the development of the region is not merely a technical question anymore. At this moment, it is possible to contribute for a healthy solution to the Kurdish problem (which I considered in its democratic and security related dimensions above) by creating a consensus and a common understanding of cooperation, and through increasing investment to the region.

I want to underline that this attitude of contribution is the fundamental responsibility of the world of business in the struggle against the terrorism and disintegration.

Esteemed TÜSİAD members,

There is a significant factor making our current terrorism problem different from that of past years: The great upheaval in the neighboring countries. In the light of the recent upheaval of the Middle East, strengthening our own internal dynamics, our democracy, our state of law is more important than ever.

For the last ten years, our nation supported the foreign policy of the government, and the concepts and values upon which this foreign policy is built. The rise of the credibility of Turkey, the smoothening of the economic expansion, and the increase of accessibility of new markets as a result of these policies pleased the society.

The world identified Turkey as a strong, constructive country, active in its region. Moreover, it assumed that Turkish success story, with its secular, democratic outlook and open economy can lead the transformation in the Middle East following the Arab awakening. It certainly hoped for that.

Foreign policy is established on credibility. What the citizens, institutions and we, the business world expect from the foreign policy is that the policies chosen brings welfare, domestic peace, stability and finally success in the struggle against the international terrorism. Now, we have to be ensured that the choices made for the management of Syrian crisis contribute to these four goals, and they do not permit recently obtained foreign policy credibility to wear down

Esteemed TÜSİAD members,

As the Turkish saying goes, the flood comes and goes, the mud remains. When the Syrian crisis is over and a new order is established for the better or the worst, Turkey's approach to the regional problems during the last decade will be better appreciated. Currently we may have problems with nearly all of our neighbors, but this does not prove that the defining philosophy

of the policy of “zero problem with the neighbors” and the basic objectives of these policy is erroneous. Quite the contrary, there exists no better project for the region.

The attractiveness of Turkish case arise from the fact that it is a country with a Muslim majority and an ally of the Western World, a country which has adopted values and practices of the market economy and the secular democracy. We consider every one of these components indispensable. We believe that Turkey can be an active and effective state in the region by claiming all of these properties, and avoiding the traps and the transient winds of the day.

The Turkish case or the Turkish model requires a state on the course of EU membership. The current troubled period of the relations with the EU, does not mean that the state of affairs will remain forever as it is. If you look at the history of the establishment of the EU closer, you will remark that Europe outlived every crisis by drawing lessons, by redefining itself becoming more comprehensive, more liberal and more prosperous, it was sort of reborn from its own ashes every time. Furthermore orienting the country for the EU membership is not merely a question of legal status. EU harmonization process is also about adopting the universal values system and to be a part of that.

Some people say that, as a recent poll reveals that only 17% of the population believes that Turkey will be an EU member, the public opinion shifts towards forgetting about the EU.

However if you take a look at the poll, you see that the sum of the people saying that the government does not make a sufficient effort for the EU and the people thinking that the government should make even more effort reaches to 67% . The people saying that EU membership will contribute nothing to the country remain at 33%

This means that there is no problem about adopting universal EU values and democratic standards at the level of general public. However as we move away from these norms, in the spheres of the freedom of expression, the freedom of media and the judicial reform serious blunders occur and we become subject to heavy criticism.

We have to reinvent, enliven the energy and faith we once had.

I thank you for your attention. I want to conclude with my belief that we will soon break the vicious circle of troubles upon us and with my warmest regards.