

Business and Politics in Post-Erbakan Turkey

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Brief Analysis

The mood in post-Erbakan Turkey is one of calm after a storm. For a comprehensive understanding of Turkey's problems, a critical, non-ideological assessment of the pro-Islamist Refah (Welfare) Party is needed. Despite its existence since 1969, Refah truly emerged as a political force only in 1995. Receiving some 21 percent of the popular vote, Refah went beyond its natural constituency due to the failures of past secular governments. The lack of movement on the issues of democratization, economic reform, and human rights allowed Refah to become an alternative to the center-right and center-left parties in Turkey. Refah's success cannot be attributed solely to discontent. However, the victory of 1995 was less an ideological Islamist victory than a statement against a system that seemed incapable of producing a political center to respond to the broad consensus of the country. Corruption, lack of political reform, and the unequal distribution of wealth also raised in many minds questions about the nature of Turkish identity. As a result, many found solace within "a mystifying Islamic identity."

Reflections on Refah

There are a number of conclusions to be drawn from Refah's year in government.

- The Islamist movement in Turkey will not disappear; in fact, it will thrive if there is no drastic change in the country.
- Refah proved to be more a traditional political party than a committed Islamist movement. It followed the established system of populism and patronage and favored its supporters in the distribution of government resources.
- The secular public grew increasingly restless as Refah constantly misread the needs of the country.
- Refah's main weakness was not its ideology, but its incompetence and lack of preparation for running Turkey.
- The revelation of various scandals and unholy alliances tarnished Refah's reputation as a corruption-free party.
- Refah lacked commitment to democracy or secularism.
- The perspective of Refah concerning international relations proved dangerous for Turkey's interests and for the larger Western system of which Turkey is a part.
- Due to political fragmentation, no party or civilian institution effectively challenged Refah.
- The role of the Turkish military as defenders of secularism has been "accentuated" as a result of the Refah government. The Turkish armed forces used their institutional and constitutional powers with the support of business, trade unions, and a substantial part of the Turkish people to help oust the Refah government. The Turkish political system showed its resilience and inherent stability simply by surviving.

Economic Outlook

The current secular government must succeed if its leaders want a successful political future. For that reason, it dropped its initial plan for early elections and set out to develop "a sensible, tough, and credible" economic program that will take "at least a couple of years" to show positive results. To combat high inflation, the government has unveiled a program calling for financial sector reform to reduce inflation and for reduction of public sector debt through reform of the social security and tax systems.

Turkey has had a strong economy despite years of mismanagement and high inflation. However, the country's full potential will never be realized until economic rationality prevails in policy-making, including the introduction of much needed structural reforms long neglected by weak politicians. The economy's fundamental strength has been shown by its experience with customs union with the European Union (EU), which began in 1996. The initial result of the customs union was a \$5 billion increase in the trade deficit with the EU. Yet, the wave of bankruptcies predicted by many never happened. Statistics from this year suggest a rise in exports and a diminishing trade deficit with the EU. One weak point is the lack of foreign investment, which can be attributed to the absence of political and economic stability. This is another reason why a successful performance by the present government is so important. TUSIAD will support the government as long as it shows political courage and delivers on its promises.

Turkey and the EU

The outside world, particularly the EU, also should help facilitate the new secular government's work. The mid-December meeting of the EU Council of Ministers will make important decisions on Turkey's future relationship with Europe. If there is no "perspective" offered to the Turkish people on eventual membership in the EU, it will be difficult for the government to rebound from the political fallout. Such an omission by the EU could play into the Islamists' hands and strengthen those that question whether Turkey should integrate into the global market.

The EU erred in its decision to become involved in the Cyprus dispute. Linking Turkish membership to a resolution of the Cyprus conflict backfired by almost destroying a "growing sense" among the Turkish people that it was time to move to a resolution of the Cyprus issue.

Recent events in Iraq remind the Western world of Turkey's importance as a strategic ally. The United States appreciates, more than does Europe, Turkey's strategic importance and understands the possible negative outcomes should Turkey be denied acceptance into Europe or if the economic system is not modernized to sustain a dynamic market economy. TUSIAD wants Turkey to be a European country. As a supporter of continued democratization and an opponent of human rights abuse, TUSIAD believes a prosperous and democratic Turkey will keep the Islamist challenge at bay, would offer its own citizens a better life, and would be an asset to the Western world and the global economy.

Energy and Iran

Turkey imports 90 percent of its fuel. Although Turkey is interested in being a hub for pipelines carrying energy resources from the Caucasus and Central Asia, it also needs this energy for its own consumption. Turkey is sensitive to the U.S. position concerning the proposed Turkmenistan-Iran natural-gas pipeline. The bottom line remains that Turkey badly needs these resources. Turkey is open to all alternatives and will evaluate them as they become available according to the political and economic circumstances.

Kurds

The situation in the Kurdish-populated Turkish southeast has seen a marked improvement in the past four years, though significant military operations against separatists groups in the region continue. The best answer to the region's problems is investment, and the Turkish government and the private sector have invested a considerable amount of money in the area. The government also offers incentives to private investment in the area. TUSIAD, as part of the private sector, encourages investment in the southeast. However, the Kurdish issue still has not been addressed in all its dimensions.

This Special Policy Forum Report was prepared by Jonathan Lincoln.

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