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WHO WON TURKEY?
IMPLICATIONS FROM ERDOĞAN'S SNAP ELECTIONS

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PARTICIPANTS:

KAREN DeYOUNG, Moderator
Associate Editor and Senior National Security Correspondent
The Washington Post

ALI ÇARKOĞLU
Professor in Political Science
Koç University

CHARLES R. JOHNSTON
BIAC Executive Board Vice Chair and Managing Director
International Government Affairs, Citi

KEMAL KIRIŞCU
TÜSİAD Senior Fellow and Director, The Turkey Project,
Center on the United States and Europe, The Brookings Institution

AMANDA SLOAT
Robert Bosch Senior Fellow, Center on the United States and Europe
The Brookings Institution

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P R O C E E D I N G S

MS. DeYOUNG: Good morning. I'm Karen DeYoung from The Washington Post. And I want to welcome all of you to the Brookings panel discussion on "who won Turkey?"

I think we all know the quick answer to that, based on President Erdoğan's victory in the Sunday election. But what we are here to talk about today is the second part of that title which is far more important: What are the implications of that victory?

What does it mean? How significant is that in terms of Turkey itself, of its relationships with the region, with NATO, with Europe, and of course with the United States?

This was a snap election called by Erdoğan a-year-and-a-half early for several reasons. I think writ large to solidify changes in the government system that gives the executive sweeping new powers.

Some have called this a personalized autocracy to catch a rising, and to some extent more cohesive opposition off guard in anticipation of a poor economic situation that was only going to get worse if he waited for the actual time of the election.

The vote came of course within an ongoing crackdown on dissidents, activists, media in which opposition figures and media figures have been jailed, many independent news outlets have been shut down, and since the coup attempt nearly two years ago Turkey, of course, continues under a state of emergency.

One of the challengers, the leader of the pro-Kurdish movement conducted his campaign from a jail cell, where he's been held since 2016 on terrorism charges, while other members of his HDP Party have also been arrested or removed from government positions.

Despite the loss of Erdoğan's main opponent -- and I'm going to apologize right here for my Turkish pronunciations in the future -- Muharram Ince, the coalition he headed I think indicated that there is in fact a vibrant if still somewhat disorganized opposition, including the secular left, that is willing and able, in some circumstances, to join with other parties.

Although Erdoğan's AKP is now firmly in control of Parliament under new executive rules, Erdoğan retained and increased his control only by forming his own alliance with an ultra-nationalist group, but he'll still be dealing with the same downward economic trends as he was before the election.

So, the question is: Does this victory help him or hurt him? How does it affect the deepening split between the secular Turkey of the 20th century and Erdoğan's Islamist push? What does it mean for the ongoing battle with the southeastern Kurdish area?

So, we'll look at all of those questions about where the Kurdish state and where the Kurdish people go from there. Internationally we'll look at where Turkey fits in the context of other nationalist and populist trends in Europe and beyond.

His victory and the ongoing civil rights situation in Turkey have caused a lot of anxiety in Western Europe, although many of those government leaders have rushed to call and congratulate him, as President Trump did last night.

The Trump administration, similar to its predecessor, has had up-and-down relations with Turkey, although never too far up, but it appears that to have decided it's not too concerned about the character of the governments it deals with, and that its relationship with the NATO ally, with the crucial geographic position, is more important in the medium and long term, perhaps even than support for its own Kurdish allies in Syria in the fight -- in the fight against the Islamic State as that fight recedes.

But I think the administration is likely to find continued pushback from Congress where those concerns over human rights, about selling major weapon systems to Turkey, particularly as Erdoğan tries to balance Turkey's ties with the West, and his desire, and perhaps need, to move closer to Russia.

Turkey of course has its own complaints about the United States, not least of which is its ongoing request for the extradition of Fethullah Gülen, the U.S. permanent resident that it holds responsible for the 2016 coup.

So, to help us sort through all of those questions and more, we have a terrific panel of experts today, and you have some information on them, but I'll just introduce them briefly.

Starting with, Ali Çarkoglu.

MR. ÇARKOĞLU: Yes.

MS. DeYOUNG: Excellent! Professor of political science and dean of the School of Administrative and Social Scientist, at Koç University in Istanbul --

MR. ÇARKOĞLU: Ex-dean, but --

MS. DeYOUNG: Ah. Okay. Okay. Kemal Kirişçi is a senior fellow and director of the Turkey Project at Brookings. He brings expertise on the global implications of the elections and how it will affect Turkish foreign policy in the region and beyond.

Hang on I lost a page. Oh! Rick Johnston, vice-chair of the executive board of the Business and Industry Advisory Committee of the OECD, managing director of international government affairs at Citigroup. And most important for our purposes, following that mouthful, is chairman of the U.S. section of the U.S. Turkey Business Council.

And I will, as a caveat, note that that Citi of course provides generous

support for Brookings, and that helps make the Institution function. Brookings is committed to independent -- and Rick's views are his.

MR. JOHNSTON: Thank you.

MS. DeYOUNG: And finally, Amanda Sloat, senior fellow at Brookings, who has deep expertise in Turkey, Europe and the Middle East, not only here, but in senior positions at the State Department, Capitol Hill, and academia.

Each of them will speak for a few moments on a different aspect of the lead-up to the elections and where we go from here. After that those of us up here will have a discussion, followed by your questions to the panelists, and then brief closing statements.

Ali, why don't you start us off and talk about the significance of the election. What do the results tell us about the Turkish body politic? Does it just solidify what was already in place? Or does it mean real changes for the way Turkey is run? The opposition clearly lost but where does this put them for the future?

MR. ÇARKOGLU: Okay. Thank you very much. It's very good to be here. I'm no longer the dean, I'm on sabbatical. I don't have any administrative duties.

This has been a very important election, obviously, it's a seal of approval for the new system in Turkey, it's a presidential system that Erdoğan and company have molded. And I'm afraid it's a very (inaudible) national system, in the sense of like lacking much of checks and balances that you Americans are very accustomed to, but still there's some powers that remains in the legislature, and I'm afraid not much in the --

MR. KIRIŞCI: Judiciary.

MR. ÇARKOGLU: -- in the court and judiciary at large, but who are the winners? So let me do the compulsory moves in academic athletics. I mean obviously Erdoğan can be considered the winner. Why? Because he has survived, but with a grain

of salt you can actually claim that he has already taken about 52 percent in 2014 without the coalition backing of the nationalists, and he is still at the same level of support, with the level of -- with the coalition backing of the nationalists.

MR. KIRIŞCI: And the emergency rule.

MR. ÇARKOGLU: Well, I'll come to that compulsory move, in a moment.

MR. KIRIŞCI: Sorry.

MR. ÇARKOGLU: So, under what conditions was this made possible, is the key question here. Okay. I mean some people claim that Muharram Ince is also a winner because he has to surpass that sealing of 30 percent, slightly, but nevertheless he did surpass it.

I tend to think that the Demirtaş is also a winner, the Kurdish leader who is in prison, despite the fact that, you know, he could be a candidate, despite the fact that many people have called him a killer on TV during campaigns; there is no reason why he shouldn't be a candidate. So, he has taken a clean legal application for candidacy, and his candidacy was approved, but he was not let out of the prison, and he still was able to get about 8 percent of the vote, personally, and his party got 11 percent of the vote.

So, we have many winners, but this election was a very peculiar election as well, as a political scientist I'm most worried about the fairness and correctness of elections. Rigged elections is nothing new in Turkey, the first one that we ever had was in 1946, and it is known to be an election of open voting, with closed behind-the-doors counting. So, that's an example of an initiation to democratic elections in Turkey.

But that election led to an understanding between the regime that was under the control of CHP at the time, and the upcoming peripheral forces to let the elections be managed, administered and regulated by judges.

That understanding is now completely broken, unfortunately there have

been many changes, and you can find the details of this -- I'm not a legal expert so I'm not going to go over those -- but the OSCE has published a report on the elections in Turkey, and they go over each of these questionable arrangements.

Most important is the movement of the voting polls in places where voting was not considered safe, and mostly these are in the rural areas of the east and southeast, there is also an arrangement that lets ballots without the stamp of the -- the board of the --

MR. KIRIŞCI: The ballot board.

MR. ÇARKOGLU: -- the ballot board, yes. And this has been an issue in the 2017 election where apparently, you know, there were significant numbers of these ballots, and at around 6:00 o'clock in the afternoon during Election Day they announced that, you know, they're going to count these as valid votes. This is in complete violation of the existing law, but they were counted.

Now, it has been written into the law that they will be counted, so it opens -- all of these arrangements opened the door for a questionable election. I think if you are an optimist, and Kemal and I are incurable optimists.

MR. KIRIŞCI: Used to be. (Laughter)

MR. ÇARKOGLU: Used to be -- we used to share an office so we call ourselves incurable optimists. I tend to think that the winner is the election system, it could be the election system because the opposition chose, or saw that there were no significant irregularities or manipulations in the elections. I'm an empiricist, so I still wait for the official results of the ballot box details that I will download and-one-by-one analyze.

In 2017 there were not thousands but more than 1,800 or so ballot boxes where there were more votes than registered voters. So, these are the irregularities that

we are talking about. We could still have these irregularities.

As far as I know there are at least three academic papers by statisticians analyzing the 2015 and 2017 elections, wherein some irregularities were found, but one of the papers claimed that they could change the outcome of the referendum in 2017. The other one claims that, you know, well, there were manipulations and irregularities but they would not have changed the election results.

So, in short, I hope that at the end of the day when we see the results and analyze them we will come to the same conclusion as Muharram Ince, the main opposition leader, who admitted, and conceded that he lost, and there were no significant manipulations in the election.

So, I think that my time is up -- I could go on with technical details, but I'll come back later.

MS. DeYOUNG: We'll get you on the -- we'll get to you on the questions. I'm going to change the order here a little bit. And, Rick, go to you to talk a little bit about what Turkey's current economic situation is, and how that contributed to -- perhaps to Erdoğan's decision, and what he got out of it? Okay, he's won. As investors both inside and outside of Turkey look at the country now, do they say: great more stability? Or do they say: oh, no, less democracy?

MR. JOHNSTON: Thank you. And I appreciate being invited to do this. And as Karen pointed out, these are my own personal views from a relatively long history of being involved with Turkey.

I think the key word is stability, and for investors as well as business types who were looking at Turkey as a market, either as an investment venue, or at least a country and business groups with whom to do business, stability for Turkey is an important thing.

Now, I'll delve into this in a moment, there's an increased level of political risk that's quite obvious, quite apparent, and whether this new presidency, the new system will help reduce that obviously remains to be seen, but I think when I go through the list of the positives and the negatives, and I'll rip through this pretty quickly, you know, the jury is going to still be out, really.

We know, for example, that GDP has been declining in Turkey since 2013. We know that foreign direct investment has been significantly reduced in Turkey over the last several years. We know that Turkey runs a current account deficit, a very persistent current account deficit, and this is a problem, that the government has tried to tackle, and as of yet been unsuccessful.

On the positive side, and if you -- I've been fortunate enough to listen to Deputy Prime Minister Şimşek several times, so those of you who have had that opportunity would agree, he's very articulate, does a very good job of presenting Turkey in its most favorable light from an economic point of view, from a business environment point of view.

And I thought it was rather interesting after the polls closed, and it was apparent that President Erdoğan was going to be elected, that the Deputy Prime Minister tweeted that this was going to set the stage for speeding up reforms.

We'll see. We'll see if Mr. Şimşek, for example, is part of the new Cabinet part of -- one of the big question marks still lying out there is: who is going to populate the new team around Erdoğan? Will it be the same old folks? Or will we see some new people?

Reports are that there will be more business people involved, perhaps with a larger international perspective than in the past. Well, you know, that could be, I think, a positive contribution.

But on the other side of -- or not on the other side -- but looking at sort of the general positive elements of the Turkish economy and the business environment, it's got good demographics, 81 million people, 43 percent of whom are between the ages of 25 and 54, so it's a very robust workforce; 96 percent literacy rate, which is obviously very high.

And my own personal experience is, the workforce in Turkey, and the upper echelons of business are very energetic people. I mean it's a very proactive group of people, from my experience, and working around the world. I have to say that if you want somebody who is really going to work hard, and really try to achieve, and accomplish, and prove that they're valuable, hire a Turk. It's a good bet.

The country has been, under the Erdoğan administration, improving its infrastructure, it's always been blessed by its geography where it sits between the East and the West, and that will always be the case. It serves as a regional hub. You might know, for example, that THY is now one of the largest airlines in the world with, I believe, with more destinations than any other airline in the world.

It has a very flexible labor market, a strong banking sector, and I'll make a comment about that a little later. It has a very liberal foreign direct investment regime; you can repatriate profits without controls. And the thing that I've found over the years to be encouraging, constantly encouraging is a persistent effort at stating an objective of structural reform.

Now, they have not succeeded very often but, you know, in 2012 we had a whole new commercial code. That was a big deal. Things tapered off when they started getting engaged in these -- sort of constant elections of one form or another, or constitutional referenda, or coup d'état -- attempted coup d'états, so things sort of slowed down.

But there at least has been an open, publicly-stated commitment to continue to pursue structural reforms, whether this new presidency will follow through on that, I think our expert panel here will comment on the political implications of the municipal elections in 2019 as possibly being a bit of a dampener for that, but we'll see.

A good and improving rule of law regime, you might note, for example, that arbitration has become increasingly popular as an alternative to the judicial system, which is overburdened, and international arbitration awards are recognized. And I think, you know, yes, there's a lot of political manipulation involved in all these things, but in the first quarter Turkey did register a 7.4 percent growth rate, which is pretty spectacular when you think about it.

Now, on the negative side, if you will, or the challenges that the new presidency has to address; and I'll rip through this one I promise you, because there's a lot there. It is a challenge. It's an investment environment, for example, that is, when compared to other potential venues for foreign direct investment, makes it difficult for the Turks to compete.

It has an excess of bureaucracy, it is a cumbersome judicial process, highly inconsistent application of taxes is the experience at least of the U.S. business community, local government can often prove to be a serious impediment, notwithstanding national government efforts through ISPAT, which is a very effective, by the way, a foreign direct investment agency that's part of the Prime Minister's Office. They do a good job. But unfortunately still running the local government very often for permitting and licensing, and that can be a serious hurdle to clear.

It has a persistent current account deficit which has been noted, and a fairly high level of foreign debt, right now it's \$227 billion in short-term debt for Turkish corporates, and a lot of debt restructuring is going on right now, and includes also, by the

way, fairly low foreign exchange reserves about -- on or about \$30 billion.

High subsidization rates so, you know, the fiscal constraints need to be tightened up, per capita income has been flat for about the past ten years, and inflation, unfortunately, has crept back up over the last couple of years, up beyond 10 percent now.

Political risk factors that I think we ought to highlight when you consider how are things going in Turkey, and what this new presidency is going to have to tackle? And it will have to tackle these things if it hopes to have a viable economy going forward.

The lira has dropped in value versus the dollar by 50 percent since 2015, I mean that's huge. Accession to the EU, which usually is a driver for reforms has stalled, there is an aggressive localization policy, import substitution schemes which can very often have an adverse effect on foreign direct investment. Local -- I'm sorry -- oil prices which very often play into all sorts of foreign direct investment calculations are increasing, and that's a very serious problem for Turkey.

The state of emergency persists, now we are hearing reports that possibly it will be lifted, and now that the elections are over, but the state of emergency is still in place, and if you're a foreign direct investor, you know, you've got other venues that you can choose where there is not a state of emergency. So, that is -- that is definitely handicapping, I think, the Turkish economy.

Then we've got the Zerrab case, which many of you are probably familiar with, which has led to a -- actually a relatively reduced sentence for a gentleman from the Halkbank, which surprised a lot of people, they were looking at 20 years he got 32 months. What has yet to be determined is what the fine is to Halkbank; that this is a New York a piece of litigation, if you're not familiar with it.

The fines could go into the multi-billions of dollars, or it could be relatively

low. It will be very interesting to see, if it's a relatively low fine what kind of a signal that will send to the markets, because Halkbank, allegedly, was not the only Turkish bank involved in that sanctions busting scheme.

Then there's the S-400 which is a huge issue, and obviously from a U.S. perspective, unacceptable procurement, and as we've seen, and if you look at the National Defense Authorization Act there are provisions in there that would restrict, in fact embargo the sale, or the delivery of the F-35s to Turkey if the S-400 procurement goes forward.

Now, the planes have been rolled out, but they will not physically be delivered to Turkey until sometime next year. So there's still time to see if something could be worked out with the Turks on this.

But if there is an embargo of some form that's either congressionally mandated or through the administration, I have visions of what happened between U.S. and Turkey when there was the Cyprus situation. Yeah, and an arms embargo at that time, and that -- and the relationship just tanked, and we are certainly -- and possibly, I should say, on the verge of that.

We have trade disputes with Turkey right now in the United States, obviously we've been imposing higher penalty tariffs on steel imports from around the world that includes Turkey, which does export a lot of steel to the United States, but the Turks have now announced they're going to retaliate to the tune of \$1.8 billion worth of U.S. exports to Turkey. That's 20 percent of what the U.S. exports to Turkey, that's huge. So, that's going to be a major irritant for a while.

Problems perhaps with the President's inclination to want to interfere in the interest rates, and to try to influence the Central Bank Governor, although I have to say I think between Deputy Prime Minister Şimşek and the Governor, they've done a

fairly courageous job of trying to keep the interest rates up, bringing them back up so that the lira will stabilize, but there is that potential.

And last but not least, a wild card in all this is the MHP, the Coalition partner, Devlet Bahçeli, I think, and obviously we'll hear more from our experts, is sort of the man of the hour in some ways, and I've never seen Devlet Bahçeli make a speech about economics or the business environment ever, so yet to be seen what will happen there. I think I'll close with that.

MS. DeYOUNG: Thank you. Rick has brought us around to the U.S. relationship and that's -- Amanda, if you could -- if you could talk about that a bit. There are lots of irritants, there are lots of equities, there are lots of players. So, is this election good news for the U.S.-Turkish relationship? No news or bad news?

MS. SLOAT: I think it's likely to be more of the same in the near term, so I will go with your middle option. And I think also, as you alluded to, there is a difference between how the administration is likely going to approach Turkey, and how Congress is going to approach Turkey. And frankly this division between the Executive and the Legislative Branch is not distinct to the United States. We are seeing similar divides in Europe between how administrations and parliaments are responding to Turkey.

From the administration side, I think there's going to continue to be a recognition that Turkey, notwithstanding its significant challenges, remains an important NATO ally, and frankly critical to a lot of U.S. interests in the region. And the European Union is going to have very similar perspectives, in terms of the migration crisis, the counterterrorism challenge, and the need to try and bring some sort of resolution to the conflict in Syria.

So, I think the United States is going to continue to try and address a number of bilateral irritants that we have with Turkey, and I think some progress has

started to be made in that perspective.

As Karen said, President Trump called President Erdoğan last night to congratulate him on his reelection, and importantly, reinforced efforts that had been agreed in the last couple of weeks on Manbij, which has been a long-standing irritant in the U.S.-Turkish relationship over the last couple of years, which focuses on a Syrian city that is currently controlled by the YPG, by Syrian and Kurdish Forces that are aligned with the PKK, which is a designated terrorist organization within Turkey.

So, the fact that there is starting to be some movement in terms of resolving that irritant I think is helpful.

Notably, Sarah Sanders, the White House Spokesperson, in her comments on Monday said that the administration was also encouraging steps to strengthen democracy. Thus far, this administration certainly has spoken out less on democracy and human rights in Turkey than certainly I and many others would like to have seen. I haven't yet seen the readout of the White House call, but her comments addressed that on Monday.

I think Congress is going to continue to take a much harder line on Turkey. We already saw a Twitter spat yesterday between Congressman Adam Schiff and President Erdoğan Spokesman, Ibrahim Kalin, with Schiff indicating that Erdoğan won, in quotes "Reelection only by decimating the opposition through arrests, violence and squashing freedom of the press. Turkey's descent into autocracy is another reminder democracy is under assault worldwide, and do not congratulate," in capital letters.

To which Kalin responded, "Erdoğan certainly does not need your congratulations, Turkish people have spoken, you need to shut up." Which is not perhaps the most helpful way to engage a legislative body that still has a lot of say in

terms of weapon transfers and other things of interest, but I think it really highlights what have become very poisoned relations between Turkey and Congress.

And certainly if you talk to anybody on The Hill, there's a long list of grievances dating back to the Sheridan Circle incident between some of Erdoğan's bodyguards and protesters. A huge amount of frustration about the continued imprisonment of Pastor Andrew Brunson, somewhat overlooked, but I think also as important is other American citizens that are in prison, including an American-Turkish scientist who works for NASA, as well as two Turkish staff who work for U.S. embassies in Turkey.

As was mentioned concern about the S-400 purchases, which not only have implications for the transfer of F-35s, but also would be liable to CATSA sanctions which Congress passed as a means of pushing back on negative Russian behavior within the region, and then the fines on Halkbank which have been delayed intentionally, or not until after the election, but certainly if they run into the billions as was mentioned, it's likely to have a very negative reaction on the Turkish economy.

The other thing to watch, speaking of Iran, is the Trump administration coming out and saying they want all countries to reduce their imports of Iranian oil by -- to zero by November which, certainly, for Turkey is going to be practically impossible. Even under the Obama administration's sanctions regime they allowed significant importers, such as Turkey and other countries, to have a more graduated reduction, given the practical difficulties that these countries face in terms of getting energy resources from elsewhere.

The last thing I would say on U.S.-Turkey relations is I think there tends to be an innate hostility towards Turkey in Washington. I find myself sometimes in -- in sometimes the somewhat uncomfortable position of being the Turkey explainer, the risk

of being a Turkey apologist, but I do think it is important to understand that Turkey has a lot of legitimate complaints, and also security risk that it's facing.

It's housing 3.5 million refugees, which really is extraordinary, if you think about a population of 90 million, certainly Europe has a large burden, the U.S. is going through its own immigration debate, but the fact that Turkey has taken in that many I think is pretty extraordinary, and a lot of concerns about terrorism, including the PKK which dates back several decades.

One of the casualties, I think, of this election may be that Turkey egged on by Bahceli and the Nationalists is going to take a much harder line on Kurdish issues, which is going to have implications domestically, and also in terms of how they approach the U.S. on the YPG issue.

But I do think the important thing for the United States to recognize, and this is where I would take issue slightly with Congressman Schiff's comment, is that Turkey for all of its faults is not Russia. Elections still matter there, and if elections didn't matter why bother moving up the date 18 months.

And as other people have mentioned, there's municipal elections in March which are going to matter. And so the state of the economy in advance of those elections matters.

And I think the most extraordinary thing for me coming out of this election, was the really significant effort that the Opposition made. I think, as others have said, the election certainly was not conducted under fair conditions, but by most accounts including Ince, the main Opposition Leader, as well as a platform of independent NGOs that were monitoring the election, it was a fair representation of people's voting interests.

And I think similar to what we are seeing here in the United States, Turkish society is very polarized. And so one thing I would caution U.S., as well as

European policymakers in terms of their response, is not to forget that there is a nearly 50 percent of the country that is not supportive of the direction that the country is moving in.

And I think there is a need to continue to recognize the plurality of voices within Turkey, and this real internal battle within Turkey about the direction of its country.

MS. DeYOUNG: Thank you. And finally, last but not least, Kemal. You are Erdoğan sitting in Turkey, you look out at the EU, not very welcoming. You look at Russia, welcoming but difficult. Similarly, you look at the United States, difficult, sometimes welcoming, sometimes not. What do you see? How does this affect Turkey's foreign policy and the relationships that we've seen it build and struggle with over the years?

MR. KIRIŞCI: Thanks. Thanks, Karen. I'm going to try to explore an answer by marrying the three sets of observations, great observations that have been made. And I would like to argue that Erdoğan, when he came to power, was someone who came to power to govern, and to address a long list of Turkey's problems, to do with economics, to do with its democracy and to do with its external relations, the one you just made references to.

Somewhere along the line his game changed from wanting to govern, and serve, and address problems, to one to perpetuate his power, and personally, as someone who's been in academia for almost 40 years, it took me until these elections to recognize this reality, and to appreciate its consequences.

The consequences relate also to the answer to your questions. What is happening that I need, as an analysis, finally to recognize are the following: firstly, Turkey, since Ottoman times, since the late 18th Century had a Western vocation, very problematic vocation, but a Western one, with its ups and -- ups and downs.

That is increasingly looking like a victim of this transformation of an Erdoğan, from one who wants to govern, to one who wants to perpetuate his power. And that's where nationalism, anti-Americanism, anti-Westernism comes.

Secondly, in foreign policy again, is that there was, Ali made references to 1946 and '50, there's a legacy that the Turkish Republic carried on from the very people who took Turkey into the Western Alliance, beyond Western vocation into the Western Alliance. And these were all of them, all of them were former Ottoman officials, officers, diplomats, et cetera, who took that decision in 1946, in terms of Western alliance, but also in terms of moving from an executive, supervised election, to a neutrally-observed election.

One other legacy that is forgotten is that that Repopulation legacy called for non-interference in the other country's Affairs. One big challenge Turkey has now is in Syria. How do you get out of it when you have abandoned that legacy that was carried over to the Republic from people who have had the experiences of First World War, Balkan Wars, the Liberation War, the Italian-Libya War, et cetera.

Democratization '46, 1959: democratization in Turkey reached its peak where Turkey had a taste of liberal democracy when Erdoğan was getting himself elected to govern the country and to resolve its problems. We are somewhere completely different. I need not go into the details. Karen did a great job in summarizing the elections, Ali did, and I'm coming to the economic ones now.

Again, when Erdoğan was governing in its early days, he transformed Turkey for the first time, into a trading state. The process had started earlier on, Turgut Özal, and other leaders in between, deserve some credit as well, but it's only after AKP came to power, that we saw Turkish trade exploding. Turkish FDI to third countries beginning to emerge including this country, and the external world looking up to Turkey.

And an important aspect of the trading state was Turkey's relationship to the European Union. And today the problems that Turkey faced have been summarized. Rick has done a great job. Amanda has tried to put a positive spin to it.

Karen, your question: the solution to Karen's question is written on the wall. The wall to me says that the economic problems that Rick has made references to, to me it says, you need more democracy, you need more rule of law, and you need a foreign policy that rebuilds Turkey's Western vocation.

And then just as it happened in 2003, '04, '05, '06, '07, 2009, '10, FDI is going to flow into the country, technology is going to flow into the country, demands for Turkish products are going to increase. It is, interestingly, continuing to increase at the moment. I have heard the March 2019 elections being important.

Had I not finally recognized this reality that I made references to, I would have said that the government would follow the writing on the wall to address those economic problems, foreign policy problems, and to make sure that in March 2019 there would be an electoral outcome that repeats the ones from 2002, 2007, and maybe ever 2011.

But the tableau, the picture that has been drawn by Karen and Ali at the very introductory stages of this panel, is one that is telling me that there will be more nationalistic, populist language, more anti-Westernism, more anti-EU statements at a time that the world is changing too.

Rick has made references to it, the steel issue, the administration here is talking about imposing taxes on autos, cars from the European Union. All the Ford Connects and transits that you see in the streets of Washington, D.C., come from Turkey basically, are imported from there. They will disappear, steel will disappear, and there's going to be one market that Turkey has legal access to, the European Union.

But I don't see from the government, before, or since the elections, any indication that there is going to be some improvement with respect to relations to the European Union.

Lastly, Russia, Rick has been -- has listed the problems there, but there is another very significant problem. You take oil and gas out of the Russian economy, the Russian economy is smaller than the Turkish economy.

Turkey's exports to Russia, China and Iran, the countries that are sometimes presented as alternative allies for Turkey, amount to 7 or 8 percent of Turkey's overall exports, to the European Union it's 48 percent.

It says it on the wall. It says it on the wall that Russia cannot help -- it's my wall.

MR. JOHNSTON: It's what?

MR. KIRIŞCI: I know but if you really pay attention to it --

MR. JOHNSTON: I don't see anything.

MR. KIRIŞCI: I think what I mean is, you know, reasonable, objective, empirical analysis is suggesting -- is suggesting there. And Turkey's exports to the United States is almost equal to those three countries that I made references to, but it is at a time when the administration is introducing measures that will clearly bring down that performance, and bring more headaches to the relationship.

So, that is my wishful thinking, humbly the thinking that I think would help Turkey to get out of the problems that it lists, but I have learned to become realistic, and I don't see those policies being introduced, at least up to the March 2019 elections.

So, Amanda is right. *Plus ça change, plus c'est la même chose*, as the French would say, not much is going to change, and it will not benefit Turkey, or at least the kind of Turkey that the other 50 percent Amanda mentioned too, and I would like, Ali

would like to see. Thank you.

MS. DeYOUNG: Thank you. I'm going to just throw out a few questions all at once, and have any of you that want to address them, because I want to leave a lot of time for your questions. Just things that I was jotting down as you were talking.

If you look at the vote in the Referendum compared to this vote, you could argue, I mean there are lots of different perspectives to look at all this from, you could argue that Erdoğan lost 10 percent of his vote, and so where did that vote go? Did it go to the far right? Did it go to the opposition? Where is it?

As you look at the municipal elections that you all have mentioned, some of what I've read at least is that -- is that there's a real urban-suburban problem and that you're going to see in a lot of urban areas some opposition growth.

I don't know if that's true, I don't know if the opposition is organized enough. I mean you have AKP is super organized. I mean they've got people, as I think you said, Ali, in every neighborhood, in every town, in every city. You don't have that kind of network.

Do you see the opposition -- and I say the opposition as a sort of broad spectrum, in agreement on enough issues that they can actually utilize all of the votes that didn't go to the winning side? Or is that pretty helpless in a reasonable timeframe?

I wanted to ask about -- Rick, you mentioned infrastructure, we all saw -- and actually *The New York Times* had a very good story about this the other day, these massive infrastructure projects that Erdoğan is building, that nobody thinks Turkey really has the money for. Are those vote winners? Are they making Turkey broke? What's the sort of significance of them, and the Kanal, and all the things that he says he's going to do?

And also to ask, in terms of foreign relations how you would assess the

relationship with Russia? And also with Iran, which seems to not be a relationship anymore, the way it was several years ago? What is Erdoğan getting out of this relationship with Russia, and the Astana dialogue? Is Syria headed for such a collision course that they -- because they at the end of the day, have quite different objectives in Syria?

Is that going to be something that breaks this relationship apart? So, those are just, in the next 5 minutes or so, if we can address those, because I do want to leave -- okay 10 minutes -- I do want to leave a lot of room for your questions. So, who would like to start on any of that, briefly?

MR. ÇARKOGLU: Very briefly. AKP to me is a big disillusionment. At the very beginning Kemal mentioned, we were very hopeful that, you know, Turkey could have a Muslim emergent -- version of Christian Democrats.

Do we have that? No, we don't. Why? They cannot manage the economy because they have ideological commitments; their vision of Turkish economy is not know-how, not the high-tech-based Internet free market economy. They basically want to manage interest rate policy, not with Central Bank, but with the direction of the President, which is not going to work. And I don't think Erdoğan yet understood this.

Because we all know he went to London and gave a speech to the bankers and investors there where he basically said: I should be determining the interest rate. They talk about coffeehouses and reading rooms, the modern version of this would have been Internet available freely and, you know, everybody having access to free discussion on the Internet. No.

What know what they have in mind is a very much regulated, printed libraries. I mean I'm all for people reading books, but not in a controlled environment, so their vision of coffeehouses is the 19th Century version of Istanbul coffeehouses, which

they don't understand that, you know, at the time this was a very liberal city, where you could go and find newspapers from Paris, Berlin, and London and freely read them.

So my take on AKP's vision that reflects Toki Housing projects, Kanal, Istanbul, and city hospitals as totally unsustainable. These are cement projects, low-tech construction investments, they are not ready to understand that a free democracy actually promotes high tech industry, Turkey needs investments in education.

I mean we joke about making this argument that everything starts with education, but okay we have 96 percent literacy rate, but literacy rate is not -- no longer important. The gender gap in literacy rate is more than 5, 6 percent. Plus high tech industries cannot find people to employ in Turkey because they all go to Palo Alto, basically.

MS. DeYOUNG: Is this --

MR. ÇARKOGLU: So, I mean everything should be -- fit into this ideological vision of AKP, which is not open, which is not competitive and which is not free. That's where the problem is anybody else.

MS. DeYOUNG: Anybody else want to jump in on that issue?

MR. JOHNSTON: Let me jump in really quickly. I think there, you know, it's like everything. There is somewhere in the middle of what we are talking about; for example, Microsoft just announced they're going to set up a one-billion-dollar center for innovation, Microsoft doesn't make choices like that unless they see opportunity there and promise.

So, while I agree with you, I think there's a lot of rhetoric involved. For example, these mega projects you asked about, Karen, I mean there's a lot of rhetoric there, campaign rhetoric, about those projects which --

MS. DeYOUNG: It's good for the construction industry, but --

MR. JOHNSTON: Well, it's good for the construction industry, but it's good for the nationalistic psyche of: we are a powerful country, we can pull these mega projects off. It's like having the tallest building in the world type of thinking, whether think I'm going to pass or not --

MS. DeYOUNG: I'm familiar with that, yes.

MR. JOHNSTON: -- depends on financing. You're absolutely right. And while there's a certain amount of financing available, whether they can really reach financial closure on those things is still debatable.

I would also -- I'd also say that just as another statistical point, not to offset or argue with you, Ali, but the projections are that the penetration rate for smart phone use and ownership in Turkey will be 70 percent by 2022, which suggests connectivity whether -- and in my mind, and in our experience, quite frankly, with Citibank around the world governments are stepping in, and trying to control data flow and ICT technologies.

And it is a losing battle. We'll see more and more of this in the short term, of governments realizing this is a whole new dimension, if you will, of potential regulation and in fact tax revenues, but at the end of the day technology is far more powerful than the regulatory inclinations of governments, and we are seeing this constantly, where short term, if you're looking at it from a four to five, to maybe eight-year time frame --

MR. ÇARKOGLU: Yes.

MR. JOHNSTON: -- there are going to be restraints, but over time, just the technology overwhelms the governments and you're going to find more and more, I think, development. For example, in Turkey of ICT, and with that comes a greater sense, particularly in the middle class, of empowerment and almost a revolutionary change in

how politics can be effectively conducted. This government has made efforts to control that, to a certain extent, and one might argue it was effective, but over time I questioned whether or not it will prevail.

MS. DeYOUNG: Amanda?

MS. SLOAT: I will leave the economic aspects to them. I was going to follow up on your Russia-Syria question. I think Turkey and Russia have a long economic history, a long military history. I agree with Kemal that I think Turkey is looking to, to maintain its Western orientation.

My concern, and again my plea for the United States and the European Union, not to turn away from Turkey, is that the country that's going to benefit most from that is going to be Russia. And I think Russia is already seeking to take advantage of this growing rift between Turkey and the West.

Turkey clearly has economic interests. It was hit very hard by the sanctions that Russia had put into place after Turkey and shot down a Russian jet.

Turkey has energy needs, and as we've talked about, if you look around their neighborhood they have some decreased capacity from what they had before Libya, after the war, has had energy production problems, there's political challenges in terms of the amount that they're able to import from Iraq, particularly from the KRG.

If the Trump administration really goes after the Iranians again, that could potentially decrease their supply. So, there is an interest in Turk stream there.

But I think most significantly they have strategic interest, and this is I think where Syria has really come into play. We could have a long separate conversation on the Syria peace, but I think Turkey's interests really shifted from the initial focus of seeking to overthrow Assad, to their current focus, and what has been their focus for the last couple of years, which is preventing the Syrian Kurds, that the United States was

partnering with, from controlling this large swath of territory in Northern Syria.

In order for Turkey to be able to conduct the military operations that they wanted to do to block the progress of the Kurds they needed Russian acquiescence, because Russia controlled the airspace in this area in Syria where Turkey was looking to operate.

Also somewhat ironically, Russia was in fact partnering with the Kurds that Turkey ended up targeting in this area of Syria that Russia nominally controlled. So, I think they had a strategic interest in that.

It also gives them a seat at the table, as you said, on the Astana process, because Turkey now has a significant amount of skin in the game in terms of their military presence. Erdoğan certainly likes to be seen as a regional player, and so being one of the kingmakers in Syria is certainly within his interest.

Final point, and I think you see this in the S-400s, is Erdoğan has an interest in procuring defense supplies. I think he would argue that the U.S. is an unreliable defense partner. If Congress is unhappy with Turkey one of the things they can do is block the sale of defense arms. Erdoğan tends to take this less as an election - or a lesson in unhappiness with his foreign policy, and more as a cue to then seek procurement elsewhere. And again, it is certainly in Russia's interest to try and supply some of Turkey's defense needs.

MS. DeYOUNG: It's kind of a vicious circle, right?

MS. SLOAT: Yes, absolutely. And then the more they buy the S-400s the less the U.S. Congress wants to authorize selling to them.

MS. DeYOUNG: Okay. Let's go to your questions. I'm going to call on you. If you could -- someone will bring a microphone I hope. Yes?

MS. SLOAT: Yes, we have mics.

MS. DeYOUNG: Yes. Okay. And if you could identify yourself and your affiliation; and we've got about 20, 25 minutes for questions, so we want to try to get as many as we can. Yes, sir. You were fast on the draw.

MR. FOUKARA: Thank you very much. Abderrahim Foukara, from Al Jazeera. For those people in the United States or Turkey who don't know the other country and only listen to critical voices of Erdoğan or Trump, describe both men as having authoritarian tendencies. What does that dynamic -- what do you think that dynamic could do to the relationship between Trump and Erdoğan, and therefore between the United States and Turkey?

And a quick one also, if I may ask; Erdoğan is the President of the Turks; he's not the President of Arabs or Muslims. He does enjoy a lot of popularity in the Muslim and Arab worlds, but in terms of rebuilding his Western credentials, as you say, what do you think should happen so that he would decide to actually give up that asset in the Arab and Muslim worlds in favor of rebuilding his Western credentials? Thank you.

MS. DeYOUNG: Who wants to -- Kemal, do you want to take that?

MR. KIRIŞCI: Yes. I'll take especially the second part of it, although the first one is important too. The polls that I'm looking at, although I'm also having to learn that polls are not reliable, I'm looking at Erdoğan's popularity has gone down in especially the Arab world. He is not where he was when he spoke to huge crowds in Cairo in 2011, and was able to argue that he's a pious person, a practicing Muslim, but that he's heading a secular government, and advising this to Ikhwan, to the Muslim Brotherhood Government there. He is not there anymore.

And imagine where Egypt would have been today if the target of that advice had received the advice and had acted accordingly. It is again, it goes back to what I just tried to say, when he was out there to govern, to address problems and

resolve problems in the Middle East, he was able to bring the Syrians and the Israelis to indirect talks, almost to face-to-face talks.

He was able to get Abdullah Gül, as President, to host at the Turkish Parliament the Head of the Palestinian Authority Mahmoud Abbas, as well as Shimon Peres at the time. These were measures and diplomatic initiatives that I would argue, was benefiting the Middle East.

And where do we stand here? Today we stand, Turkey has -- Erdoğan has polarized -- you had this question about urban and rural areas. Ali has done a lot of work with a colleague of ours on how the Turkish society over the last 20, 25 years has been polarized. He has polarized the country as he departs from a strategy of governing to a strategy of perpetuating power.

He is being part -- I'm not saying that he's done it on his own -- but he's been part of developments in the Middle East where we have a totally polarized Middle East. We see where Turkey stands. So, I'm kind of challenging your view on where I think Erdoğan stands in the minds and hearts of the majority of the Middle East, and maybe beyond as well.

Is it a Turkey that takes the position that it does on the Gaza Strip and the Embassy in Jerusalem. I don't approve of it, I don't approve of Israeli policies in the Gaza Strip, but is it a Turkey that takes on all this Buddhist-Lama we call it, you know, in a very confrontational and conflict full manner.

Or, is it a Turkey that is capable of bringing Shimon Peres and Mahmoud Abbas to Ankara to address the Parliament, and get them to receive a standing ovation that is going to contribute to peace, stability and progress in the Middle East?

Very quickly on Trump and RTE, I think in today's or yesterday's *Washington Post* there was a piece by Ihsan -- I can't -- Tahor?

MR. JOHNSTON: Tahor.

MR. KIRIŞCI: And I mean read it, here are two leaders that seem to be borrowing from each other's toolboxes. And Juan Cole, a great historian from Michigan University, is flagging that out, how democracy gets used in a manner that is undermining and leading to democratic regression.

And I think this reality, not just here, and in -- I mean here and in Turkey, but the fact that it's unfolding in Europe, I think, is making the challenges even bigger than they are to ensure that Turkey does come back to democracy, rule of law.

MS. SLOAT: Can I just add one other word on the first part of your question. I mean I think the Trump-Erdoğan relationship is an interesting one. I think when Trump came to power Erdoğan was expecting that they were going to have a great relationship. I mean they could at least agree on the fact that they both hated Obama.

And I think Erdoğan expected that Trump was going to undo a lot of these in justices of Obama, that he was going to extradite Gülen, that he was going to stop the Reza Zarrab Halkbank trial from going ahead, and that he was going to stop working with the YPG.

And I think notwithstanding some of the questionable activities of Michael Flynn in the early days of the administration, the legal system in this country has stood up and these things have not actually happened. And I think Trump ended up making Erdoğan upset by actually going further than what Obama had done in terms of directly arming the YPG in Syria.

I think the point that Kemal makes is quite interesting, in terms of some of the -- the similarities that we are seeing in terms of the governance in both countries. I was struck by the idea that Erdoğan seems to want to try and create this corporate style of an administration, and is actually looking at bringing people from the private sector into

his Cabinet to serve as government ministers.

This certainly was the business oriented model that Trump is using in terms of governance here and it'll be interesting to see if Erdoğan ends up doing the same thing, and how that plays out.

A final point is, I think Trump certainly has shown that he is less interested in critiquing the internal rule of law and democracy in foreign countries, the one exception to that, again, has been the raising of Andrew Brunson's case, although I think that's partly because it's gotten such prominence in Congress and elsewhere.

But otherwise largely seems willing to give him a pass on some of those things. And Syria has largely followed the trajectory that the Obama administration had put into place, but I do think there's going to be potential challenges.

Kemal mentioned differences on the moving of the Israeli Embassy, I think there's going to be potential challenges if the administration tries to enforce the implementation of a zero import of Iranian oil policy, and if the U.S. ends up pulling all of its troops out of Syria as Trump seems to want, that's going to create a different set of problems for Turkey there.

MS. DeYOUNG: Did you want to --

MR. ÇARKOGLU: I'd like to make the point that Erdoğan's emphasis over the Middle East, I'm afraid is not purely justifiable on the grounds of political realism. Is it in Turkey's interests that the emphasis put on the Middle East and the larger cause of leadership for the Muslim world justifiable on Turkish political and economic strategic priorities?

If you ask the question that way I think it becomes a little obvious that it is not, because the writing I don't see, that Kemal emphasizes, says just the opposite. Look to the West, that's where your market is.

Okay. We need energy fine, but you know, you can get it from the Russians, we can get it from the Iranians. I mean if the international community agrees with it, but my hunch is that the priority and emphasis given to the Middle East is primarily justifiable on the ideological grounds. He enjoys being the leader of the Muslim world, and he needs that for domestic political purposes.

And you look at the map of Turkey you see that there are three Turkeys, one in the coast what I call the Raqqa Belt, looking to the West, one the Kurdish Belt, and the Central Anatolian Belt. The Central Anatolian Belt likes that vision, likes that leadership, and I'm afraid that's the way it's going to be. Erdoğan is not going to give that position up.

MS. DeYOUNG: Let's take let's take three questions quickly, and then we'll see who wants to address -- Yes, sir?

MR. COOPER: In terms of stability --

MS. DeYOUNG: Can you introduce yourself? Sorry.

MR. COOPER: I'm Robert Cooper from Arlington, Virginia. In terms of stability I think it's interesting that Ms. Akşener, and her new iYi Parti is a departure from MHP, and Mr. Ince is the successive Leader of CHP. And getting back to MHP, Mr. Bahçeli has stated that he is going to require concessions for their support. What do you think those concessions are going to be?

MS. DeYOUNG: Good question. Way in the back there. Yes, ma'am?

QUESTIONER: Hi. Edith Fonda Jones from Georgetown University. If you look at the total number of votes that were casted on Sunday, I think we are talking about slightly over 51 million votes, and then Erdoğan won the election on the first round without leading -- facing only a single opponent, by little over 26 million votes. So, we are talking about a difference of maybe 700,000 votes.

Right before the election the Opposition made a tremendous deal about guarding the vote, and introducing the proper mechanisms, and separate counting, and statistics, and everything which seemed to have completely vanished midday, or slightly after closing of the polls.

And all the claims that they made about guarding with a High Election Committee, and everything just, like, disappeared. And we have Muharram Ince coming up and saying basically: well, they might have stolen votes but not 10 million, which is a little weird I think, and I'm trying to make sense of that kind of a concession.

And as a follow-up to that, we are hearing a lot about the competition, and arguments, and divisions on (Inaudible), the Social Democratic Opposition Party, and do you think -- I mean after 16, maybe now 20, 20-plus years of rule, any opposition party on the left of the center in the Turkish political scene has a chance of uprooting Erdoğan at all? Or is a time to talk about the different strategies, or possibilities? Or what is your take?

MS. DeYOUNG: And one more. Yes, ma'am, right there?

MS. MANUELYAN ATINC: Tamar Manuelyan Atinc from Brookings. I guess somewhat similar. I'm just wondering: what are the forces, institutions that are left in Turkey to hold Erdoğan accountable? What is the role of political parties in the opposition, and what is Ince's, or to have a strategy going forward? And what about civil society, who is there to hold this person and party accountable?

MS. DeYOUNG: Good questions. Maybe start with the last one. What is the opposition -- which is also part of the second one -- where does the opposition go from here? And where does civil society stand?

MR. KIRIŞCI: Can I go for it?

MS. DeYOUNG: Yes.

MR. KIRIŞCI: I really love the question, and I was hoping that such a question would come. One of the few optimistic observations that I can pull out from what's happened in the last couple of weeks, is that finally in Turkey there is an Opposition. And Muharram Ince did a great job. A very difficult one, you know, everybody talks about how unlevel the field was. He did put Erdoğan on the defense. This is important.

Monitoring question, there were a lot of people, I can't give you the exact numbers, but civil society did get organized to guard their votes, and I'm really proud of what they did, and he kind of gives the kind of hope that Amanda implied when she said elections still matter. But the key to me here is accountability.

Karen, earlier on you asked the question about these mega projects, mega projects and what Turkey has gotten itself into Syria are two areas that are linked, in my mind, with respect to accountability. I'm hoping that with a revived opposition there is going to be the possibility to ask questions.

How much did the Afrin Operation cost? How much the other thing cost? How much do -- how much we, as taxpayers, are paying to subsidize the companies that build these mega projects and are not -- the government is having to pay the difference between what they were promised and what is actually materializing, as the Turkish economy is slowing down, the use of these mega projects is the decreasing as well?

If this accountability can be achieved without risking, without risking being labeled as traitors then the opposition will be doing a great favor to Turkey and to Turkey's future, including those who are in power. While I have the floor --

MR. ÇARKOGLU: Who just said that, you know, he's going to stop many of these projects, so that's the opposition's position on that.

MR. KIRIŞCI: Quickly, MHP, I see three concessions they will ask for,

Devlet Bahçeli, don't lift the emergency rule. Secondly, absolutely no initiatives in Cyprus, just keep things the way they are, and then maintain the policy towards the Syrian Kurds in Northern Syria.

On economics there will be no word coming out from MHP, maybe behind closed doors. On Russia, they will look the other way, but he might, he might just counsel, don't destroy Turkey's relations with NATO. NATO is important and that's a tradition he would have inherited from Alparslan Türkeş and his commitment to NATO in the context of the Cold War. Thanks.

MR. JOHNSTON: Can I?

MS. DeYOUNG: Yes.

MR. JOHNSTON: Sort of in answer to the question from the young lady. While I'm not going to comment on the institutional checks and balances, I think that there is an overpowering check and balance in all governments. We see it over time, it takes time for it to happen sometimes, but it's the markets.

And we've seen already, notwithstanding the President's inclinations to do one thing, that for example on finally raising the interest rates in order to protect the lira, it finally got to the point where the political reality of a devastated lira, and ultimately possibly a devastated economy, sinks in.

And while that's a very painful check and balance, it's a real one. So, I would say to you that unless this new presidency finally grasps the need to step away from the populist economics approach that's been prevalent for many years now, orients itself more, as Kemal says, a Western vocation, that this check will finally kick in.

Maybe sooner rather than later if you're an optimist, but I would say that's a significant check and balance, and it's not part of the Turkish Constitution, it's part of economics, you know --

MR. KIRIŞCI: Cruel reality.

MR. JOHNSTON: Yes.

MS. DeYOUNG: We've only got 5 more minutes, and with the consent of the government here, I'm going to dispense with the closing statements of everybody, and try to get three more questions in.

SPEAKER: Oh, damn.

MS. SLOAT: Authoritarian coup. (Laughter)

MS. DeYOUNG: So, there was someone back there? Yes, sir?

QUESTIONER: Hello. My name is Malich, I'm with the American Turkish Council. I have a question, how do you react to Eastern foreign companies investing, or starting, or expanding their operations in Turkey such as ICBC, State Bank of India? Thank you.

MS. DeYOUNG: Okay. There were -- yes there, and there was one in the back here.

MR. WILLIAMS: My name is Paul Williams a former academic in Turkey actually. My question was about following up on that question about MHP. I was wondering if, and you may know this from polling or other -- if there was any sentiment for another concession, which would be trying to return or repatriate more Syrians to those areas that the Turkish Military has gained control. I didn't really follow it, so you might have more insight on that.

MS. DeYOUNG: And was there one person, way in the back who had their hand up? No? Yes.

QUESTIONER: (Inaudible), Arab Center Washington. How would Trump administration respond to Turkey-Iran rapprochement in the past two years, especially against Syrian and Iraqi Kurds?

MR. ÇARKOGLU: I could just make a few comments on the MHP Syria. We did the polling about a-year-and-a-half ago about reactions to Syrians, I have to say that, you know, AKP was very successful in convincing its own constituency that Syrians is our responsibility and it's good for Turkey. It is the opposition, primarily the CHP constituency, as well as the MHP constituency that are reactive to Syrians, not the AKP. Primarily due to the leadership that Erdoğan is making for the acceptance of Syrians into Turkish society.

But is this a sustainable, long-term sustainable stance? I'm not sure. And I'm pretty certain that Bahçeli could play this as a veto card. Another important issue that Bahçeli would push is: what's going to happen to Turkey's Kurdish problem? As long as Bahçeli has any say, there is no future for any opening, any new opening.

Perhaps we are overestimating Bahçeli's powers, I can also envision Erdoğan being, or choosing to be the lone wolf on many issues, and totally ignoring whatever legal framework that the Parliament might pass, we know many laws have been passed in Turkey that are not applied? So, they can make their laws but the President will do the "right thing" quote/unquote, against all the establishment and the opposition.

Can they not pass his budget? They may not. But guess what? I mean, we don't have a budgetary process in Turkey anyways. For the last -- forever -- you might think that a government like AKP would not have difficulty passing the budget, passing is another thing but having it (inaudible) by -- what is that, the (inaudible)?

MR. KIRIŞCI: The auditing company.

MR. ÇARKOGLU: Auditing, public audit, Council of Auditors. Yes, that is no longer in place as an institution in Turkey. So, I can see that Erdoğan can deal with MHP in a very dismissive way, if necessary. If they create a lot of unnecessary headache for him, he might choose to ignore them, and go alone, because he has five

years basically. If he chooses not to go to an early election, once again he can stay in power for another five years.

MS. DeYOUNG: And is there -- just quickly -- the question about, I think about Eastern investment into Turkey, and how viable that is, is that --

MR. JOHNSTON: Well, yeah, yeah. Well that, we've been seeing, obviously, as I said earlier, the decline on foreign direct investment particularly from Western sources. In terms of Eastern investment --

MS. DeYOUNG: China, India.

MR. JOHNSTON: Pardon me?

MS. DeYOUNG: China and India.

MR. JOHNSTON: Yeah, yeah, yeah. Now, we are seeing a lot of Japan, Japan is very interested in Turkey, but the kind of investments we are seeing are portfolio investments, they are not in-the-ground bricks and mortar stuff. So, it's very shaky right now in terms of the foreign direct investment flows, and it's not contributing to productivity which right now is sort of the mantra, or if you're going to remain a competitive economy in today's world.

So, it's sort of fast money, and it's not the kind of thing that I think you can bank -- you can look to and say, okay, the Turkish economy will crawl up because of that kind of capital investment, it's just not happening yet.

MR. KIRIŞCI: Why would -- why on earth would Chinese, Indian, Koreans, foreign direct investment come into a country that has the problems that you've mentioned, rule of law problems, when there are other countries who are getting their act together.

MR. JOHNSTON: Here's an interesting -- but in answer to that, so if you look at the One Belt, One Road Initiative, one of the criticisms of the Chinese approach

there is, they will go in they'll, let's say, build a railroad, the government will default, and then the Chinese own the railroad, and oh, by the way, you know, a lot of other things that go with it.

MS. DeYOUNG: Yes. Yes.

MR. JOHNSTON: I would say not, all right --

MS. DeYOUNG: You'll have to say it real fast.

MR. JOHNSTON: I have to say -- in fact that the Turks are not easy to deal with on that front, and they would not take the seizure by the Chinese of a major logistical asset lightly. So, I could see why the Chinese, frankly, don't play that game in Turkey.

MS. DeYOUNG: I think that the Trump-Russia-Turkey question we sort of covered, I think. So, we'll --

MS. SLOAT: I just think we should all move to the Raqqa Coast.

(Laughter)

MR. KIRIŞCI: Most people go over the (inaudible).

MS. SLOAT: You live there a long time, and you start to see writing on walls. (Laughter)

MS. DeYOUNG: I feel like we've just, we've just scratched the surface and we all have a lot more questions, but we've run out of time. So, thank you so much to the panel. You guys were great. (Applause)

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