

TURKEY BETWEEN TWO WORLDS

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Turkey walking towards west in a train headed to east.
Doğan Avcıoğlu, 1968

ABSTRACT

It is almost impossible to see in a Muslim world that both orient and occident are mutually inclusive in daily economic life. Turkey as a G20 country has sustainable economic growth performance in OECD with strong ties in Europe with more than of half of foreign trade with those countries. As a long waiting EU applicant trade volume is much lower with Muslim world compared to the European continent. Economic substructure is formed on contemporary liberal capitalism rather than Islamic sharia law that dominates in Muslim world. Even though founding fathers of Turkish Republic fought against imperialist western world in early years they turned young country's face to western values in every aspects of life from alphabet to economic system. Free market economy with democratic ruling were the two main pillars of governance in country from the very beginning.

Since 2002 Turkish political agenda has been highly motivated with the conservative democrat AK Party. Indeed ruling government overcame economic crisis and had strong economic performance with proper economic reforms and EU anchor. Turkish economy had good macroeconomic indicators with conservative governments. Muslim conservative AKP government did not hesitate to interfere with the liberal economic until very recently and put ahead different national defense strategies involving different market mechanisms as Shanghai Organization. In the meantime foreign policy formation was reshaped by the government for more active policy in Arab world. Both of these policies would create meaningful changes in the economic infrastructure and political superstructure in Turkey. My humble paper will make an effort on possible outcomes of this new paradigm shift in Turkish economy by evaluating benefits, distortions with its neighbors.

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1. A Realist Approach to Turkish History

The realist paradigm in International Political Economy is appropriate in describing the historical development of international economic relations and related wars. For example, the Roman Empire promoted free trade as a means of domination. Creation of center and periphery in Wallerstein in late middle ages were the first signs of realism in world order. (Wallerstein, 2010) Moreover, after the Second World War, the United States set up the global economic system based on free trade and capital mobility leading to the creation of the international organizations such as the World Trade Organization, International Monetary Fund and World Bank. Also, the

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American government launched the European Recovery Program, widely known as the Marshall Plan, which aimed at removing trade barriers and facilitating economic growth. By doing so, the United States was keeping Europe from falling into the communism.

Ottomans or European Turkey after Berlin conference started to roll in today's geographic location Anatolia in the beginning of 10th Century with Malazgirt victory of nomad Turks from Central Asia. At those times the regional power in region after many ancient civilization from 5000 BC was East Roman Empire or as well-known Byzantium. Nomad culture of those new comers attributed to their nonresident migrant culture converted to local village settlements after the contacting with local civilizations. Muslim Turks again regenerated and reorganized their life codes, ethics and culture as well as governance like they did after being Islamized by Arabs. For example Ottoman land management, taxation systems were quite similar Byzantium Romans. Thus I can interpret that Pax Romana transformed to Pax Ottomans via its soul.

The take off period of Ottomans is based on conquest and distribution policy. (İslamoğlu, 1997) The eclipse of Roman Empire basically filled with the vacuum of new comers. In that stage they kept their enlargement policy in realist basis that and did not to intend the Bonapart and Hitlers fault of attacking to inner circle of Central Asia and Russian borders.

Ottomans were new landlords of ex Roman empire territories for ages. Pax Ottoman period was one longest period of stability in region from Balkans to Middle East. Empire arose from the substructure of former inhabitants with conquest. Thus Anatolia had significant waves of migration till today. (İçduygu, 2015) The Ottomans involved different cultures, religions and ethnic origins. Byzantium Orthodox Romans, Jews exiled from different countries, Arabs and many other nations. When Sultan being proud of his Central Asian ancestors with referring Islam, there were minorities practicing daily religious performance with retaining own cultures. Profaned version of Islam has created pragmatic solutions political correctness in public governance.

Until the beginning of 19th Century there were limited diplomatic relations concerning power balance with other countries in world. As the super power they were not negotiating with other countries in international relations. Following to stagnation and regression period western colonial powers as England, Germany, France become more involved empires internal policies. Then Turkish ambassadors assigned western capitals. In realist terms they made political policy formations in international level by considering different power blocks among western countries. The main aim was to keep Ottoman borders without any offensive action from abroad, so they allied with British, German and French in different wars in order to maintain power balance to rivals. The world order in 19th century was Eurocentric and owing to the colonial powers, shaped by those forces. The last influential Islamic global power Ottomans were slightly diminishing from scene. The glittered days of Islamic civilization in 11th Century already faded and technological backwardness become epidemic. In last two centuries western Christian world had tremendous improvement in manufacturing with industrial revolution. The pragmatic solution of Muslim empire to this problem was considered to revise and modify western mode of production and governance methods to his lands. So Christian "others" in western civilization became a route for modernity as long as named as infidels. The main aim was to ignite faded military based power by copy and paste solutions from west. This is not a process of invention and innovation of technological substructure and somehow it took ages for absorption from all parts of society. Meantime the cement of society shifted from Ottoman identity to Turkic identity by the influence from French revolution.

After Berlin meeting in 19th Century England and other hegemonic powers agreed to disintegrated Ottomans. The attempts to use German alliance in following age had traumatic collapse of empire with German defeat in WWI. Anatolia, the heart of Turks for ages has occupied by Italian, English, French and Greek military troops. The response was fierce from poor, illiterate war torn Turks led by Mustafa Kemal Thessaloniki born orphan Ottoman General. In catastrophic shortage of armory, medical care, food and money he achieved to retake Anatolia from British led coalition forces in couple of years. More than 2/3 of Ottoman land lost and Turkish Republic founded in 1923.(Ortaylı,2010)The revolutionary foundation process regarding to ex Ottoman ties created fast disengagement in all segments of cultural life, dress codes, measures, alphabet are all replaced with western values in few years. Even though Turks retained some old habits such as Arabic alphabet in daily life for a while in 1970's there are merely few people eligible to read Arabic. As in late 17th Century Turks has attempted to transform public space and governmental regime with western ideals in post 1923 period and succeeded in this aim. In first glance it seems paradoxical and confusing that Atatürk's policy towards westernization. The dilemma of building occidental values on an oriental country where recently fierce fights had with those enemies was not an easy task. Enlightenment, development and democratic governance are always conceptualized as westernization in Turkey. Technological development with splendid economic growth in in those countries impressed western educated intellectuals in Turkey that would cure sluggish economic performance and technological backwardness with insufficient level of invention and innovation in war torn Anatolia.

Global world order has drastically changed during two world wars that formers colonial countries England, France, Germany and Italy had lost their powers in their historical territories and middle east. US and USSR become new power blocks. Young Turkish Republic successfully kept international relations in impartial manner till the 1950's. Famous "peace at home, peace at world" motto was the main backbone of foreign policy. Stalinist reflections of USSR towards Turkey have forced country to give priority towards US backed western NATO alliance. Even though Turkish governments tried to follow independent foreign policies with semi liberal economic programs soon in a decade they become familiar the real meaning of NATO membership which reforms country policies with US hegemonic power. 1960 military coup was the opening stage of three more military interventions in following decades.

From the very beginning of Republic since 1923 Atatürk's followers has the impression that Islamic rules, identities had adverse effects on economic development. The foreign relations with Islamic world formed in western bases. Founding fathers of Republic snubbed Arab world because of their hostile behaviors during the Turkish independence war. This combined with backward Islamic culture perception that isolates those countries from Turkish Republic. The secularist life style and governance in Turkey on the other side also questioned and criticized by Muslims in those countries that Turkey is the player of western world in region. NATO alliance, EU negotiation member status and Mediterranean heritage roots improved Turkish ties with west. During the cold war Turkish presence with NATO created limited flexibility to follow alternative policies to hegemony.(Sander,2011)After 1980's liberal economic policies with Turkish Islam synthesis formation become much more dominant version of nationalist view of Islam. There were limited relations with Turkic Republics due to USSR. Following the disintegration the emotional Turkish borders from Adriatic to China Wall had little significance on those countries due to the revival of Russian Federation. Turkish role in western block rather become a peripheral role in security analyses limited to NATO operations and EU membership process was always used as a stick for carrot for Turks to western policies in Middle East. Ankara agreement

with EU in 1963 ratified the date of membership as 1978, but Turkey is still waiting in EU membership after all enlargement waves.

2. Turkish Economy

Turkey has poor economic performance in declining period of Ottomans (Pamuk, 2007) Technological insufficiency, poor public finance and low rate of economic growth are the main determinants of pre Republic period. Those problems created insurgencies in different geographical locations. In order to have sustainable development level, the founding fathers of Turkish Republic choose state controlled industrialization due to insufficient private sector capital accumulation. From the foundation till 1980's economic development highly appreciated to import substitution model with heavy state controlled public enterprises. The drawbacks of the model are subsidized, out dated assembly industries without global competitiveness and lack of foreign currency reserves.

Post-coup period after 1980's enabled global finance and hegemony to reshape Turkish economic development model with export promotion with liberalism (Özçelik, 2015). The share of state enterprises in GDP and the public share in banking sector gradually diminished in following years. EU Customs Union agreement enabled FDI in Turkey (Schweizer, 2005). Meanwhile Istanbul centered secularist capitalist class had started to compete by conservative Anatolian new capitalist class as called Anatolian tigers.

Turkish economy experienced two severe economic crises in this liberal period. Both in 1994 and 2001 crises also has reflections on political life with peripheral Islamic conservative parties of Welfare Party and Justice and Development Party became the dominant power in Turkish Parliamentary elections. The IMF recipes for liberal Turkish economy were basically more liberal solutions with more deregulation and privatization with budget restrictions. The main outcome was declining of center right parties with leftist parties in favor of conservative Islamic party AKP, which managed to combine IMF receipts with liberal, policies in astonishing economic performance. As G20 country it had sustainable economic growth performance compared with most EU countries. Some macro-economic indicators are much better than the EU criteria's such as debt ratio. Inflation targeting policy enabled policy makers to curb high rate of inflation. With positive growth performance neoliberal policies enabled masses to follow AKP in every election since 2002.

There are weak parts of those economic policies that make it quite fragile. First even if export are raising due to the increase of semi-finished goods imports the balance of payment current account deficit remained very high volume which makes country hot money addicted. In order to have sustainable balance performance low exchange rate and high interest rate policy as in 1990's followed. The low rate of energy prices with enormous amount of unrecorded foreign exchange inflow (the surplus of net error and omission is the highest volume in Turkish history) strengthen government hands to follow policy. Then unemployment touched two digits with 11%. In some cases with different calculations even higher is not easy to remedy public unrest. The cure from the policy makers is increasing welfare and social transfers to disadvantaged groups. The share of social transfers to GDP increased during AKP regime which notably diminished collateral damage of neoliberal policies.

The AKP successfully tailored EU accession policy after negotiation treaty under democratic bases. That combined with liberal policies and conservative cultural background. EU membership

potential pivoted in relations with Muslim world. For a long period of time especially after millennium Turkish neo liberal economic model with its own foundations considered as role model in Arab world. In Tunisia, Egypt and others conceptualized Turkish experience as a success for dynamic economic growth process. From daily media to intellectual chambers there were very positive image for Turkish economic model and its governance. Although EU Turkish relations lost its momentum after 2008 it was still dominant factor in Muslim world. Thus both Europe and Turkey leveraged EU as for internal political affairs for a message to public. The nationalist political movements accelerated public view against Turkish membership according to polls. Thus center parties become more conservative Turkish policy in order to get support in elections. In Turkey somehow in order to promote Neo Ottoman image inside Turkish ruling party played anti EU cards for more votes. It is quite obvious one of the main pillars between two parties is economics. There are important number European investors in Turkey and there is a growing potential for that. Besides there is a attractive market for goods and services. In recent decade Turkish financial system heavily had mergers and accusations from European border. More than half of the banks are owned by EU based companies. Thus even though Turkish political climate and daily cultural life much more leaning on Islamic conservative roots compared to 1990's, the economic substructure dominated by western neoliberal policies engaged in global financial system. In political discourse, Islamic roots and Holly Quran are highly materialized for reorganizing society. Someone from abroad easily observe changes in Turkish daily habits according to increasing dominance of Islamic patterns in last decade. However contradictory to that ineconomic life Islamic rules of Quran verses are not referenced. . That simply provided ruling government to follow liberal policies and allow them to get consent from poor masses by Islamic connotations. (Tuğal,2011)

One of the main challenges of Turkey stand on economic dynamics of its geopolitical importance. The energy hub policy amongst Turkic republics, Russia, Middle East and Europe flourished geostrategic importance in stability. More than 2/3 of world fossil energy reserves are produced in eastern neighbors of Turkey. Those energy rich countries are looking for new markets with efficient transportation methods. Europe soaring important amount of energy imports due to lack of reserves. Thus in market terms Eurasian demand and supply match in Turkey. Energy reserves from orient transferred via Turkish pipe lines to occident where supply and demand for energy met. Both sides thus pursue to cooperate Turkey in their energy policies. International Energy Agency expects Turkey would become energy market in coming decades with increasing transportation and storage. The volume of economic benefits and gains would be impressive.

3. Turkey at Crossroads

Western media has praised AKP governments from the very beginning. There was shine, fine articles about neo liberal reforms in Turkey with strong democracy, rule of law, splendid record of economic growth compared to old, torn European countries. Although Turkey is performing much better than most EU countries, the way of articles in western newspapers has radically altered with negative comments since 2013. In this part of the paper I attempt to conclude Turkey's new world with some western terms.

Turkey has been a democracy from the very beginning of republic. But the democracy itself interrupted many times When Erdogan's Justice and Development Party (AK Party) came to

power in 2002, it reduced the role of the military in politics, promised Turks personal freedoms, and made it harder to close political parties and ban politicians. But Turkish leaders soon began to backslide on reforms, and over the past decade Erdogan has used the bureaucracy to undermine his political opponents and resurrect something akin to the state security courts, which his government previously abolished.

The history of leftist movements had some anti-imperialist and anti-Soviet ties. (Sayılğan,2009) Someone has to define left and right wing parties quite different context in Turkey compared to western counterparts. İdris Küçükömer famous socialist author and politician clearly refers that left means right in Turkey. (Küçükömer,2014) Center left parties are much more elitist, conservative than center right parties. For example till 2010 left wing party CHP were much more EU skeptic compared the ruling conservative AKP. It may resemble in Greeks politics leftist movements are sometimes much more conservative in world affairs than right wing parties. Besides all, the Turkish elections are much more reliable and almost no intervention to election process compared to Middle Eastern countries and some Turkic Republics where the security and reliability of polls are very questionable in those countries. The EU observers confirmed that elections are based on true and fair basis in our country. Thus may be the explanation would be redefine left and right in politics different than western terminology in Turkey.

The democratic culture of Turkey much more dominated by one man type leadership compared to west. Erdoğan had more complicated relationship with Turkish citizens than tin-pot dictators like former Tunisian president Zine el-Abidine Ben Ali or Syria's President Bashar al-Assad. The AK Party has prevailed in 10 consecutive elections because Erdogan has delivered. (Washington Post,2017) Turks are wealthier, healthier and more mobile than ever before. If election results are any indication, about half the Turkish electorate dislikes Erdogan for his corruption, arrogance and power grabs, while the other half reveres him for the freedoms he has given them.

The definition of secularism would be totally different than western world in Turkey. The state religion relation was not like total distinction like in US. From the very beginning of Ottomans state instrumentalized Islam for governing country. Today's Presidency of Religious Affairs in Turkey is state organization and serves government policies. In western world religious organizations such as churches are totally isolated from state authorities. Even the Turkish military, a supposed bastion of secularism, is deeply linked to Islam.

While 20 percent of the country's population is ethnically Kurdish, the overwhelming majority of them consider themselves Turks. No doubt, Kurds have suffered. For years, their ethnicity, language and culture were denied. Even so, many of Turkey's 15 million Kurds are well integrated into the political, economic and cultural life of the country. Turgut Ozal, Turkey's prime minister in the 1980s and president in the early 1990s, was of Kurdish origin, as is the current deputy prime minister, Mehmet Simsek. The country's Kurdish voters have been a reliable constituency for the AK Party, and not just religious Kurds. (WP,2017)

One of the first military coup ended with execution of Turkish PM Adnan Menderes and his two ministers, but borne to the most democratic constitution of Turkey. Following years center left CHP party unexpectedly beaten in 1965 elections by new AP which is the follower of former DP where coup shut down. That trauma questioned by the intellectuals of left wing groups where they did wrong. The explanation of Doğan Avcıoğlu in his famous book Order of Turkey in 1968 was basically draw that universal values of west are somehow not fully applicable to oriental roots of Turkey. As national socialist Avcıoğlu referred the eastern social structure of Turkey with its own sociological background must be reconstructed in leftist platforms. It means the

religion as Islam, cultural codes must be reshaped from bottom to top rather than top to bottom as founding fathers of Republic did.

The role of neoliberal economic regimes in free market economic system determines the process of wealth distribution in the world economy. Thus, the ideas of economists David Ricardo and Paul Samuelson that through labor specialization all states can benefit from economic openness was criticized for its neglect of gains distribution. The hegemonic stability theory captures globalization as the result of the U.S.-led policy of economic openness. The contemporary global economic governance, in the realist view, is the reflection of the power distribution in the system. However, developing countries consider their influence in this system inappropriate to their real economic power. For that reason, states such as China and Russia are trying to build independent economic regimes as alternatives to U.S.-led institutions such as the World Bank or IMF. The Turkish presence in future in global system so far inclined it on the new power agenda of new order. As long as it persists on historic and cultural grassroots it may achieve further success (Passig, 2010).

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