

## Insights into Turkish Domestic and International Politics during 1-16 August 2013

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### Key Points:

- *The Ergenekon case reaches its expected finish, with 19 defendants facing decades in prison. Former Armed Forces Chief of Staff, Ilker Basbug, faces life for his role in the conspiracy.*
- *The timing of the case's conclusion with the recent military overthrow of Egypt's democratically elected government appears to be a message to Turkey's generals.*
- *Outside of the AKP camp, critics rounded on the lack of plausibility regarding the evidence and cast of players.*
- *Parliament's Constitutional Commission speeds up its work, adding protections for women, children, and homosexuals to the draft document.*
- *Turkey's economy slows as foreign investment pulls back from emerging markets.*
- *Yet the long term investment possibilities, specifically in the energy infrastructure sector, appear to be a solid bet.*

### Ergenekon

*After more than five years of investigations, accusations, and controversial charges, the Ergenekon coup case reached its conclusion on August 5. A special court sentenced 19 of the 275 defendants to lengthy prison terms for their roles in a grand conspiracy prosecutors say was intended to overthrow the democratically elected AKP government. Most notable of those convicted was former Armed Forces Chief of Staff, General Ilker Basbug, who now faces the rest of his life behind prison for his conviction as a member of a "terrorist organization".*

The conspiracy has been justifiably criticized for the shoddy evidence and bizarre claims towards an eccentric cast of characters, many of whom appear to have little connection to one another, given that they are a collection of nationalists, secularists and more generally anti-AKP personas. As Istanbul-based journalist Justin Vela points out, former military officers Veli Kucuk and Arif Dogan, are certainly guilty of some crimes given their notorious reputations for bloodshed in during the 1990s in the Kurdish-southeast. But Kucuk and Dogan were not on trial for these offenses.

If the ends justified the means, the corralling of the military by a civilian government would be an outright positive given Turkey's history of military coups. Yet to those outside the AKP, from the political opposition to European Commission, the trial's legitimacy has always been in question (Gultasli, "EU stresses right to fair trial in wake of Ergenekon verdict," Today's Zaman, 5 August 2013.) The case could have been a platform to put the military in its proper place and advance democratic principles. Yet the convictions smack of payback by an Islamist government against both its longtime tormenters and domestic opposition alike. Kemal Kilicdaroglu, the leader of the Republican People's Party (CHP) called the verdicts illegitimate in legal, political and moral terms. If the case has done anything aside from permanently changing the military-civilian government dynamic in Turkey, it has

further polarized an already strained domestic audience.

One cannot ignore the timing of the decision with regards to the recent military coup in Egypt and the protests in Taksim Square. Prime Minister Tayyip Erdogan has been the most outspoken critic of the putsch that unseated the democratically elected government of Egyptian President Mohammed Morsi. This is understandable, given the prime minister's experience as a political prisoner following the 1997-post modern coup. But with the prospect of continued unrest at home, which resembles environments used to justify past coups, it appears Turkey's courts sought to end the case sooner rather than later. The lifetime conviction of Basbug, who served under Erdogan from 2008 to 2010, was an obvious warning to those in the military who might consider a repeat of Egypt.

Erdogan moved quickly to quash any talk of further protests, telling reporters that "This country will respond in whatever way necessary with the full power of its security forces. It is very clear that none of these have anything to do with the search for freedom," he said, referring to rumors of continued protests in Taksim Square. (Hacaoglu, "Turkey's Erdogan Vows Clampdown on anti-government protests," Bloomberg, 8 August 2013).

The fact that no major unrest has occurred since the conviction is positive. With the Turkish military's bloody history of interference in domestic politics, there certainly may be defendants from Ergenekon who were guilty of trying to overthrow the civilian government. Yet the net was cast too wide and with no distinction for who was caught up in it. Instead of questions about Deep State interference, doubts have now arisen about the true independence of the judiciary from the Islamist ruling government. Ergenekon appears to have been about neither reconciliation, nor truth, nor justice. Its tainted legacy could have dire consequences for the country's democratic principles in years to come.

## Constitutional Commission

*The parliament's Constitutional Conciliation Commission has been operating at an accelerated pace as its window to provide a new draft constitution closes. Updates have come though, including some which may help ease Turkey's EU accession plans.*

In an early August meeting, the commission introduced a guarantee that specifically outlined provisions aimed at curbing domestic violence.

The article provides the right for all citizens to marry and form a family, and particularly notes that the state is responsible for the protection of children and women from domestic violence. In this latter section is a provision protecting young girls who are married off at a young age or women who are forced into marrying against their will.

The restrictions on membership of political parties is also being reviewed by the commission. Under the current constitution drafted following the 1980 military coup, university students and public employees were banned from being enrolled members of political parties. These restraints have now been reversed, though members of the judiciary, prosecutors, military and security forces members and high-ranking local administrators are still prohibited from joining. Notably, members of the National Intelligence Organization (MIT) face no such ban, a fact that has many questioning the ability of the intelligence services to remain non-partisan.

Also surprising was a provision that could potentially protect LGBT citizens from discrimination. The provision protecting homosexuality was added to a minor section cited 'Justifications' for acts of discrimination that are prohibited under the new constitution. AKP deputies on the commission reportedly opposed its inclusion. However the co-sponsoring Kurdish Peace and Democracy Party and Nationalist Movement Party (MHP) agreed to support a provision allowing women who wear headscarves to

become state employees and mayors to get the protection added.

Though the specific protection for homosexuals is unlikely to make it into the final document, given the AKP's ruling majority, the fact that it has been added to the final draft version is a huge step. Awareness of the plight of vulnerable minorities is a conversation that must happen if the country is to move forward toward eventual EU membership.

## Economy and TANAP

*Amidst a general slowdown amongst emerging economies, Turkey's outlook has been questioned by some investors. Following the Taksim Square protests, foreign investment dropped, hurting an economy that has been reliant on it to fuel the past decade's steady growth.*

It didn't all begin with Taksim Square, as Turkey's GDP fell to three percent in 2012. But the country currently has a public debt of just more than 36 percent of GDP. Energy imports have largely contributed to its two percent budget deficit, though a growing cause for concern is the nearly nine percent inflation rate.

In an effort to combat the rise, the Turkish Central Bank has gradually raised interest rates to 7.25 percent in order to strengthen the Turkish lira. However, the issue with this rise is that the downstream affects are felt by commercial enterprises paying more on their debt and consumers who have less money to spend after paying personal loans and mortgages. (Cafariello, "Turkey Economic Crisis: Crises from both sides, *Wealth Daily*, 9 August 2013).

The loss of faith in emerging markets has been pinned on U.S. Federal Reserve Chairman Ben Bernanke's recent allusions that the Fed would begin cutting back stimulus. Investors now watching their Fed-supplied confidence ebb have begun backing away from countries like Turkey and the BRICS. Turkey has been

especially hurt by this withdrawal; its stock index fell by more than 20 percent.

The poor returns have resulted in the country's growth rate being cut below the projected four percent.

Deputy Prime Minister Ali Babacan attempted to put the cut in growth forecast into perspective, saying "Growth targets have now been revised downward. It should not be surprising for Turkey to revise its growth rate below 4 percent, which is still very good under such global economic conditions."

All is not gloomy though, as the Organization for Economic Cooperation and Development (OECD), whose reports typically chart longer term economic concerns, has a more positive outlook for the country's economy.

The (OECD) predicts that Turkey will increase its employment figures by more than two percent in 2014. This stands in stark contrast to the expected .2 percent contraction of the neighbouring Eurozone. The country is also expected to be the fastest growing economy in the OECD until 2017. By 2023, it predicts that Turkey will rank amongst the ten largest economies in the world with a GDP of \$2 trillion.

Turkey's domestic fortunes are at the mercy of the tide that is the global economy. A repeat of the 2001 economic crash is unlikely given the solid foundation the AKP and domestic regulators have established. Yet the country's reliance on large scale foreign investment and the costs of importing 97 percent of

its energy demands will always be a trouble spot for its outlook. Investors are right to be hesitant given the global pullback from emerging markets, but Turkey's rise is as safe a bet as one will likely make in the near future.

While Turkey sorely needs energy imports, specifically those not emanating from Russia and Iran, its base as a transit hub is also a key investment sector. Turkey is currently part of five planned oil and natural gas pipelines moving energy from the Middle East and Eurasia to Europe.

The TANAP project, which will run from Azerbaijan to Europe is expected to bring \$8 billion in investments to Turkey alone according to SOCAR, the state-run Azerbaijani energy company.

Taner Yildiz, Turkey's Energy Minister, elaborated on this point, saying that nine Turkish companies have submitted bids to make the pipes on the 1,100 mile (1,800 km) project. A separate 19 firms have also submitted applications for the pipe making project. (Erdil, "TANAP offers \$8 billion in investment", *Hurriyet Daily News*, 16 August 2013).

As evidenced in its mention above, Turkey's reliance on energy imports is both a strategic and economic weakness.

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