

Review Article:

Engaging with Turkish Politics in a Changing World: Global Dynamics and Domestic Transformations by Fuat Keyman and Ziya Öniş

AYÇA ZAYİM*
Cambridge University

FİKRET ADAMAN**
Boğaziçi University

In *Turkish Politics in a Changing World: Global Dynamics and Domestic Transformations* (Istanbul: Bilgi University Press, 2007, 342 pp.), Fuat Keyman and Ziya Öniş deconstruct the economic, political and social repercussions of the transformation Turkey has been experiencing since the 1980s by looking at the dialectically-conceived interactions and interplay between external actors (e.g., the EU, the IMF, the WB) and domestic ones (e.g., political parties, civil society, the army, state elites, Kemalists, conservatives). Considering the EU reforms and the IMF package as the main anchors of this ongoing process of transformation, Keyman and Öniş provide a historical, sociological and political-economic account of the mixture of conflicting and harmonious relations between these external and internal actors. The book combines academic competence with reader friendliness, and as such should be strongly recommended to both scholars and students of the political economy of contemporary Turkey.

Keyman and Öniş's account aims at portraying the history of modern Turkey through "the simultaneous existence of 'success and failure,' the success in establishing a necessary institutional structure of modernity, such as a nation state, modern positive law, parliamentary democracy, market economy and citizenship, but at the same time the failure in making modernity multi-cultural, democracy consolidated, economy stable and sustainable, and citizenship operating on the basis of the language of rights and freedoms" (p.9). Hence, according to the authors, the crisis of Turkish modernity since the 1980s is explicable through the failure to fully consolidate democracy as well as the failure to sustain stable economic growth, which are directly related to each other.

The opening part of the book, "Encounters with Globalization," evaluates the transformations in politics in Turkey in the early 2000s, at a time when global and regional influences assumed greater importance. At the outset the authors detail a set of factors that facilitated the globalization efforts of Turkey: the de-escalation of tension with PKK forces (that decreased the political cost of human rights reforms); the February 2001 crisis (that undermined the Euro-skeptics and anti-EU coalition along with a model of development based on clientelistic ties and patronage networks); the November 2002 elections (that represented the deep anger that voters felt towards populism, clientelism, and

* Ayça Zayim is a graduate student in the Department of Sociology at Cambridge University, Free School Lane, Cambridge, CB2 3RQ, UK. E-mail: ayca_zayim@yahoo.com

** Fikret Adaman is a Professor in the Department of Economics at Boğaziçi University, 34342, Bebek, Istanbul, Turkey. E-mail: fikret.adaman@gmail.com

corruption); and the war on Iraq (that demonstrated the impossibility of attaining security without having established a consolidated democracy). Yet above all, the presence of the EU as a permanent anchor and the IMF as a temporary support were underlined as the basic incentive mechanisms for the consolidation of democracy and a strong economy, where the totality of reforms was read as an aim at reforming both the “soft state” in the economic realm and the “hard state” in the political realm.

In the second part of the book, “Dilemmas of Democratic Consolidation,” Keyman and Öniş analyze the AKP government, its electoral success and the political economy behind the societal dynamics that brought it into power along with the question of the status of social democracy in Turkey. The authors emphasize the importance of the November 2002 elections as a turning point in the political arena as it represents a rupture with the previous political climate (which was heavily infected with corruption, clientelism and populism), where the main themes of the election emerged as “society and prosperity” rather than “state and security” (p.164). The authors further suggest that, in contrast to the 1995–2000 period, which was dominated by “a politically unstable, economically crisis-ridden, ideologically nationalist, geographically isolated and culturally conflictual” (p.211) environment, in the post-2000 context—which represents a strong will to move in the direction of democratic consolidation, economic stability, proactive foreign policy, and multicultural social life—the AKP established itself as an active member of the pro-EU coalition. This reading further suggests that the AKP, through both its commitments to the IMF program and EU-related reforms and its pragmatism, has contributed to Turkey’s economic recovery and democratization reforms.

The third and final part of the book, “Civil Society, Identity and Social Justice,” addresses identity politics and the development of civil society that have been evolving mainly around the issue of social justice. The authors particularly highlight the aggravating characteristic of the poverty/inequality problem in Turkey, noting that although this trend is not unique to Turkey—and hence reflects an element of globalization—it may well cause people to question the legitimacy of the AKP government, which in turn may create tension between the IMF, which approaches distributive policies with caution, and the AKP, which may find itself having to face the urgent demand of curing inequality. With regard to the development of civil engagement, the authors, after observing that prior to the 2001 crisis the “quantitative importance of civil society [had] not been transformed into a qualitative effectiveness in the process of its revival” (p.269), make the claim that the post-crisis context points to a formation in the direction of a qualitative effectiveness of civil society organizations. The 2001 crisis, according to Keyman and Öniş, is important in this respect since it was a governing crisis that resulted in a push for a more effective, efficient, accountable and democratic state. Furthermore, in line with the growing effectiveness of civil society, the authors make the final argument that the country has witnessed three developments in the form of a shift from ideology to identity, from state to society, and from structure to agency. In this context, the era has been marked by the emergence of identity politics, in the form of the resurgence of Islam and the Kurdish question, the solution of which, according to the authors, should be found in “the restructuring [of] state-society relations through cultural and political pluralism” (p.313).

The book takes the position that Turkey should aim toward accomplishing the EU reforms (*inter alia*, consolidating democracy/transparency/accountability, establishing human rights, and constituting a multicultural society) and consolidating a well-functioning market economy augmented with ex-post adjustments to deal mainly with poverty-related issues. Adhering to democracy and markets, with the added importance of addressing societal concerns, thus emerges as the main position of this book,

which is important not only for the trajectory it maps for the country's future, but is equally important because of its use as a reference point for critically evaluating the recent past of the country.

With regard to the first pivotal dimension, the market mechanism, the authors are by and large in agreement that, provided that *ex-post* social remedies are taken, the IMF policies that aim at institutionalizing a "well-functioning" economy integrated into the global system are both plausible and desirable. In discussing the pivotal role assigned to democratic principles, secondly, the authors make reference to the need for promoting "substantive", rather than "formal," democracy, read as "the enlargement of the language of rights, freedoms, responsibilities, tolerance and non-violent resolution of conflicts" (p.5). It is on these two pivotal dimensions that we shall conduct our critical evaluation of the book.

Unpacking the Economic Dimension

At the time of their writing, the authors were "broadly optimistic concerning the development trajectory of the Turkish economy" (p.154), when looking at the macroeconomic performance of Turkey through high growth, low unemployment and one-digit inflation figures as well as the increase in FDI flows and total factor productivity. Yet, they added that "it is too early to judge whether a process of sustained growth has been fully consolidated" (p.152). Looking at the current macroeconomic figures of the fourth quarter of 2008 (in terms of the widening of the current account deficit, lowering of GNP, raising of unemployment and inflation rates), it seems that it was wise for them to have made such a caveat.

When discussing the IMF-initiated policies, despite making it clear (albeit in a footnote) that their "analysis should not be equated with an unqualified acceptance of IMF programs [and that] certain aspects of IMF programs are open to criticism" (p.235f), they seem to accept that such programs are by and large beneficial to the country as a whole in providing economic and political stability, reinforcing structural reforms, building up investor confidence and international creditworthiness, and improving competitiveness in the globalized world.⁽¹⁾

What is of great importance is not the declining tendency of the macroeconomic performance of the country in the last year (at any rate the recent global credit crunch and supply-shocks may bear some responsibility), but instead how such performance was reached in the first instance. We rather suggest that Turkey currently seems to be trapped in a high debt, speculative-growth environment with jobless patterns. Through the high interest rates offered for the purpose of attracting speculative foreign capital from international financial markets, against the backdrop of lower inflation, Turkey, after the reform initiative of Kemal Derviş, managed to attract a massive inflow of foreign capital that resulted in high growth rates (Boratav and Yeldan, 2006; Independent Social Scientists' Alliance, 2006; Yeldan, 2008).

Given the widening savings-investment gap and its mirror-image on increased consumption levels⁽²⁾—which are in fact largely bypassed in the book—a reliance on foreign finance capital emerges as a viable solution. Indeed, Keyman and Öniş rightly interpret its importance; however, they do not fully engage with unpacking its peculiar characteristics. The inflow of foreign capital was (and continues to be), by and large, "speculative-led" in nature, with high rates of interest prevailing in the Turkish asset markets that attract short-term capital, namely "hot" money (Yeldan, 2008). This, in return, has made

the Turkish currency overvalued and dramatically increased imports, widening the current account deficit while keeping the unemployment rate high and labor participation rate low. Turkey is indeed one of the worst performing countries in terms of its ever-rising current account deficit—a trend which has worsened primarily in the post-2001 crisis, currently approaching an alarming figure of \$40 billion (around six-seven percent of her GDP, a figure that was below two percent in the late 1990s). The book does not fully discuss the details of the composition of Foreign Direct Investment either. A detailed look at this issue would unveil the crude reality that most FDI were in the form of mergers and acquisitions of “already existing” domestic firms and land/real estate purchases.⁽³⁾ In the same vein, the book overlooks the trend in FDI flows in concentrating on the service sector, which is less expected to increase in competitiveness and reduce current account deficits compared to the manufacturing sector. Since 1995, only around one quarter of all FDI inflows has gone into the manufacturing sector; and, more alarmingly, its share is declining (World Bank Report, 2008: 19). Furthermore, the financial picture gets much darker when one considers the external debt stock of more than \$250 billion. Considering all of these facts, and taking the darkening global financial environment into account, one should be more concerned about the fragility and vulnerability of Turkey’s economy (Yeldan, 2002).

When considering the informality issue in the Turkish economy—one of the main structural problems—the authors treat it as a “natural escape” domain in which those who lost their jobs in the formal sector can find employment, hence providing “a source of short-term stability in the Turkish context” (p.121). However important it may be to acknowledge this aspect of informality, it is equally crucial to emphasize the problems of tax evasion and social exclusion, among others, that the informality brings about, a point which has not been adequately dealt within the book.⁽⁴⁾ One obvious factor that fuels informality in the country is the disentanglement of the agricultural sector. In that regard, the possible impacts of the ongoing reform project in the agricultural sector (ARIP), which aims at abolishing some of the price supports and introducing market discipline, on the labor market and in turn on informality needed to be discussed, not to mention its effects on the overall agricultural output and the possible differentiation in terms of income and access to resources (such as land, credit, input markets and their ability to sell their products) among agricultural producers (Akder, 2007). We would like to know the authors’ position on this reform initiative, should they have had space to discuss it, and specifically whether or not they would view it as having fulfilled its ambitious objective of reforming and restructuring Turkish agriculture, in the sense of increasing productivity, or whether the initiative had failed in terms of shaking the very legitimacy of the state and aggravating the rural poverty problem.⁽⁵⁾

In evaluating the last decade of the Turkish economy, the authors rightly place the problems of inequality and poverty at the center of their analysis, acknowledging that “coupled with the problem of inequality, poverty appears to be one of the most pressing challenges to Turkish politics” (p.254). Careful enough not to treat it as merely a “statistical measure” or a “component of human development” (p.246), the authors identify one major element of the AKP’s electoral success in the 2002 election to have been the party’s presentation of “itself to society as a center-right party that would place the deep problem of ‘social and distributive injustice’ at the center of its immediate economic program” (p.262). Here, two important points emerge. First, the authors are inclined to consider these problems as side-effects of growth that should be dealt with as an independent issue. Their opinion that “if the Turkish economy is able to grow at rates of six to seven percent per annum over the course of [the] next several years, then *only* this will help to contain serious distributional conflicts that have been key elements of Turkey’s political economy” (p.154; emphasis added) signals the lack of distributional

issues in their analysis, as an alternative outlook would be to consider distributional issue in the *ex-ante* sense. Herewith we echo Şenses' assessment that, with regard to the neoliberal approach to poverty alleviation, "a prominent characteristic of the debate on poverty has been the emphasis on policy, rather than on an explanation of the factors that account for its emergence in the first place" (p.68). Secondly, even though the authors underline the promise of the AKP in ameliorating social injustice and the challenges that lie ahead, they do not delve very deep into the nature of the AKP's system of welfare governance and assistance, which in fact promotes networks, NGOs and, above all, family ties that act as the main agent of social assistance and welfare rather than those based on citizenship's rights and universalism.⁽⁶⁾

Finally, the book is largely silent, making only passing reference, to a set of issues and questions that are of importance concerning social policy and the wider impacts of growth: attempts at developing a discussion and implementation of a politics and policies addressing social exclusion; inquiries about quality of life; plans for the overall assessment of public services, and more specifically those provided by the health and education sectors; and the environmental impact of growth and urbanization (Adaman and Arsel, 2005; Adaman and Keyder, 2005).

The Societal Dimension

In discussing identity politics as the main determinant of the social transformation that has taken place in the post-2002 period, the authors focus on the Kurdish question, an issue that has been dealt with mainly as ethno-political, along the axis of identity and citizenship: "The Kurdish question both as a language of (ethnic) difference and the politics of identity is situated in the legitimacy and the representation crisis of Turkish modernity in maintaining its state-centric discourse which claims that modernity is directly linked to the ability of the state to create a modern nation as a unity between state and people" (p.305). The authors, furthermore, suggest that after the economic liberalization of the post-1980 period, "the 'Kurdishness' of the question emerged as a claim *not for economic or political development* but for ethnic recognition" (p.306; emphasis added).

Although the important role that the economic dimension has played on the Kurdish question is a truism that the authors repeatedly underline, they choose not to frame it as a multidimensional process where poverty, inequality and ethnicity are intermingled, which would move the discussion beyond the conceptual duality of class and ethnicity (Manning, 1991). Understanding the Kurdish question through the interaction of ethnicity and class relations may provide a solution not only along the lines of "constructing the republican model of Turkish citizenship in such a way as to make it more flexible, differentiated and constitutional" (p.293), as very aptly proposed by Keyman and Öniş, but also enlarge the economic means for improving living standards, educational opportunities, health standards, safety and social inclusion. It is with this understanding that the fact that "investment in lagging regions has been particularly low in sectors that contribute directly to human capital formation—education and health—as well as transport and other public services" should be seen at the core of the problem (World Bank Report, 2008: 137).

Keyman and Öniş position the AKP as the social outcry for democratization and the expansion of individual rights, pushing for the limits of the strong state tradition and the Kemalist project of modernity. Certainly there is some truth in this, especially when one considers the first years of the AKP government following the 2002 election (which saw the expansion of Kurdish cultural rights,

the abolition of the death penalty, and so on). The authors further consider the consolidation of substantive democracy to be essential. Yet, the book does not comprehensively answer the questions that pertain to what may have jeopardized the democratization process and *ipso facto* does not provide any reasons for why the government's changing of course, of which there are ample examples, away from democratization in the last two years.⁽⁷⁾ Among others, two remarks are of relevance here. First, the authors do not discuss at any length the possible areas of conflict between respect for pluralism and the conservative stance of the party, as can be seen in regards to issues of women rights, gender issues and non-heterosexual demands. Secondly, the authors do not fully elaborate the link between the consolidation of democracy and improving, to borrow from Amartya Sen, the "capabilities" of individuals (Sen, 1982, 2001). To ensure the full consolidation of democracy, we would instead underline the importance of "the supportive role of the state in enhancing the effective freedoms of individuals—for example, in providing public education, health care, social safety nets, and good macroeconomic policies and in safeguarding industrial competition and epidemiological and ecological sustainability" (Sen, 1982: 513). Needless to say, this second point *mutadis mutandis* applies to the Kurdish problem, as discussed above.

These economic and political dimensions should be seen as attempts to suggest the relevance of some additional aspects of the situation that might have further increased the value of this scholarly book. More specifically, the importance of distributional issues in explaining not only the sphere of economic life, but also the implicit link between the modality of democratic governance and prosperity emerges as an area that needs further investigation, a dimension that assumes even greater importance in an era where the costs of financial crises, ecological degradation, and migration, to name only a few, are globally distributed in an uneven way. Applying the methodology of *Turkish Politics in a Changing World*—that is, attempting to locate Turkey at the intersection of global-regional-national-local interactions—to understand distributional issues at various levels might very well be the next step that the authors may wish to take.

NOTES

1. For a small selection of research that challenges such policies, globally as well as in the context of Turkey, see Sachs (2001), Yeldan (2001), Stiglitz (2002), Akyüz and Boratav (2003), Harvey (2006), Ekinçi and Ertürk (2007), Bağımsız Sosyal Bilimciler (2008), and Buğra (2008).
2. A recent estimate indicates that sustaining growth rates of seven percent will necessitate, *ceteris paribus*, the investment to GDP ratio to increase above 30 percent from the current level of 21.5 percent. See World Bank Report (2008: 9). The growing tendency, if not hysteria, of household consumption through bank credits is to be noted: Between 2003 and 2007 the household credits ratio to GDP increased 13-fold.
3. See Yeldan (2008). Sayek (2007: 109-110) also mentions in her article the increasing trend in the real estate component of FDI: "Until the regulatory changes that took place in 2003, foreigners were not allowed to acquire property in Turkey. With the new FDI Act (Law No. 4875) that entered into force as of June 17, 2003, foreigners are now allowed to invest in real estate in Turkey. As a result, there was significant interest by foreigners in purchasing real estate in Turkey. The data obtained from the Turkish Central Bank shows the increasing trend in real estate FDI over the past two years, since the inception of the new FDI ACT."

4. For further reading on informality in Turkey, see *Regular Progress Report for Turkey* (2006). For a more descriptive study of the social and environmental costs of informality, see Adaman and Keyder (2005).
5. Şenses (2008: 71) points out that “there is general agreement in the neoliberal era that poverty has emerged as a major problem and has had a serious adverse impact on the welfare of broad sections of the population, particularly small agricultural producers, the unemployed, and the self-employed in urban areas.”
6. For discussions, see Buğra (2007), Çelik (2007), Buğra and Adar (2008), Kurt (2008), and Tamer (2008). In passing it should be remarked that the issue of the Social Security and General Health Insurance Law enacted during the AKP government, which has entitled the whole population to healthcare, seems not to fit into the AKP’s above-mentioned position. This seeming paradoxical fact can actually be explained at least in part by the role of external players such as the World Bank. It is unfortunate that this issue is not discussed in the book, despite the fact that it would be a very interesting topic, given the main angle of the authors, i.e., the links between local and international players.
7. There are various criticisms that underline the fact that the AKP government does not act along the lines of “real democratic principles” that encompass universal values, the expansion of rights and the respect for the democratic participation of each and every individual in society. One of the most obvious examples that clearly contradicts the AKP’s democratization process is the violence shown towards protesters on 1 May 2007 and 2008 events. Savran (2008) interprets the 1 May events as a manifestation of the AKP’s undemocratic stance towards the labor movement. The AKP’s ideology has also been criticized on the basis of its stance towards women who do not fit into the traditional family roles and conservative culture. The AKP’s general president assistant Dengir Mir Mehmet Fırat’s feelings of contempt towards feminists is most saliently expressed in the following words: “The women of the AKP have not been slaves to feminism” (<http://www.ntvmsnbc.com/news/445128.asp>).

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