

## Turkey:

### Today's Political and Economic Realities

May 15, 2001



Brief Analysis

**A**t the dawn of the new millennium, Turkey remains a significant actor in its region despite economic difficulties. Turkey, a strategic partner with the United States, is a source of steadiness that is vital for peace in its region. Turkey's long relations with Israel play a stabilizing role in the Middle East.

#### Turkey and its Neighborhood

**Russia** As the Cold War ended, Turkey hoped that its relations with Russia would be based on cooperation and not competition. Nevertheless, recent military and foreign policy doctrines initiated by the new Russian government indicate Russian intentions to retreat to Cold War-era policies. Turkey is cautiously watching as Russia intensifies relations with Iran, Iraq and China. The balance of power in the region between Turkey, Russia and Iran should be maintained. The Chechen problem is also a thorny issue for the two countries. Turkey respects the territorial integrity of Russia and will not tolerate any terrorist actions that are aimed at Russia.

**South Caucasus** Russia is pressuring Georgia and Azerbaijan to make concessions to Russian interests. Armenian claims on territories of Turkey, Azerbaijan and Georgia are another destabilizing factor in the region. The recent U.S. attempt to bring Azerbaijan and Armenia to the negotiating table was both appropriate and useful. Meanwhile, the removal of Sanction 907, imposed on Azerbaijan, would enhance peace in the region. The most serious issue Turkey and Armenia face is the legacy of the terribly unfortunate events that occurred during World War I. While it is not appropriate to describe them as genocide, the facts regarding these events ought to be discussed by historians who are able to provide historically accurate information. It is certainly inappropriate for any third-party government to declare these events as genocide. Both countries should look forward and not dwell in the past. Turkey remains willing to improve relations with Armenia; after all, Turkey was one of the first countries to help Armenia during the drought that followed its separation from the former Soviet Union.

**Iran** Turkey's relations with Iran are neither black nor white, but a shade of gray. Iranian president Mohammed Khatami could not deliver the reforms, especially the democratization, that everyone – including Turkey – wanted. Furthermore, it seems that the religious leaders in Iran are getting more powerful. Iran has also presented new challenges to Turkish interests in the region in with regard to energy and security. Moreover, Iran's recent attempts to enhance relations with Armenia and Russia captured Turkey's attention. Remembering Iran's alleged role in escalating the terrorist activities along its borders with Turkey when the Kurdistan Workers' Party (PKK) was at its height, Turks are approaching these latest developments very cautiously. Moreover, Iran is pursuing weapons of mass destruction that could very well threaten Turkey. In short, because Iran has a fundamentalist and tyrannical regime, the dual containment policy should not be abandoned. Turkey should not close its doors to Iran, but should remain flexible in their relations.

**Iraq** Stability in Iraq is necessary for peace in the region as a whole. The disintegration of Iraq could lead to a "new Afghanistan," and shift the balance of power to Iran. Turkey supports the territorial integrity of Iraq, but also

recognizes the need to provide safety to the Kurds and Turkmens of northern Iraq by promoting their autonomy within Iraq. Iraqi president Saddam Husayn has been successful at undermining the sanctions against Iraq. Currently, everyone but the United States is exploiting the situation. Therefore, the sanctions should be revised and made more focused, which will allow better control of trade between Iraq and its trading partners. In such an environment, Turkey would cooperate to better control clandestine imports of oil from Iraq, putting these under the UN oil-for-food program.

Cyprus So long as the status quo prevents a solution to the Cyprus problem, several things should be avoided. First of all, Cyprus should not be admitted to the European Union (EU) before the island's problems are solved. This would not only abrogate the Zurich and London agreements signed by the concerned parties, but Cypriot admission to the EU prior to Turkish admission would aggravate the problem. Perhaps if the EU admits Cyprus and Turkey simultaneously, many outstanding conflicts and animosities between the parties could be brought to an end.

#### Turkey's Domestic Scene

Economic Crises Turkey's current economic crisis is not the result of a lack of resources, but an issue of mismanagement. The Turkish political system has adversely affected the economy for a long time. Minister of State for Economy Kemal Dervis's new program, which is described as Turkey's "last chance" for recovery, is not bold enough. While they should be immediately passed, the fifteen laws necessary for economic reform are still not sufficient. Dervis's program does not set an inflation target, it does not tackle government expenditure – Turkey's most crucial problem – nor does the program mention which specific economic tools will be used to accomplish its goals. On the psychological front, the program lacks the consent of the people. Without the Turkish people's confidence in their political leaders, implementation of the program will prove difficult.

The success of the program will rest on the shoulders of the leadership, specifically their sense of accountability and their measure of transparency. Political reform must accompany economic reform. This includes electoral laws, as well as laws pertaining to political parties. In addition, the fight against corruption should be intensified, and the judiciary de-politicized.

REFAHYOL Coalition The True Path Party's June 1996 to June 1997 coalition with the Refah Party, known as the REFAHYOL Coalition, has often been misjudged. The previous ANAYOL (formed by the ANAP and Dogru YOL parties) was assembled after the 1995 elections and collapsed shortly thereafter. Elections were not an option at the time, and yet no sitting party wanted to participate in a coalition. Ultimately, True Path – the only party determined to improve relations with the EU and Israel – was forced into a coalition with Refah. Yet, fears surrounding the Refah Party's impact on foreign policy proved false. The REFAHYOL government signed a military agreement with Israel, and nearly achieved Turkish candidacy for EU admission. Refah's participation in the coalition government, despite being forced out in the end by the military for causing a social crisis, was a good thing. Had Refah not joined the coalition, people would continue to harbor illusions about its potential and Refah may well have come to power at a later date with a higher percentage of the vote.

This Special Policy Forum Report was prepared by Niyazi Günay.

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