

The Political Dimension of Global Economic Challenges: Lessons from Turkey

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Challenges and Paradoxes

The intense debate surrounding the upcoming G-20 meeting, with the European debt crisis taking center stage, reflects deep historical shifts and dilemmas facing the political process as the 21st century unfolds.

The size of governments in most nations has increased in the 20th century. Rodrik¹ provides quite compelling evidence that the size of government in a large sample of countries is positively associated with trade openness and further notes that the most likely interpretation of this association is that government expenditure provides insurance against external risk. Indeed, the objectives of social cohesion, preventing exclusion, eliminating poverty and reducing inequality have been among the primary objectives of the welfare state in rich countries. The important point here is that especially in the second half of the 20th century the objective of social cohesion had become a norm shared by most citizens of the rich countries.

At the political level, this meant that political power was *limited and shared* in a fundamental way in the sense that those in power unilaterally refrained from using this power to the fullest in pursuit of their own political and economic gains. Yes, there was always criticism of the “excesses” of the welfare state by the political right, but this never meant challenging the fundamental notion, for example, that the state is an ultimate provider of social insurance. Politically speaking, having access to this kind of insurance became a basic right for most citizens.

The welfare state is now faced with formidable challenges and paradoxes. On the one hand, with

enhanced globalization, geographical distances between nations have narrowed down, resulting in massive migration toward countries with more institutionalized welfare states. This has posed a challenge to welfare states by bringing about a dilemma: welfare economies needed migration flows for economic dynamism, but politically and culturally this led to discourses of xenophobia and fear toward the newcomers. In addition, globalization made it more difficult for individual states to develop policies of stability and protection in a unilateral manner, both generating a need for more global cooperation or else pushing individual countries to roll back aspects of the welfare state to cope with increased global competition. Demographic trends in the advanced capitalist societies posed further challenges to welfare policies by threatening their financial viability. At the same time, enhanced globalization increased the fragility of national economies toward global swings, increasing the degree of risk and uncertainty faced by individual citizens. The need for protection and social cohesion has transcended national borders.

Hence while globalization increased the degree of risk and uncertainty faced by citizens, it simultaneously weakened the hands of nation states in dealing with these challenges. These trends increased distributional conflicts within countries and increased the stakes. It seems these developments transformed the nature of politics in most countries. Politics has become more partisan, predatory and less collaborative. Economic policy has never been a technical issue but it seems we have entered a period where technical issues regarding the aims, design and conduct of economic policy have become irrelevant with partisan, populist and predatory politics completely taking over. A disconnect

between politics and economics has occurred. It is now not only the norms of social cohesion that have governed Western societies in the post-World War II era that are under attack, it is the norms of political conduct—norms about what costs one is ready to impose on society in pursuit of partisan politics. This is no longer pure distributional conflict either. The existence of strong distributional conflict is tough enough for the political process but under pure distributional conflict reaching agreements is relatively easy. Under ideological conflict, gaining political power at whatever cost becomes the primary aim and the collective rules of rationality may no longer apply. It is this evolution of the norms of politics that helps us better understand the tea party in the United States, the increasing power of extreme right wing political parties in Europe, or even the human tragedy in Norway in the name of protecting the essentialist cultural values of European modernity.

It is no wonder that the media is full of stories and commentary about the lack of honesty, vision and leadership in rich countries. It is the changing norms of politics rather than the personal qualities and capacities of current leaders that explain the inability of rich countries to find lasting solutions to the current crisis. Recently the *Economist* commented that there is a failure of honesty and that “too many rich-world politicians have failed to tell the voters the scale of the problem”.² The problem is that politics is carried out under imperfect information. Everyone would find it more difficult to be honest when everyone believes that political opponents are more likely to manipulate the environment of imperfect information to further their political power compared to two decades ago. In the case of an extreme example, it becomes difficult to converse about possible structural measures to resolve the tradeoff between a potential double dip and the need to institute fiscal sustainability over the medium term when political opponents threaten that they may be willing to actually use their power to shut down the government.

Therefore, economic problems facing the world have become politicized. This is a distressing view

to watch especially from the seat of an emerging market economy. Advanced capitalist societies were the carriers of these norms of consultation and moderation, and whatever negative shock occurred in the short term, there was confidence that these norms would be durable and solutions would eventually be found. With politics becoming partisan and predatory, we are no longer so sure. One is tempted to see some common thread between tolerance of the extreme right, complacency when the dynamics leading to Greece’s debt problems were developing and lack of compassion in the face of steep income declines that Greek citizens will have to face. In all cases, we see politics becoming reactive rather than constructive and collaborative. We suggest that in order to effectively tackle the world’s economic problems, it is necessary to alter the existing mode of politics in order to reinstitute a more collaborative dialogical mode of political conduct. In order to make this point, it may be instructive to take a short look at what appears to be a success story in the last decade, namely the Turkish case with which we are most familiar. As will become apparent, the key to institutionalizing stability in Turkey has been a strong and even dominant party government, which demonstrates enduring commitment to an economic program anchored in macroeconomic and financial stability.

The Turkish Experience

Turkey went through a severe crisis in 2000-01. The crisis was homegrown and resulted from dismal macroeconomic management in the 1990s, which included years of populism, patronage and corruption. Turkey was ultimately not only able to respond decisively to the crisis, but after the lost decade of 1990s, the 2000s were by and large years of success. While the recovery from the crisis started under the preceding coalition government, Turkey was governed by a single party majority government of the Justice and Development Party (AKP) from the end of 2002 onward.

Since the AKP first came to power in late 2002, there have been significant political changes in

Turkey. During this time, Turkey began its accession talks with the European Union, adopted a series of extensive political reform packages, restructured civil-military relations, took serious steps in addressing the Kurdish question and followed a proactive foreign policy. This was coupled with impressive economic development in the country, which has become the 16th largest economy with an annual growth rate of around 8 percent. Turkey's increased visibility in international politics and in international institutions has gone hand in hand with its impressive economic growth and its path toward democratic consolidation. The political and economic developments in Turkey have increased its power in international politics and enabled it to play a leadership role in the region.

All of these developments occurred in a broader global context. In fact, Turkey's domestic transformation has gone hand in hand with the crisis-prone transformation of our globalizing world since 2001. First 9/11 and the global war on terrorism, then the 2008 global economic crisis, as well as serious problems of global poverty, disparity, and climate change have created global turmoil with a high degree of uncertainty and risk in international political and economic affairs. Turkey's transformation has been embedded in globalization and in fact constituted an "effective response" to these unprecedented global challenges. It is in here that lies the significance of the AKP experience in Turkey. Since the end of 2002, Turkey has been governed by the AKP majority government and during this period the AKP has been one of the most influential actors in the country's transformation and increasing global visibility. It is both the continuous and gradual power of the AKP government and its serious commitment to a strong economic program that has played a crucial role in Turkey's performance during the global economic crisis. The AKP's strong commitment to macroeconomic stability and financial discipline has contributed to its consecutive electoral victories and the country's effective response to global economic challenges. Unlike the extremely partisan and reactive modes of politics, the AKP has demonstrated that proactive and constructive politics can be the key to suc-

cess. The AKP has done it through its dominant party position and electoral hegemony.

Yet, the AKP experience in Turkey has also created legitimate concerns about the nature of democracy and democratic consolidation. Is it possible to bring into existence a similar proactive and constructive politics with emphasis on democracy? Is it possible to effectively tackle the global economic crisis and the severe economic crises in certain developed economies, such as Greece, with collaborative and democratic politics? Before we turn to these questions, let us focus on the AKP experience in this context.

The AKP: Dominant Party/Electoral Hegemony

There is no doubt that the consecutive electoral successes of the AKP since 2002 have generated earthquake-like impacts on Turkish politics and modernity. In the November 3, 2002 national election, the three governing parties that had previously formed the coalition government after the 1999 election as well as the two opposition parties failed to pass the 10 percent national threshold. Thrown outside the parliament, they all found themselves as the complete losers of the election. The sole winner of the election was the AKP. By receiving 34.2 percent of the popular votes and with the aid of the undemocratic 10 percent national threshold, the party gained 66 percent of the parliamentary seats and constituted a strong majority government. The AKP's electoral success, leading to its majority government, was welcomed by a large part of Turkish society longing for political stability and effective governing. On the evening of July 22, 2007, the election results created another political earthquake. This time, the ruling AKP won "a landslide victory, receiving 47 percent of the vote, the largest share for a single party since the elections of 1957, and it was only the second occasion since 1954, in which the incumbent party significantly increased its vote share in a subsequent election."³ The July 22, 2007 election resulted not only with the fortification of the power of the AKP government, but

also the election in August 2007 of Abdullah Gül as the new president of Turkey.

Similar developments have occurred in March 2004 and March 2009 municipal elections. In both elections, despite the decline of its votes to 38.8 percent in March 2009, not only did AKP win most of the provincial or greater city mayorships, “the opposition gained little and divided across many modest to smaller size parties and no single opposition party...gathered the electoral momentum” with which to present itself a strong candidate to end the AKP majority government in the coming 2011 general elections.⁴ In fact, this has proven true, as in the June 12, 2011 election. On June 12, 2011, the AKP received 50 percent of the national vote in the general elections. This was not only a record level of popular support, but also the third consecutive electoral victory for the AKP with a continuous and gradual increase in its votes. No other political party has achieved this in the history of Turkey’s parliamentary democracy. The 2011 elections demonstrated that the AKP is a clear winner in Turkish politics with one in two voters in Turkey supporting its rule. It is also important to note that the Turkish voters’ level of participation in the 2011 elections was 87 percent, the highest level of participation so far. The 2011 general election is also a milestone in Turkish politics as the path of democratization underway in Turkey since 2002 seems to have finally culminated in a highly representative parliament.

The electoral success of the AKP has been so strong that it has given them “dominant party status” and “electoral hegemony” in Turkish politics and in the eyes of the Turkish people. The concept of “dominant party/electoral hegemony” refers to a situation in which the dominance of one party in the electoral process becomes so strong that other parties no longer have a claim to win the elections in a convincing way and the supporters of these parties lose faith in their own parties’ electoral success. As the 2002, 2004, 2007, 2009, and 2011 general and municipal election results indicate, the dominance of the AKP constitutes a kind of dominant party/electoral hegemony in which it acts and governs

Turkey without a strong opposition. At the same time, it brings about the harmonization rather than separation of power among the governing institutions and between the government and state bureaucracy. Therefore, the AKP’s dominant party/electoral hegemony allows the government to govern Turkey with strong central power and without strong institutional and societal resistance.

If the AKP remains a powerful, dominant and even a hegemonic actor in Turkish politics, the question is in what way has the AKP created its electoral hegemony in a time when globalization faces severe economic crises, unemployment, and poverty as well as serious challenges in social unity. We suggest that the strategy that has brought about the electoral hegemony of the AKP has been on the party’s claim that it can carry on “the transformation of Turkey in a globalizing world” better than the opposition parties. In substantiating this claim, the AKP has been quite successful in differentiating itself both from its past and from the other political parties by defining itself as a “center-right party with a conservative-democrat identity”. By defining itself as a center-right party whose reform-based proactive politics can carry out Turkey’s transformation process rather than an Islamic party, the AKP has widened and deepened its societal support and global legitimacy. Moreover, the AKP fortified its claim to be a center-right party by articulating liberal market values with traditional community-based norms.⁵ The AKP accepted the synthesis of liberal markets and traditional community-based norms, and defined itself as a center-right party operating in the parliamentary democracy and secular constitutional structure.⁶

The strategy of the AKP in presenting itself as a center-right party with conservative-democrat identity has operated on the basis of four principles:

1. Market-oriented and reform-based politics;
2. Philanthropic and regulated neoliberalism;
3. Service-based politics; and
4. Proactive foreign policy

Working on the basis of these principles, the conservative-democrat synthesis allowed the AKP to claim that it could govern the transformation process of Turkey better than others and make the country strong and stable in the globalizing world. However, it should be pointed out that all of these strategies are founded on the AKP's strong commitment to macroeconomic stability and financial discipline, which was first established by the strong economic program of Kemal Derviş and his team as a way of overcoming Turkey's 2001 financial crisis. The AKP continued this strong economic program, paid special attention to economic governance, never applied populist strategies and used the above strategies to strengthen the performance of Turkish economy against the backdrop of global challenges. One can say that the AKP government has been able to establish a strong link between political conduct and economic management.

However, it should be recognized that the enduring dominance of the AKP has not been without problems, confrontations, tensions and even calls for non-political and undemocratic interventions into politics. In fact, the more dominant the AKP has become in Turkey's recent transformation, the more it has been subjected to criticism and skepticism, particularly in regard to the Kurdish question, the instrumentalization of democracy and social polarization along secular lines. In the face of such criticisms, the AKP's electoral hegemony has not paved the way for a solution to the social cohesion problem. The problem of a democratic deficit has also remained. In addition, the AKP has not furthered Turkish democracy. Instead, the AKP experience has involved both the centralization of political power and the instrumentalization of democracy, both of which have been at the benefit of economic performance and effective decision making.⁷

Back to the Global Scene

The Turkish experience suggests that governments ruled by single dominant parties can carry out effective policies that can respond to the challenges posed by globalization but not without raising

concerns about checks and balances and the consolidation of democracy.⁸ Of course, the degree of relevance of the Turkish experience to the current global situation is limited. After all, there is no possibility of a dominant political actor on a global level that can deploy global power for the purposes of economic management.

But this limitation of resemblance further reinforces the main point: at the global level, resolution of the current economic difficulties requires a fundamental change in political conduct toward more collaborative, constructive and cohesive politics. The politics of partisanship and fragmentation has not only been detrimental to social cohesion in many countries but it has created an environment that prevents effective collaboration in the face of global economic challenges. Politics will have to become less partisan and more cognizant of common objectives. Politics will have to allow for a discourse about what is good economic policy on the basis of reasonably shared views about what is rational and feasible. If it does not, there could be a tendency toward politics or leaders that occupy dominant positions to "get things done". The balance between the need for action and the need for democratic debate is a delicate one.

The world is far from establishing effective global governance of economic management, given the predominance of the nation state as the locus of political activity.⁹ But the global crisis is desperately in need of effective economic policy designed and implemented with at least some minimum level of coordination. Perhaps the best way to constrain extreme partisanship in politics is to strive to establish or re-establish norms that will protect common goals and objectives against predatory behavior. Strengthening social cohesion and preventing social exclusion on a global scale may be such a norm.

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Endnotes

- ¹ Rodrik (1998).
- ² October 1, 2011.
- ³ Karakaya Polat (2008).
- ⁴ Çarkoğlu (2009).
- ⁵ For details, see Keyman and Oniş (2003), and Keyman and Oniş (2007) chapters 6 and 7.
- ⁶ A detailed analysis of MUSIAD and SIADs can be found in Keyman and Koyuncu (2005).
- ⁷ As it turns out, these concerns about democratic consolidation appear in the draft of the latest Progress Report prepared by the European Commission due October 12 (see Çongar 2011). While on the whole celebratory, draft Report expresses concerns and warnings regarding the degree of participation in the constitutional reform process, representation in the parliament by women and minorities, the conduct of the judicial process during the cases brought against former military personnel accused of plotting against the government as well as journalists and freedom of the press.
- ⁸ A similar concern was recently raised by Ian Bremmer (2011) for Hungary, whose economic outlook has improved since fiscal reforms announced in March 2011, but where "consolidation of power at the expense of democratic institutions exposes a fundamental challenge for the EU as a whole."
- ⁹ Dani Rodrik (2011) draws attention to the "fundamental trilemma of the world economy," namely the tension between globalization, democracy and national self-determination.