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Sakıp Sabancı International Research Award

THE IMPACT OF THE EUROPEAN UNION ON DEMOCRACY IN TURKEY
AND ITS IMPLICATIONS FOR THE REGION

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With the start of the accession process for Turkey's membership in the European Union (EU), it has become important for decision-makers on all sides to have a better understanding of the implications of Turkey's candidacy. Will inclusion of a predominantly Muslim country contribute to a stronger EU and facilitate Turkey's role as a model of democracy in the region? Or will inclusion of a large, predominantly Muslim, and lesser developed country have a destabilizing impact on the EU's coherence and stability and yield negative repercussions for Turkey and the region?

These questions touch on some of the most basic issues in political science, including the requirements for democracy and the role of institutions in the formation of international alliances and organizations. The literature contains four general views relevant to the Turkish case, the first three focusing on internal factors, and the last one on external (or international) factors. "Primordialists" believe there is an inherent incompatibility of democracy and Islam, or link stable and liberal democracy with Western culture or Protestant religion.¹ "Modernizationists"

¹Samuel P. Huntington, "Democracy's Third Wave," in Larry Diamond and Marc F. Plattner, eds., *The Global Resurgence of Democracy* (Baltimore, MD: The Johns Hopkins University Press, 1993). The term 'liberal democracy' in this paper is used to refer to democracy with governmental respect for individual rights and the rule of law.

contend that democracy requires a developed economy and that the linkage of development and democracy is broadly a function of education, technological adaptation, or otherwise some process of evolution.² “Consolidationists” argue that democratic stability is a function of the condition of civil society, prior experience with democracy, and whether the transition to democracy is supported by political elites.³ “International-structuralists” contend that democracy can be supported by external factors, including the international organizations and alliances that can yield both greater external security and impose democratic institutions on member states.⁴

While each view may have some merit, none offers a coherent insight as to how Turkey might respond to changes in the region. The primordialist view lies at the heart of the rejectionist camp in European politics. If Islam and democracy are inherently incompatible, it must follow that stable and liberal democracy is not possible in Turkey and Turkish membership can threaten the EU’s coherence and stability. The modernizationist view is equally pessimistic, considering that most developing countries could not achieve development compatible with the premises of this view, and the latter has not produced any precise guidance for policymakers.

Consolidationist theory is far more popular among academics, but also offers little insight: since Turkey has had well over a half-century of experience with democracy, it should be already a stable and liberal democracy and a model for the region. International-structuralism, in contrast, expects Turkish membership in the EU to help consolidate and liberalize democracy in the country through a convergence process with the laws, rules and standards in the EU.

This paper departs from these prior views and offers a new perspective on the implications of Turkish membership in the EU for Turkey and the region. Drawing on recent advances in social and political research, it is argued that the key to understanding Turkish politics and its impact on the region is in understanding Turkey’s political economy. An integration of studies in economics and sociology shows that when large numbers of adult individuals in a society are considerably dependent on collective, traditional and social linkages for incomes, as in Turkey

² For instance, Walt W. Rostow, *The Stages of Economic Growth* (London: Cambridge University Press, 1960).

³ On civil society, see Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1993). On consolidation, see Larry Diamond, “Introduction: In Search of Consolidation,” in Larry Diamond, Marc F. Plattner, Yun-han Chu, and Hung-mao Tien, eds., *Consolidating the Third Wave Democracies* (Baltimore, MD: Johns Hopkins University Press, 1997).

⁴ Laurence Whitehead, *The International Dimension of Democratization: Europe and Americas*. (Oxford: Oxford University Press, 1996).

compared to the EU member states, political processes and the enforcement of law is often corrupted and limited; political parties compete in a zero-sum like manner over state rents; and there is less respect for the rule of law, the democratic process, and individual rights. When most individuals acquire their livelihood through interacting on a market, however, as in most EU nations, voters have a direct interest in a state that enforces law and contracts with neutrality and fairness in abiding the rule of law and respecting individual rights. Thus in societies with market-oriented economies individuals are more likely to demand democracy and equal rights, searching for mutual trust and respect between the state and themselves.⁵ Market-oriented economies stabilize and consolidate democracy better than any other forms of economies—i.e. traditional/feudal, collective, clientalist, statist, or command economies.

In this way, I argue that Turkish membership in the EU can only enhance the speed of Turkey's on-going transition from a statist, clientalist and semi-corrupted economy to a market-oriented one. In light of this view I expect that Turkey's full membership in the EU is in the interest of both the EU members and Turkey. Turkey's transition to the market will mean that it offers a substantial market for other EU member states and consolidation of a stable and liberal democracy in Turkey that serves as a highly visible model for the Islamic world, enhancing the security of Europe.

A lot depends, however, on the speed of Turkey's transition from a semi-statist/clientalist to a market-oriented economy and rule of law. The longer the process the greater the risks are for both Turkey and the EU. Settlement of issues regarding the expansion of market economic development in Turkey include economic aid, adjustment of labor and financial markets, agricultural subsidies and adjustment to the EU's Common Agricultural Policy (CAP), and plans for the free movement of labor and capital. The faster these issues are settled and in place, the greater the speed of Turkey's transition to markets. If these kinds of policies for market development in Turkey are postponed and neglected, however, Turkey's democracy will continue to be fragile, being vulnerable to extremist politics, the strong military influence, and instability. It is thus in the interests of both the EU member states and Turkey to seek to hasten

⁵ Market-oriented economy refers to an economy where most individuals acquire their jobs in a market in the form of contracts with a more or less neutral and regulatory state that enforces contracts equally under a rule of law. All economically developed countries such as England, US, France, Sweden, Germany, and Japan have market economies.

Turkey's transition to a full market economy. The task for Turkey's leaders who support the EU membership, I argue, is to convince EU leaders of this very point.

The remaining part of this paper is structured as follows. I start with a brief review of prior perspectives on the internal and external sources of democracy. Then I introduce my thesis drawing on works in several literatures, and show how a great deal of evidence supports this view. I conclude with a discussion of the implications for Turkey, the European Union, and the region: full Turkish membership with supportive economic policies for the development of market economy is in the interests of EU member states as well as Turkey.

Sources of Liberal Democracy and Turkey

Until the 1970s the modernization theory was the leading paradigm guiding research into the origin of democratic institutions and the prospects for global democracy. Broadly speaking, modernization approaches made teleological, monotonic and evolutionary assumptions, and suggested that modernization would follow from a number of things associated with economic development, including education⁶ and technological adaptation.⁷ The empirical research is unanimous that economic development correlates with stable democracy.⁸ Most scholars also agree that, for stability, democracy requires a liberal political culture.⁹ Many studies have shown

⁶ Alex Inkeles and David Smith, *Becoming Modern: Individual Change in Six Developing Countries* (Cambridge, MA.: Harvard University Press, 1974).

⁷ Talcott Parsons, "Evolutionary Universals in Society," *American Sociological Review*, Vol. 29, No. 3 (1964), pp. 339–357.

⁸ Ross E. Burkhardt and Michael S. Lewis–Beck, "Comparative Democracy: The Economic Development Thesis," *American Political Science Review*, Vol. 88, No. 4 (December 1994), pp. 111–31; Adam Przeworski and Fernando Limongi, "Modernization: Theories and Facts," *World Politics*, Vol. 49, No. 2 (January 1997), pp. 155–83; Carles Boix and Susan C. Stokes, "Endogenous Democratization," *World Politics*, Vol. 55, No. 4 (July 2003), pp. 517–550.

⁹ Seymour Martin Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review*, Vol. 53, No. 1 (March 1959), pp. 69–105; Gabriel A. Almond and Sidney Verba, *The Civic Culture: Political Attitudes and Democracy in Five Nations* (Princeton, N.J.: Princeton University Press, 1963); Samuel P. Huntington, "Will More Countries Become Democratic?" *Political Science Quarterly*, Vol. 99, No. 2 (Summer 1984), pp. 193–218; Robert Alan Dahl, *Democracy and Its Critics* (New Haven: Yale University Press, 1989).

that societies undergoing economic development undergo a cultural change towards cooperation, compromise, and tolerance of different interests.¹⁰

On balance, however, empirical research has not yielded compelling evidence for any of the causal processes associated with modernization. For instance, the oil-exporting nations typically have high levels of wealth, education and technological adaptation, but have distinctly poor records on rights and democracy. In fact, by the 1970s modernization theory became increasingly discredited for several reasons. First, modernizationist arguments tended to be somewhat ethnocentric in that they often started with the view of “us” (the developed West) as ideal, and then explored how “they” (the developing world) could be like “us.” Second, a new generation of dependency theorists highlighted the fact that “we” can not be a model for “them” because interstate trade means that late developers must find their own paths to economic development. Third, evolutionary and monotonic assumptions were discredited by the increasing number of democracies “reversing” back to autocracies.

Because of the problems with the modernization theory today the correlation of economic development and democracy is widely ignored in most discussions of the roots of stable democracy. Instead, among consolidationists, for example, some contend that it is the intensity of civil society that causes democracy, with civic organizations (non-profit community organizations) nurturing the norms of give and take that stabilize liberal democracy.¹¹ Others suggest that democratic culture is learned from having democracy over time, and that transitions to democracy are more likely to be stable if prior autocratic elites support the transition.¹² Despite a generation of research along these perspectives, however, there is today no compelling evidence today in favor of these views. Numerous studies have noted that older and more liberal democracies tend to have vibrant civil societies, but we cannot be sure that some third variable—perhaps associated with economic development—may cause both liberal democracy and civil society. That older democracies tend to be older cannot be taken as evidence that time is causal, and there is no cross-national survey evidence that has shown that, over time, individuals in democracies tend to develop stronger democratic values.

¹⁰ Lipset, Seymour Martin, Kyoung-Ryung Seong, and John Charles Torres. 1993. “A Comparative Analysis of the Social Requisites of Democracy.” *International Social Science Journal* 45 (May), pp. 155–75; P. Nikiforos Diamandouros, “Southern Europe: A Third Wave Success Story,” in Diamond, et al., *Consolidating the Third Wave of Democracies*.

¹¹ Putnam, *Making Democracy Work*.

¹² Diamond, “Introduction.”

The consolidationist theory is particularly weak with regard to Turkey. Since 1950 pro-democratic elites in Turkey have tried several kinds of institutional systems: single-member district (1950s) and proportional representation (post-1961); more respect for individual rights (1960s) and less respect for rights (post-1983). In all these cases except the last one, the democratic experiments were interrupted by military interventions, with the latter claiming to preserve “democratic” institutions. Partly due to the high political violence and political instability, these interventions were accompanied with widespread support from many sectors of the country, including those with more education and more pro-democratic sympathies. Turkey’s elites have also experimented with both rapid (1961) and gradual (1980-1983) returns to democracy, but it is not at all clear that Turkey’s institutions and political culture are more stable or liberal today than, for example, they were in 1960s. Indeed, Turkey’s record of human rights deteriorated in the post-1980 era compared to before, and starting in the 1990s, large numbers of voters have shown a clear preference for explicitly anti-liberal nationalist or religious political parties.

International-structuralists emphasize how international organizations can set a country on the course of a liberal democracy. Whitehead argues that the enlargement strategy of the EU provides a powerful international route to democratization.¹³ The Copenhagen Criteria for membership in the EU, adopted after the Maastricht Treaty of 1993, impose democratic governance, governmental respect for human rights, the supremacy of law, and the protection of minority rights as conditions of EU membership. Supporting this route to democratization are the cases of Spain, Portugal and Greece, all of which became stable and liberal democracies when they joined the EU. The same process appears to be happening as well for the newcomers from Eastern Europe, including the Czech Republic, Hungary, and Poland.

While external incentives may induce democratization, however, it is not clear that they can cause stable and liberal democracy. We know from the experiences of Turkey and many other nations that democratization is often associated with political instability and poor respect for human rights and the rule of law.¹⁴ In the past year elections in Afghanistan, Egypt, Iraq, and the Palestinian Territories, people gave widespread support for distinctly anti-democratic, anti-

¹³ Whitehead, *The International Dimension of Democratization*.

¹⁴ Demet Yalcin Mousseau, “Democratizing with Ethnic Divisions: A Source of Conflict?” *Journal of Peace Research*, 38, 2001, pp.547-567.

Western, and pro-terrorist political parties. The rule of law is widely ignored in many countries, and many scholars of Turkish politics would agree that Turkey is a case in point. In short, we can not be sure that some third variable may explain the correlations of EU entry and stable democratization in Southern and Eastern Europe, and that this third variable may be weak or missing in Turkey.

Primordialists would say the third variable is Western or Christian culture. Since Turkey is a non-Western and non-Christian country, it is highly unlikely to develop genuinely liberal democratic institutions. The primordialist view, however, must confront countless anomalous cases, including not only the liberal democracy of non-Western and non-Christian Japan, but the centuries of tyranny, sectarianism, and, at times, genocide in Western and Christian history. In short, primordialists' arguments hold up only with selected evidence. The proper question to ask is, "what happened in the 'West' that allowed liberal democracy to take root?" If it is not wealth, evolution, political elites, or democratic institutions, then what is the source of liberal-democratic culture?

A New Approach to Understanding Democracy in Turkey

Few can disagree that one factor that is common to all liberal democracies is the prevalence of the market in the way of life. Most individuals in the liberal democracies of the Pacific Rim, Western Europe, Scandinavia and North America normally obtain their jobs and economic securities on the market in the form of contract. In all other countries with emerging markets, including Turkey, comparatively larger numbers of individuals frequently obtain their jobs, homes, and securities not from contracts in the market but from favors among friends and family.¹⁵ Cross-national variance in the role of the market in societies has been documented by numerous studies.¹⁶

¹⁵ My use of the term "market" should not be confused with the notion of "free market." Market integration is an economic condition that can be *observed*; the 'free market' is an ideological policy prescription. To observe the intensity of market integration of a society is not to state that Adam Smith's hidden hand can explain it.

¹⁶ Ferdinand Tönnies, *Community and Society, Gemeinschaft und Gesellschaft*, trans. and ed. Charles Loomis (East Lansing: Michigan State University Press, 1957); Emile Durkheim, *The Division of Labour in Society*, trans. by George Simpson, (Glencoe, IL.: Free Press, 1933[1893]); Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, 1957[1944]); Janet L. Abu-Lughod, *Before European Hegemony: The World System, A.D. 1250-1350* (New York: Oxford University Press, 1989); David W. Tandy and Walter C. Neale, "Karl Polanyi's Distinctive Approach

Some maintain that markets and democracy are inherently incompatible, because markets are supposedly about inequality and democracy is about equality.¹⁷ But classic theorists as diverse as Kant, Montesquieu, Schumpeter and Durkheim all made the observation that market integration changes a culture and pacifies a society.¹⁸ Montesquieu observed the distinction of kinship or friendship ties from the commercial ties of mutual utility, while Durkheim made the distinction of kinship ties and the division of labor. Kant argued that, “the spirit of commerce sooner or later takes hold of every people, and it cannot exist side by side with war.”¹⁹

In more recent years Dahl has suggested that the decentralized decision making nature of market integration may foster independent thinking and thus respect for individual rights.²⁰ Mousseau has argued that economic dependency on kinship or friendship triggers a tendency to abide the commands of group leaders. Dependency on strangers on a market, in contrast, fosters a greater tolerance for strangers and creates an incentive to support a state that enforces law and contracts with impartiality. Cognitive processes of bounded rationality thus cause voters in nations with weak levels of market integration to be susceptible to support candidates for public office that scapegoat outsiders, and to vote according the orders of familiar and religious group leaders; cognitive processes in societies highly integrated with a market, in contrast, cause voters to abide equal law and demand their governments to respect individual rights and make and enforce law with impartiality.²¹

In short, markets and democracy are both about equality in law and an absence of manifest discrimination; and markets require neutral, liberal and democratic states to function well. Nations with high levels of market development thus tend to have societies that demand

to Social Analysis and the Case of Ancient Greece: Ideas, Criticisms, Consequences,” in Duncan and Tandy, *From Political Economy to Anthropology*; Geert Hofstede, *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations across Nations*, 2d ed. (Thousand Oaks, Calif.: Sage, 2001[1980]); Ronald Inglehart and Wayne E. Baker, “Modernization, Cultural Change, and the Persistence of Traditional Values,” *American Sociological Review*, Vol. 65, No. 1 (February 2000), pp. 19-52.

¹⁷ Zehra F. Arat, “Human Rights and Democracy: Expanding or Contracting?” *Polity* v32 i1 (Fall 1999):119.

¹⁸ These theorists used a variety of terms, including “capitalism”, “trade”, “commerce” and “industrialization”, but all generally meant “market integration” as used in this paper.

¹⁹ Immanuel Kant, “Perpetual Peace: A Philosophical Sketch,” in Hans Reiss, ed., *Kant's Political Writings* (Cambridge: Cambridge University Press, 1991[1795]), p. 114.

²⁰ Robert A. Dahl, *On Democracy*, (New Haven: Yale University Press, 1998), p. 171.

²¹ Michael Mousseau, “Market Civilization and its Clash with Terror,” *International Security*, Vol. 27, No. 3 (Winter 2003), pp. 5-29.

democratic government that respects the rule of law and individual rights. Accordingly, there is an association of economic development with liberal democracy, as modernizationists and others have long observed, but this correlation is driven not by evolution, education, or technological adaptation, but simply by market-oriented economic structures and individuals who attain social roles and jobs interacting with these structures.

The role of market economy as the backbone of liberal democracy is supported across a broad range of empirical research. Numerous studies have linked collective norms with traditional and feudal economies and individualist norms with industrial economic development²² and higher levels of trust among strangers.²³ Few could disagree that “development” in these studies means market-oriented development (as opposed to communist or oil-patronage forms of development). As discussed above, studies have also widely confirmed the correlation of economic development with stable and liberal democracy, and “development” in these studies means market-oriented development. The fact that no society highly integrated with a market has had anything but a liberal democratic government, and attempts at democracy in all other nations have either failed or led to illiberal and unstable democracy—including Turkey—is robust evidence that the origins of stable and liberal democracy lie not in wealth or the external infiltration of democracy, but in the transition from statist, traditional or feudal economy to a market-oriented one.

Turkey’s Political Economy

Turkey is best described today as in the midst of a major transition from a statist, oligopolistic and semi-corrupted economy to a market-oriented one. Turkey’s modern economy began to emerge when the leaders of the new Turkish Republic sought rapid modernization after the War for Independence in 1923. Muslim Turks were specifically encouraged to enter the productive sectors of society (they were traditionally soldiers and peasants) with the creation of State

²² Polanyi, *The Great Transformation*; Abu-Lughod, *Before European Hegemony*; Tandy and Neale, “Karl Polanyi’s Distinctive Approach to Social Analysis and the Case of Ancient Greece”; Hofstede, *Culture’s Consequences*.

²³ Alex Inkeles and Larry Diamond, “Personal Qualities as a Reflection of Level of National Development,” in Frank M. Andrews and Alexander Szalai, eds., *The Quality of Life: Comparative Studies* (London: SAGE, 1980); Inglehart and Baker, “Modernization, Cultural Change, and the Persistence of Traditional Values.”

Economic Enterprises (SEEs), including a number of large state-owned industries in textile, paper, glass, iron, steel and so on.²⁴ The consequence was that through the Republican era (1923-1946) the state consolidated its power above the society not only in politics, but also in the economy as an economic investor and producer. State-owned enterprises are not necessarily contrary to a market economy, but they can reinforce an oligopolistic and clientalist economy if they favor certain groups, politicians and their associates.

Unfortunately for Turkey, most analysts agree that the reinforcement of a clientalist economy is what happened. Through most of the 20th century the state-directed economy was unplanned and served mostly the interest of those coalitions in power. The state controlled the economy through a variety of instruments, including tariff and quota restrictions on imports, control over the financial market and capital assets, protection of the currency (Lira), subsidies and tax rebates. Governments regularly abused the state's control over prices, quotas, licenses, investment certificates, and in particular the SEEs to gain favors from particular supporters, and economic actors tried to get what they wanted with political means and familiar and social ties.²⁵

The unplanned distribution of incentives among politicians, business, and worker unions placed a constant strain on the budget and the balance of payments, contributing to periodic economic crises. After one such crisis in 1977, the state sought to promote exports through a variety of incentives and a devaluation of the Turkish currency. An import reform program was executed, liberalizing the import licensing system through the removal of tariffs and quotas on an extensive number of consumer goods.²⁶ These trade reforms significantly expanded the size of the private sector and led to a substantial upsurge in the foreign trade of manufactured goods.

It is likely that the rise of the private sector in the 1980s and 1990s promoted a stronger domestic constituency for replacing Turkey's clientalist politics with the market and rule of law. Economic actors in a market need the state to enforce law and contracts with a certain neutrality and can hardly survive if competitors are frequently given advantages due to political connections. In fact, the 1990s witnessed an increase in the number of civil society organizations

²⁴ Feroz Ahmad, *The Making of Modern Turkey*, (London, Routledge, 1993); Kemal H. Karpat, *Turkey's Politics: The Transition to a Multi-Party System*, (Princeton, N.J., Princeton University Press, 1959).

²⁵ Ziya Onis, *State and Market : The Political Economy of Turkey in Comparative Perspective*, (Istanbul, Bogazici University, 1998).

²⁶ Faezeh Foroutan, "Turkey, 1976-85: Foreign Trade, Industrial Productivity, and Competition," in M. J. Roberts and J. R. Tybout (eds), *Industrial Evolution in Developing Countries*, (New York, Oxford University Press, 1996), pp. 314-337.

funded by private economic actors and aimed at reforming the state. One of the most prominent and older organizations, The Turkish Industrialists' and Businessmen's Association (TUSIAD), which represents larger businesses and particularly those engaged in international trade, has been pressuring the government to build the ground rules for market economy, democracy, and human rights.²⁷ Compatible with the pro-EU political parties such as Tayyip Erdogan's AKP and social democratic opposition party CHP, the business community conceives the EU as a force for consolidating the transition to markets and law in Turkey, and thus TUSIAD has been one of the most powerful supporters of EU membership. Support for the EU has also been widely expressed in the media, organizations such as the Economic Development Foundation (IKV), and the liberal think-tank organization, TESEV (The Turkish Economic and Social Studies Foundation). In addition, a majority of Turkish people support Turkey's entry to the EU.

In contrast to a generation ago, it now seems that a clear majority of Turks are less fearful of market economy and Western "imperialism". In 1996 Turkey signed a Customs Union agreement with the European Union, in 1999 it was declared as an official candidate to the EU, and since the 2001 economic crisis has been making substantial reforms under the influence of the Copenhagen Criteria for EU membership. In fact, since 2002 Turkey has made a number of pro-market and rule of law reforms, including: joining the international referee system that protects and facilitates foreign investments and imposes transparency and accountability in contracts between government and business; the establishment of an independent banking council to enforce rules of equity in banking practices; and a restructuring of the financial sector, assuring transparency in public finance.

These and other reforms led in October 2005 to an agreement with the EU to start the accession negotiations for membership in the EU. But Turkey is not there yet, as clientelist social and political ties still constitute an important source of economic security for many in the country.

²⁷ Ziya Onis and Utku Turem, "Entrepreneurs, Democracy and Citizenship in Turkey," *Comparative Politics*, Vol. 35, No.4 (2002).

How EU Membership Will Make Turkey a Model for the Region

It is obvious to assert that the EU imposition of improvements in democracy and human rights will help protect human rights in the country. To meet the Copenhagen Criteria the Turkish Parliament adopted a new civil code that introduced improvements in individual rights such as the freedom of association and the right to assembly, as well as gender equality and protection for children. The Parliament has also abolished the death penalty, lifted legal restrictions on individual cultural rights, reinforced legal guarantees on freedoms of expression and press, eased restrictions on the right to association and peaceful assembly, ensured the right to property of community foundations belonging to the minorities in Turkey, provided the legal basis for the activities of foreign foundations in Turkey, and made retrial possible in the light of the decisions of the European Court of Human Rights.²⁸

Where I depart from others who claim that the EU will strengthen democracy and human rights in Turkey is my emphasis that the EU-led changes in governing institutions are not enough to liberalize Turkish society and politics and produce a stable and liberal democracy. Laws on the books and enforced by the state are a necessary condition for the democratic rule of law and market economy, but there is no guarantee that these laws will be widely practiced. To achieve the deeper transition to the democratic rule of law a people must have more opportunity on the market than can be had in more statist, feudal and traditional forms of economy. This means the emergence of well-paying jobs on the market, reduction of state jobs in bureaucratic institutions obtained with social connections, and a reduction in peasant dependency on traditional and kinship leaders in rural areas, especially in the East. Just as Turkish businesses, reliant on markets rather than the state, developed an interest in having a neutral state that respects the rule of law; individuals reliant on a market for their economic security will foresee a greater need for a neutral state that respects the rule of law.

In fact, today substantial numbers of Turkish voters support political parties that make collective and clientalist appeals; the nationalist party, MHP, is an example. There is no political party with substantial public support that has as its main platform support for the rule of law and individual rights. This will change when more voters are connected with the market as they are in Europe. In this way, to the extent that entry into the EU will promote Turkey's market-

²⁸ <http://www.mfa.gov.tr>.

oriented economic growth, then such entry will promote the continuing transition from a statist/clientalist to a market-oriented economy.

In corollary, however, if the process of Turkish entry into the EU does not result in a monotonic increase in employment opportunities on the market, then substantial numbers of voters will continue to give support to political parties that make nationalist, religious, or other forms of collective appeals perhaps in an anti-EU platform. Elected governments may not enforce law with neutrality, and the EU can easily emerge in the political discourse as a scapegoat that threatens Turkey's security and independence. In short, the longer the transition to a market economy based on the rule of law, the greater the risk that governments unsupportive or even hostile to the EU can end up in power in Turkey. Such a government may even exit from the EU. Needless to say, this would be a disaster for Turkey's liberal democracy and for Europe's security goals in the region.

In the 20th century several countries have successfully made the transition to market economies. Both Japan and Germany had predominantly semi-feudal and semi-corrupted economies during World War II but recovered after the war with strong market orientations and substantial help from the United States, which subsidized German and Japanese business in a variety of ways, including direct economic aid and special access to the U.S. market.²⁹ The same pattern occurred with the so-called Asian Tigers of South Korea and Taiwan, where the U.S. promoted their transitions to market orientation by offering special access to the US market.

In Europe the closest cases to Turkey are the Southeastern European states (SEEs) of Spain, Portugal and Greece. All of these countries had semi-feudal and semi-corrupted economies under authoritarian regimes before their entries into the EU. But steady rates of economic growth coinciding with EU entry made well-paying jobs increasingly available, and all three countries shortly became stable and liberal democracies with widespread respect for the rule of law. It is notable that both Spain and Portugal made this achievement with very few years of democracy in their collective memories; certainly far less experience with democracy than Turkey has accumulated today.

There are two important distinctions, however, of the SEE countries and Turkey. First, Spain, Portugal and Greece were able to benefit from the EU's aid programs and generous

²⁹ Akira Iriye and Neil Harris, "United States Policy Toward Japan: Problems of Understanding" in M. A. Kaplan and K. Mushakoji (eds.), *Japan, America, and the Future World Order*, (New York, The Free Press, 1976), pp. 91-105.

agricultural subsidies, which substantially promoted market-oriented development by increasing the size of the local market. Second, free movement of labor across EU member states meant that the SEE states were able to export their long-term unemployed. The combination of agricultural subsidies and labor exportation together with increasing investments in their markets substantially facilitated the rapid transformations of their economies, which were completed in about one generation.

For a variety of reasons, including that fact that Turkey has a much larger population than any of the SEE countries, it appears that Turkey will face greater restrictions on the export of labor and access to agricultural subsidies. This means that Turkey's transition to the market will probably take longer than the SEE countries. This is an important point that should be recognized by both Turkish and EU policymakers: If Turkey's economy cannot be transformed at least to a certain extent through the accession process, Turkey's transition to a political culture like Europe's will also be postponed. In the worst case scenario democracy in Turkey with its weak level of market integration may be unstable; an anti-EU and anti-market oriented government may be elected, or the military may launch a coup. In either case Turkey's participation in the EU may be suspended or revoked, and it would be unlikely that Turkey would get a chance to try again in the future. Primordialists will claim victory: that democracy and Islam are incompatible. Without a liberal model in the region, the West will have a tougher time battling over the hearts and minds in the Islamic world.

It is thus critically important that leaders in both Turkey and Europe recognize that the promotion of Turkey's transition to market economy is in everyone's interest: Turkey for the stability of its democracy; Europe for the security of its Eastern front in the struggle in the War on Terror. On this basis, I recommend that Turkish negotiators seek to convince EU leaders of the importance of economic assistance with adjustment policies aimed at transforming Turkey's traditional, semi-feudal, statist and agricultural economy to a modern market economy in which most individuals acquire relatively well-paid jobs on the market.

Implications for Turkey and the Region

This paper offers a fresh approach to grasping the implications of Turkey's membership in the EU for Europe and the region. Drawing on classical and recent studies across several areas of

research, I showed how a transition to the market as the primary means of socioeconomic change can liberalize a political culture, fostering in individuals an interest in abiding equal law, and in demanding individual rights and liberties and a state that enforces law and contracts with neutrality. This view is supported with a very wide range of empirical researches in economics and sociology. The strongest evidence for this view, however, is in the fact that every society in history that has been *highly* integrated with a market (where most individuals regularly rely on the market for their economic activities) has had stable and liberal democratic institutions. Every other country, in contrast, has been either autocratic or, if democratic, suffers from political instability, periodic civil violence, and weak governmental respect for individual rights and the rule of law.

The role of markets in society also fits the experience of Turkey, where a market is stronger now than it was in the past but where substantial numbers of people still rely on, at least partially, familiar and social linkages for economic securities. For instance, many Turks of Kurdish origin still reside in traditional clan and tribal environments, and automatically vote their tribal leaders into power. In the cities many find jobs on the market, but many also find their jobs using a variety of social ties, and rely on familiar ties for life and retirement securities and large acquisitions, such as autos and homes. It is the importance of these linkages, I have argued, that drives many to support collective and political leaders. In fact, many of these collective groups are also associated with political parties in Turkey.

With the rise of imports and exports with the liberalization of foreign trade in the 1980s Turkey began transitioning to a market-oriented economy. Recent institutional changes towards transparency and the rule of law will facilitate and further accelerate the economic transition. In this way the accession process to become an EU member is good for Turkey and the region since it can help the development of liberal democracy. But we must also recognize that prolonging the transition and policies for transforming Turkey's economy poses a danger: as long as substantial numbers of people rely on collective linkages then Turkey's democratic institutions will remain at risk. In the worst case scenario extremist nationalist and ethnonationalist movements and Kurdish separatism may gain momentum, giving way to the rise of an extremist political party with an anti-EU platform in power; or increasing civil violence may compel another military coup. Either case may lead to a suspension of the accession negotiations or even EU membership, and this would be very destabilizing for Turkey and the region.

It is vitally important that during the accession process increasing numbers of Turks are able to find more opportunity on the market than they find from their collective and social linkages. Specifically, this means an increasing availability of well-paying jobs on the market. Turkey should be included in the EU's structural aid programs and become adjusted to the EU's Common Agricultural Policy (CAP). But it seems that unlike prior newcomers to the EU, such as Greece, Portugal and Spain, Turkey has the additional hurdle of making the transition without the movement of labor and access to EU subsidies at least in the foreseeable future. In this way, the start of the accession process should be seen not as the end but the beginning. Leaders of the EU and Turkey must grasp the continuing importance of promoting Turkey's economic transition through a variety of means: for Turkey to consolidate its democratic institutions; for the EU to have a larger internal market and, more importantly, to have a more secure Southeastern Europe with Turkey as a visible model of democracy for the region.