

# FROM INSPIRATION TO ASPIRATION

Turkey in the New Middle East

Sinan Ülgen

DECEMBER 2011

CARNEGIE EUROPE

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

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## Summary

With democratic change struggling to take root in the Arab world even after the fall of several autocratic regimes, the question naturally arises whether Turkey can serve as a model for those who hope to usher the region through the difficult transition to a more democratic order.

At first blush, there seem to be significant barriers to applying the Turkish model to the Arab context. For instance, the secularism so cherished by Turks was originally imposed on them using decidedly undemocratic means. Arab leaders who aspire to instill secularism in their countries under conditions of democratic opposition would face a much different challenge. Similarly, Turkey's Western credentials—its EU candidacy and its membership in NATO and the Council of Europe—do not obviously apply in this situation. And the difficulties that the European Union has faced in developing an effective neighborhood policy for the southern Mediterranean region make clear that these ties are complicated.

There is no straight-line path to operationalizing the Turkish model in the Arab context. There are nonetheless several reasons to take the idea seriously.

To start with, Samuel Huntington pointed out the existence of a “demonstrative” effect, whereby the example of earlier transitions provided models for subsequent efforts at democratization that in turn provided models for other efforts, and so forth. In this sense, the “Turkish model” would apply to the Arab world not so much because of what Turkey does but because of what it is. The second point is the cultural affinity between Turkey and the countries in the region. In essence, the countries of the Middle East and North Africa find Turkey's own experience more meaningful and see it as more relevant and transposable than the similar experiences of non-Muslim nations. The domestic transformation of Turkey, brought about over the past decade by a ruling party with roots in political Islam, can only enhance the effectiveness of such cultural affinity.

The Turkish model, therefore, can have a significant impact in the Arab world if it is presented in a nuanced, careful way—sector by sector and issue by issue rather than in any wholesale fashion. Turkey's experience can be brought to bear on a number of significant policy areas covering political reform, economic reform, and institution building. In all these areas, Turkey has a valuable role to play in supporting, sustaining, and consolidating democracy and state-building in the Arab world.

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The onset of the Arab Awakening presents the world with a historic opportunity to launch the third great wave of transatlantic collaboration (following the reconstruction of Europe after 1945 and the re-integration of Eastern Europe after 1989). The distinguishing feature of this third wave will likely be Turkey's active involvement, after playing only minor supporting roles in the first two waves.

Turkey's role as a model for budding democracies also offers the country an opportunity to revitalize its partnership with the West. What better way to allay concerns over Turkey's increasing foreign policy unilateralism than to induce Turkey to use existing multilateral platforms in a grand program of transformation throughout the Arab world? A Turkey acting in unison with the West to foster democracy and the rule of law in the Arab world would certainly provide the ultimate proof that the Turkish model is not only relevant to policy in the region but a lasting success story.

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## Introduction

Turkish President Abdullah Gül's March 2011 trip to Egypt marked an important first: Gül was the first foreign head of state to visit Egypt after the Tahrir Square revolt and ouster of the Hosni Mubarak regime. The importance of Gül's three-day trip lies in more than just this interesting bit of trivia, however. The trip highlighted a growing chorus of policymakers who are debating the merits of the "Turkish model." Indeed, after his meeting with Gül, Mohamed Hussein Tantawi, acting president and chairman of Egypt's Supreme Council of the Armed Forces, added his own voice to that chorus. "The Turkish experience is the closest experience to the Egyptian people. Turkey is the model to inspire from," he said.

Tantawi's is not the only significant voice to sing the praises of Turkey as a model for the transformation of the Middle East. Rashid al-Ghannushi, the historical leader of the Tunisian Islamist movement al-Nahda, and Tariq Ramadan, an influential thinker and the grandson of Muslim Brotherhood founder Hassan al-Banna, have offered support to the idea as well. Al-Ghannushi has stated that his movement takes Turkey as a model because of the freedom it grants for the establishment of political parties, its benevolent evolution in the realm of civil-military relations, and its focus on development. Ramadan, taking a more nuanced approach to the idea, has noted that younger members of the Muslim Brotherhood are fascinated by the Turkish example because it provides a successful case of evolution by an Islam-oriented government.<sup>1</sup> Nor are pro-Turkish model sentiments confined to the region. U.S. Secretary of State Hillary Clinton recently opined that the Arab world should look to Turkey for democratic and economic inspiration: "I think across the region, people from the Middle East and North Africa, particularly, are seeking to draw lessons from Turkey's experience. It is vital that they learn the lessons that Turkey has learned and is putting into practice every day."<sup>2</sup>

The debate over Turkey-as-model has also intensified in Turkey itself, fueled by the country's newfound activism in the Middle East and its desire to play a prominent role in regional conflicts. Although Turkish Prime Minister Recep Tayyip Erdogan has yet to openly acknowledge the idea of his country being a model for other states in the region, he has previously said that he considers Turkey to be a source of inspiration for those who believe that Islam and democracy can coexist.<sup>3</sup>

The notion of Turkey-as-model is not new. In fact, it has periodically arisen in public discourse in one form or another for nearly a century. In its early years as a republic, Turkey presented itself as the poster child for Westernization.

The Atatürk-era reforms created a young nation-state committed to Western values and the adoption of a Western identity. This experiment in transitioning from an empire defined by faith into a republic defined by modern, secular principles underpinned its value as a model for other states in the region. Rulers from Afghanistan and Iran would regularly visit Turkey, and regents from Egypt and Iraq already had palaces in Istanbul. All came to see first hand how Turkey undertook the process of Westernization, with an emphasis on state building.

The Turkish model gained popularity once again after the Cold War. Its advocates hoped that it would be capable of influencing the transition to democracy in the newly independent republics of the Caucasus and Central Asia. This time, the emphasis was on secularism.

In its third mutation, the Turkish model was meant to demonstrate the compatibility of Islam with democracy. The Bush-era “War on Terror” needed a vivid demonstration that predominantly Muslim societies could sustain democracy. Accordingly, the emphasis was on Islam.

Today, in the context of the development of the Middle East and North Africa (MENA), the Turkish model has remained just as protean as it proved over its past three incarnations. For instance, it is difficult to fathom how an Egyptian army chief like Tantawi and a renowned Tunisian Islamist like al-

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**The Turkish model clearly seems to represent different things to different people, and to lend itself to rather flexible and selective readings.**

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Ghannushi can simultaneously tout Turkey as an exemplar, or how an influential Islamic thinker like Ramadan could put Turkey on a pedestal at the same time as does a U.S. secretary of state. The Turkish model clearly seems to represent different things to different people, and to lend itself to rather flexible and selective readings.

How are we to dissect the ambiguities of the Turkish model? Which aspects of the Turkish model are, say, Tantawi and al-Ghannushi seeing? This conceptual mapping will help us discover what utility, if any, the Turkish model has for facilitating democratic transitions in the Arab world—and in particular, whether it has any relevance for policy. Finally, it will allow us to determine whether, and to what extent, Ankara can take on an operational responsibility, in cooperation with its transatlantic partners, for the next wave of democratization in the MENA region.

## Deconstructing the Turkish Model

The most frequent justifications for presenting Turkey as a model are its democratic system and its successful experimentation with the compatibility of Islam and popular democracy. These justifications, however, fail to convey several supporting pillars that have been equally instrumental in shaping modern day Turkey:

- secularism, democracy, and political Islam
- civil-military relations
- market-state relations
- links to the West
- state traditions

## Secularism, Democracy, and Political Islam

Turkey is a secular state. The current Turkish constitution (ratified in 1982), in one of its three unamendable articles, establishes this principle. It has been a feature of Turkey's constitutional order ever since it was added to an earlier constitution in 1937, under the guidance of the country's founding father Kemal Atatürk. As such, Turkey is one of the few states in the Muslim world that has openly embraced and strictly enforced the principle of secularism. Yet secularism alone would not have been enough to enable the Turkish model to gain traction throughout the Arab world; on the contrary, many cite Turkey's secularism as an impediment to the acceptance of the Turkish model in the Middle East. Rather, the feature that makes Turkey attractive throughout the region is the fact that it is a predominately Islamic yet secular country that has successfully accommodated the rise of political Islam. In other words, the "Turkish model" is really about the accumulation of Islamist political power in a formally secular and democratic setting. The unique cohabitation between secularism and political Islam is where the Arab world sees Turkey's potential value as a model.

The post-Ottoman founders of the Turkish Republic aimed to destroy the local particularisms of the old regime and sought a new legitimacy based on progressive ideals and science. In the authoritarian regime of the early republic, relations between the state and religion were characterized by the virtual exclusion of peripheral Islam from the secularist political center. Even though the regime forbade peripheral Islam from participating in national politics, it nevertheless continued to play an important role in society. The secular state demolished the public status and economic power of Islamist groups, but they continued to exist underground.

The transition to multiparty democracy and the ensuing elections of 1950 marked a watershed in the interplay between democracy, religion, and secularism in Turkey. These elections brought to power the center-right Democrat Party (DP) after a quarter century of single-party rule by the Republican Party (CHP). The DP years witnessed the reinsertion of religion into the political domain. One of the new rulers' first acts was to lift the prohibition on Arabic for the call to prayers. The instigators of the 1960 military coup against the

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DP used the party's antiseccular activities as a justification. However, the more liberal constitution drafted in the wake of the coup allowed the emergence of Turkey's first openly Islamist party, the National Salvation Party (NSP). Political Islam had now acquired a clear political address, and the NSP served as a partner in a number of Turkey's coalition governments in the 1970s. After the 1980 military coup led to the disbanding of the NSP, former Islamist leaders were allowed to set up a new party later that decade. The Refah Partisi (RP) gradually made inroads in Turkish politics, finally emerging as the winner of the 1995 elections. Its leader, Necmettin Erbakan, became prime minister in a coalition with the center-right True Path Party.

This coalition was brought down after a February 1997 military ultimatum that accused the government of undermining secular rule lent strength to opposition forces both inside and outside parliament. The ousting of the Islamists from executive power and the subsequent decision by the Turkish Constitutional Court to close down RP on account of its anti-secular activities triggered a split among Erbakan's party, leading to the establishment of the Justice and Development Party (AKP). From its beginnings, the AKP has striven to brand itself as a conservative rather than Islamist party.

The Turkish practice of combining secularism, democracy, and political Islam yields three fundamental observations. The first is that, despite all its shortcomings, the Turkish system has allowed parties associated with political Islam to gain executive power. This was by no means an easy process; the ensuing political, even societal, polarization remains to this day. But this power shift was possible because Turks believe that state institutions like the judiciary and the Turkish military retain the ability to act to prevent the possible erosion of secularism. In other words, the system was able to accommodate the rise of political Islam because enough people believed that Turkish institutions were strong enough to constrain that rise within acceptable boundaries. Furthermore, one could argue that various interventions in political life, both democratic and nondemocratic, helped steer political Islam toward moderation. The more pragmatic and moderate AKP arose as a consequence of the closure of the more Islamist RP.

The second fundamental observation is the importance of the real-world political experience gained by political Islam in local government. The experience of running municipalities proved invaluable as preparation for government at the national level. Moreover, local government became the seedbed giving rise to a new generation of Islamist politicians. It is no coincidence that Erdogan was the former mayor of Istanbul, or that many of Erdogan's close associates and current cabinet ministers share a similar background.

The third fundamental observation is that Turkish democracy has matured enough and gained enough legitimacy over the years to the point that even popular Islamist parties do not espouse nondemocratic channels of struggle against the incumbent regime. Unlike some Arab countries, Turkey has never

experienced violence related to political Islam. Turkish democracy eventually managed to midwife conservative and Islamist parties wedded to the principles of secularism, democracy, and democratically driven alternations of political power. It is in this that we see the most fundamental feature of the Turkish model. The electoral success and longevity of the ruling AKP provides a daily reminder of the importance of this feature. It is no coincidence that during his recent trip to North Africa, Prime Minister Erdogan called for the Arab countries to adopt secularism in their own governments, pointing out to them from his own example that there is nothing stopping a Muslim from governing a secular state.

### **Civil-Military Relations**

Civil-military relations are another key feature of the Turkish model. The military played a leading role in establishing the new Turkish state. Since the 1930s, the military has appointed itself as the guardian of the basic principles of the regime. As a result, the military's influence over Turkey's politics has extended beyond national defense and security issues; it has been shaped by the ethics of guardianship. In other words, a key objective of the Turkish military has been to influence political developments so as to eradicate all threats to the Turkish Republic, real or perceived. The military has effectively used the Islamist threat or secessionist terrorism to exercise its control over the civilian rule. (During the Cold War era, communism provided another rationale for military influence.) The military has intervened directly in the workings of Turkish democracy only when political institutions were deadlocked, or when the threat to those institutions seemed severe. Over the past sixty years, the Turkish military undertook four coups and removed four civilian governments.

After each such intervention, however, the military strived to quickly return Turkey to civilian rule and the generals to their barracks. As the Brookings Institution's Ömer Taşpınar argues,<sup>4</sup> "The Turkish military, unlike the Egyptian one, has never produced an officer who stayed in power for decades. There has been no Turkish Augusto Pinochet, Francisco Franco, Antonio de Oliveira Salazar, Gamal Abdal Nassar or Mubarak." Eschewing direct rule, the Turkish military has instead sought to solidify and institutionalize channels of influence, using constitutional provisions for that purpose. For instance, the post-military intervention Constitution of 1982 upgraded the role of the National Security Council, an institution in turn established by the post-military intervention Constitution of 1960. Similarly, the army has appointed representatives from its ranks to the board of several regulatory institutions, such as the Radio and Television Board or the High Education Council.

The Kemalist vision of Turkey's Westernization also conditions the political behavior of the Turkish military. Atatürk's legacy was the transformation of Turkey into a well-respected member of the Western club of nations. As a result, the military has also espoused this objective. During the Cold War, the

path toward this goal was easier to discern: membership in NATO, a solid military alliance with the United States, and an association with the European Economic Community. The drive to Westernize precluded any proclivity for long-term, direct military rule. The military also understood that direct rule was ultimately incompatible with the maintenance of political influence over the long term—a judgment shared by both the Turkish people and Turkey’s Western partners.

Interestingly, even after the military coup of 1980 Ankara was able to retain its membership in the Council of Europe. It was only after the fall of the Berlin Wall and the emergence of deep principles of democratic governance as preconditions for membership in the West—and in particular for EU accession—that the military’s strategy started to flounder. The new wave of democratizations in Eastern and Central Europe had illustrated the fundamental incompatibility of a shallow democracy under military tutelage and full membership in the European Union. The Turkish military thus faced an unpalatable choice: To maintain its praetorian order meant the military would have to block reforms. But blocking reforms would have been tantamount to renegeing on the Kemalist vision of a Turkey embedded in Western civilization. The military saw no other option, unpalatable as it may have been, than to allow implementation of a comprehensive democratic reform agenda. This reform agenda would, within a decade, lead to the reduction of the military’s political influence.

In a roundabout way, one could argue that the military’s attachment to the Kemalist vision for Turkey’s Westernization eventually led to the normalization of civil-military relations. Of course, the presence of a strong, one-party government with the will to address this manifest deficiency of Turkish democracy also played a key role in this, but the military could have moved to block this if it had sacrificed Atatürk’s ideals and opted to keep Turkey estranged and potentially ostracized from the Western world. Thus the Kemalist legacy, and the way that legacy has been interpreted by the military top brass, has effectively defined the boundaries of the military sphere of political action.

In the Turkish setting, civil-military relations have also been instrumental in shaping the interaction between democracy and political Islam. The military’s role as guardian of republican principles gave Turkish society enough confidence to allow political Islam to emerge and eventually to acquire executive power. The military provided the (undemocratic) checks and balances on political power in a country that lacked a strong separation of powers. It was only after Turkish society developed confidence in the capacity of democratic institutions to protect democracy from its detractors (including political Islamists) that Turkey finally shed itself of the influence of the military. The Turkish experience thus demonstrates clearly that the sustainability of democracy depends on the quality of democratic institutions. The transition away from a praetorian order in Turkey has required the consolidation of institutions

such as effective political parties, independent judiciaries, bipartisan election boards, uninhibited media, and functioning parliaments. Turkey's challenge today is to replace the checks-and-balances function of the military with fully democratic institutions that are nevertheless able to counterbalance executive power. This is why overcoming the current problems affecting press freedom and the independence of the judiciary are so critical for the future of liberal democracy in Turkey.

### Market-State Relations

The Turkish model is also characterized by its liberal economic underpinnings. These have led to the emergence of a business community whose economic fortunes do not depend on maintaining good ties with the government.

Until 1980, Turkey had adopted import substitution as its economic growth model. The domestic market was protected behind high tariff walls that acted as a disincentive on imports as well as exports. The Turkish economy remained closed, and large domestic groups and conglomerates serving the protected domestic market fueled economic activity. The state was also an active player, having a sizeable presence in a number of productive sectors of the economy. The economic policy framework favored protectionism and rent distribution. Business largely depended on the government to sustain profitability.

This model ran into trouble after the oil shocks of the 1970s. Turkey started to suffer from chronic balance of payments difficulties. Then the liberalization reforms of 1980 fundamentally overhauled Turkey's economic model. A focus on exports replaced import substitution. The reforms liberalized capital flows, reduced industrial tariffs and introduced export incentives. As a result, Turkish entrepreneurs got into the game of international trade and gradually reduced their dependence on the domestic market. The completion of a Customs Union with the European Union at the end of 1995 took trade liberalization a step further. At the same time, the government began in earnest the process of privatization and the sale of state assets. All told, these three decades of economic liberalization accomplished a substantial transformation of the Turkish economy. Turkey is now the world's sixteenth-largest economy. It has a powerful industrial base geared toward exports and a large domestic market with increasing levels of purchasing power.

This transformation also affected the market-state relationship. On the one hand, the gradual elimination of rent-distribution mechanisms such as production licenses, investment licenses, and tariffs compelled the business community to focus on productive activities rather than lobbying and regulatory capture. This allowed businesspeople to distance themselves from the state and become more critical of the government. Openness to international trade also reinforced this trend. As Turkish entrepreneurs successfully sought economic

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opportunities outside of Turkey's borders, they became less reliant on the benevolence of state authorities for economic success. On the other hand, however, policymakers changed their philosophy about the role of the state. The state gradually ceded its role as an active player in economic production and became instead the arbiter and regulator of economic activity. Today, the state owns few industrial assets. The EU process has also allowed state authorities to resist calls to return to a more activist and interventionist industrial policy that would have recreated the instruments of rent distribution.

The crucial decision to integrate the global economy also had a disciplining effect on political governance. As a capital-scarce country, Turkey's growth depends heavily on the availability of foreign capital. Therefore, the cost of populist policies that divert capital flows increased considerably. This was especially true after the 2001 crisis, when Turkey began to attract ever-larger flows of international finance. Populist policies would have made Turkey less attractive as a destination for portfolio and direct investments, undermining economic growth. In short, when Turkey fully embraced globalization, it also embraced globalization's inherent discipline, thus consolidating governance reforms and strengthening the separation of political and economic powers.

The history of TÜSİAD, Turkey's most influential business association, provides a good illustration of the role of the Turkish business community as an independent civil society actor. Established in 1971 as an interest group bringing together the captains of Turkish industry, this business organization quickly became much more than that. It began to act as a watchdog over public policies and frequently criticized the government. At the peak of an economic crisis in Turkey in 1979, TÜSİAD ran full-page advertisements in national newspapers calling for the resignation of the government. This independent streak persisted over the years. TÜSİAD published a hotly debated democratization report in 1997 that proposed an ambitious blueprint for building a better democracy in Turkey. During the AKP years as well, TÜSİAD's leaders did not shy away from criticizing the government on a wide range of issues, from Erdogan's position on the criminalization of adultery to flagging momentum for EU reforms to the lack of zeal for settling the Kurdish question.

The separation of political and economic powers is an essential component of the Turkish model. Not only did it allow the Turkish business community to emerge as an independent civil society actor, thus contributing to the strength of Turkey's democracy; it also allowed the development of a nongovernmental source of domestic funding to nurture the growth of Turkey's civil society.

### **Links to the West**

An equally important feature of the "Turkish model" is Turkey's Western anchoring. Since the founding of the republic, Turkish leaders have sought to embed Turkey in the West. This represented a fundamental shift in outlook from empire to republic. Although Turkey fought its national war for

independence against the imperial powers of the West, Turkish nationalism did not come into being as an anti-Western ideology. In this respect, Turkish nationalism is much different than the brand of Arab nationalism identified with Gamal Abdel Nasser, which was clearly and more virulently anti-imperialist and anti-Western.

On the contrary, Mustafa Kemal Atatürk's way forward for Turkey was to build a solid relationship with the West. He spoke of the need to boost Turkey into the league of the most "civilized" nations. His means for meeting this challenge was modernization by way of Westernization. The drive to Westernize had a national identity component. The aim was to create a society based on what were then still perceived to be Western values: secularism, democracy, and gender equality.

There was also, however, a foreign policy component to this project. The best way to boost Turkey's modernization efforts was to gain membership in the West. Ankara thus strived to become a member of all continental political institutions, particularly as the European order was being reshaped in the postwar era. This was by no means an easy task. Ankara had to send soldiers to Korea to get the green light for NATO membership in 1952, and the difficulties of Turkey's EU accession persist to this day.

Difficulties notwithstanding, the consequences of such an internal and persistent drive for Western anchoring have been substantial for the "Turkish model." The Western orientation adopted by Ankara had fundamental ramifications for Turkey's domestic order. Many of the accomplishments that are highlighted today as the key features of the Turkish model were facilitated and consolidated by this long-term aspiration for membership in the Western club.

In this respect, the role of Turkey's relationship with Washington and Brussels deserves to be highlighted. The security ties established with the United States under the NATO umbrella underpinned the Turkish-U.S. relationship for a long time. During the Cold War years, Washington was more interested in preserving the influence of pro-U.S. constituencies like the Turkish military, sometimes to the detriment of democracy and human rights. Still, the alliance with the United States helped Turkey over the years to consolidate several core features of the Turkish model, such as the protection of secularism, the promotion of a free market economy, and the preservation of a Western orientation to Turkish foreign policy. In particular, Turkey's NATO membership played a fundamental role in keeping Turkey firmly attached to the West. It allowed Ankara to enjoy the privilege of being a well-respected partner of the transatlantic community and strengthened domestic constituencies committed to maintaining Turkey's Western orientation.

Even more influential than the United States with regard to the promotion of democracy were Europe and European institutions. In 1963, Turkey

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became the second country, after Greece, to conclude an association agreement with the newly established European Economic Community. Progress in relations with Brussels came slowly for Ankara, however. And despite its formally applying for full membership in 1987, it was not until 1999 that Turkey was granted candidate status for EU membership. This status upgrade ushered in a period of reforms. Judging that Ankara had sufficiently fulfilled the Copenhagen political criteria, the EU member states unanimously decided to initiate membership negotiations with Turkey in December 2004. The EU goal then became an overarching objective for Turkish society, enabling the emergence of bipartisan platforms involving different political parties, civil society organizations, and societal stakeholders. In fact, these pro-EU platforms were critical to the success of Turkey's ambitious reform agenda. The support of these large and critical internal coalitions allowed Turkey to overcome the anti-reform proclivity of electoral cycles. The EU dynamic has thus been instrumental in overcoming internal obstacles to key reforms such as the lifting of the death penalty, the normalization of civil-military relations, and improvements in fundamental rights and freedoms.

In the area of democratic norms, the role of the Council of Europe and the European Court of Human Rights also deserves mention. Although a member of the Council of Europe since 1952, Turkey decided to recognize the individual right to petition to the European Court of Human Rights in 1987. This move coincided with the formal application for European Commission membership. This decision marked a watershed in Turkey's democratic history. It allowed Turkish citizens to seek redress for grievances at the European Court. Very rapidly, Turkey rose to top ranks in the list of countries with cases outstanding at the court. This in turn increased pressure to reform the Turkish legal and judicial system. Granting the right to individuals to petition the European Court was tantamount to forcing the Turkish legal and judicial system to operate in line with European practice and to fully align itself with European norms of human rights protection.

It is this highly advanced degree of integration, achieved at different levels and between different domestic and European/transatlantic institutions, that characterizes modern-day Turkey and, by extension, the "Turkish model." The difficulties surrounding Turkey's EU accession remain serious, but judged against this backdrop, they are clearly not likely to fundamentally alter Turkey's Western orientation.

### **The State Tradition**

The final feature of the "Turkish model" relates to Turkey's imperial legacy and its deeply rooted state tradition. The role of the bureaucracy in shaping Turkey's political and economic development has not received the attention it deserves. The Ottoman Empire's bureaucratic traditions carried over to the

new Turkish Republic, and the founders of the republic strived to recreate a professional bureaucracy to uphold the new regime.

Democracy is actually about acceptance of dissent. Strong state institutions create the confidence necessary to allow the emergence of this tolerance of dissent. The strength of state institutions is critical to the establishment of the checks and balances necessary for the control of political power. For instance, as regards political Islam, Larry Diamond says that

... the challenge for Arab societies will be to constrain a domestically elected Islamist led government with effective constitutional checks and balances so that Islamists once elected cannot barricade themselves in power. If institutions of horizontal accountability are well established (judiciary, electoral commission, central bank) risks of democratization can be considerably reduced. In that event what Islamist parties would be competing for is not absolute control of Arab governments but properly constrained democratic power.<sup>5</sup>

For all these reasons, it is fair to claim that the strength of state institutions facilitated the emergence and consolidation of democratic rule in Turkey.

However, a consolidated democracy requires a state capable of carrying out its main functions (protecting citizens, collecting taxes, and delivering services) in an orderly, predictable, and legal manner. In this regard, a professional and impartial bureaucracy is indispensable to democratic consolidation. As Ezra Suleiman says, “A critical element in democratic consolidation is a bureaucracy that begins to operate in an impersonal manner, according to known rules and regulations and in which the officials are able (or obliged) to separate their own political and personal interests from the office they occupy.”<sup>6</sup> Despite its many shortcomings, Turkish public administration was able to fulfill this role. The role of the bureaucracy as the state’s outreach mechanism was all the more important at a time when political instability and short-lived governments led to severe dysfunction in high-level decisionmaking.

## The Relevance of the Turkish Model

Given these core elements, does the Turkish model have anything to offer the Arab world that could help its countries ease the transition to more democratic order? And are there any lessons for those in the international community that wish to aid those democratic transitions?

At first blush, there are significant obstacles for replicating the successes of the Turkish model in Arab contexts. For instance, the secularism that is now so cherished by Turks initially had to be imposed on the population under conditions that hardly qualify as democratic. It would be an altogether different challenge for Arab leaders to adopt secularism under conditions of democratic opposition. Similarly, Turkey’s Western credentials (its candidacy for EU membership and its membership in NATO and the Council of Europe) are

not directly applicable in the Arab context. Indeed, the European Union has already experienced difficulty enough just in developing an effective neighborhood policy for Southern Mediterranean countries that have no EU membership prospects. The dynamism of the Turkish economy is the by-product of a long process of economic liberalization that also created an independent business community intent on maintaining the liberal order. It is difficult to see how Arab societies could replicate these conditions, given the intertwined nature of business interests and politics.

There is clearly no simple or direct way to apply the Turkish model in an Arab context. However, there are several factors that argue against giving up trying. To start with, the Turkish model can do good just by setting examples for others to follow and build upon. In his work on the “third wave” of democratization, Samuel P. Huntington introduces the concept of demonstration effect as a snowballing effect of earlier transitions that provide models of subsequent efforts at democratization.<sup>7</sup> In other words, Huntington argued, democratic transitions and experiences set an example for the transitions that follow, which set an example for later transitions, and so on. He also noted

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**Turkey’s geographical proximity to the MENA region would give the Turkish model a comparative advantage when compared to perhaps more successful models from other regions or from much different contexts.**

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that the most powerful demonstration effects are regional ones. In this sense, the “Turkish model” would work for the Arab world not so much because of what Turkey does but because of what Turkey is. Turkey’s geographical proximity to the MENA region would give the Turkish model a comparative advantage when compared to perhaps more successful models from other regions or from much different contexts.

A second element making the “Turkish model” more attractive is the cultural affinity between Turkey and the countries in the region. (Shared religion deserves special emphasis in this regard.) The cultural affinity argument says, in essence, that the MENA countries would find Turkey’s own experience more meaningful and useful than the similar experiences of non-Muslim nations. The domestic transformation of Turkey in the past decade, brought about by a ruling party that traces its roots to political Islam, can only enhance the relevance of cultural affinities. Likewise, Turkish foreign policy’s increased focus on the Middle East and its growing visibility as a supporter of the Palestinian cause and critic of the Jewish state also work in the same direction.

A third element enhancing the appeal of the “Turkish model” is Turkey’s level of development. Turkey’s experience would seem to be more relevant to MENA countries than the experience of many European states in that Turkey is starting at a much closer level of political and economic development. Qualifying Turkey’s democracy as a “work in progress,” Kemal Kirisci contends that the very fact that Turkish democracy has its own deficiencies is an advantage for the “Turkish model.”<sup>8</sup> The provisional quality of Turkey’s

democracy diffuses the tension that might otherwise exist between donor and recipient and helps to build a sense of solidarity around the work of democracy promotion. For Kirisci, the value of the Turkish model is precisely in its incompleteness. He also says that that the demonstrative effect is mediated through Turkey's "zero problems with neighbors" foreign policy, its economic performance, and its liberal visa policy, which permits relative freedom of movement of people into Turkey.

Finally, it should almost go without saying that the utility of the "Turkish model" depends in large part on whether the recipient nations themselves find it relevant. In other words, is there any demand for it within the region? Several recent public opinion polls examining Turkey's image and influence in the Middle East suggest that there is.

An August–September 2010 survey of seven Middle Eastern countries by the Turkish Economic and Social Studies Foundation (TESEV) found that 66 percent thought of Turkey as a model for Middle Eastern countries.<sup>9</sup> Of those who endorsed Turkey's modeling role, 15 percent cited Turkey's Muslim background as a key reason for their support. Others also mentioned Turkey's economy (12 percent) and its democratic regime (11 percent). For 10 percent, Ankara's appeal stems from its willingness to stand up for Palestinians and Muslims. Of those who did not welcome the Turkish model, 12 percent cited Turkey's secular regime as the reason for their choice and 11 percent said that they don't consider Turkey as being Muslim enough. Overall, only 8 percent said that the Middle East does not need any model.

Commenting on the TESEV poll findings, Grenville Byford emphasizes the cultural affinity argument and the role of religion in the "model" debate: "The issue of whether Turkey can be a model for the region is dominated by the question of whether it is or not Muslim enough. Twenty-nine percent of all respondents cite the issue in one form or another, much higher than any other factor."<sup>10</sup> For Byford, the upshot for Western governments is that "they can extol the virtues of liberal capitalism and democracy/human rights all they want, but their experience will never be seen as relevant."

Another survey, "The Perception of Turkey and the Turks in Egypt," conducted by the Ankara-based BILGESAM at several Egyptian universities during 2010–2011, reveals similar findings.<sup>11</sup> The survey found that 63 percent of Egyptians considered Turkey to be a good role model for Middle Eastern countries and 75 percent want Turkey to take a bigger role in the Middle East. The survey also reveals Turkey's positive image among Egyptian people with respect to human rights, freedom of expression, freedom of thought, and respect for different religions, cultures, and identities in Turkey. Additionally, 76 percent of Egyptians have a favorable opinion about human rights conditions in Turkey, and 71 percent believe that Turkey's democracy is quite consolidated. Overall, 81 percent of Egyptians sympathize with the Turkish

people, and 50 percent named Turkey when asked to choose a second country in which they would live.

The 2011 Arab Attitudes survey, an annual poll conducted by IBOPE Zogby International for the Arab American Institute Foundation, provides further confirmation of Turkey's popularity in the Arab world. According to the survey, which was conducted shortly after President Obama's May 19,

2011, speech on the Middle East, Turkey's policies receive wide support in the Arab world, ranging from 45 percent approval in Jordan to 80 percent approval in Morocco and even 98 percent approval in Saudi Arabia. As David Gardner from the *Financial Times* remarked, even in Lebanon, a stronghold of Hizbollah, 93 percent have a favorable view of Turkey.<sup>12</sup>

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Under these conditions, it's safe to say that Turkey's vastly improved image in the Arab world lends credibility to the Turkish model as a source of inspiration. Arab reformers interested in improving the political and economic environment of their own countries are increasingly looking to Turkey and examining Turkey's experience to draw the right lessons for their own transition.

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## Operationalizing the Turkish Model

Beyond a passive (albeit useful) role as a model, Turkey can also take several more substantive steps to help satisfy democratic yearnings in the Arab world. Ankara also has significant soft power reserves and institutional capabilities that it can deploy as part of a more concerted, and ultimately more effective, program to aid the process of transformation.

Notwithstanding the underlying differences in structure and context between Turkey and the Arab world, Turkey and the Turkish model can have a significant impact in the region if it approaches its task in a nuanced and careful way—sector by sector and issue by issue rather than wholesale. Turkey's experience can be brought to bear on a number of significant policy areas covering political reform, economic reform, and institution building.

### Political Party Reform

The nature of political change in the Arab world will depend greatly on the capacity of political and civil society forces to establish a pluralistic political system. For many decades in the region, authoritarian political systems have hindered organized political opposition groups. Experts often cited the weakness of political parties as one of the main reasons for the persistence of authoritarian regimes. When these regimes shattered, the absence of organized

political parties and formal platforms for political expression handicapped political change in the Middle East and North Africa. Despite the cohesion achieved among the protesters during the uprisings, the sheer lack of organized and effective pluralism in various political groupings makes the transition process much more difficult.

Islamic movements or parties such as the Muslim Brotherhood in Egypt and Jordan and al-Nahda in Tunisia have emerged as the most organized political opposition groups. While some see their emergence as an incipient Islamic takeover, others talk about the viability of the Turkish AKP model for new regimes in the Arab world.

The AKP has clearly already served as a role model of one kind or another for many of the new political parties of the Arab world: the Justice and Development Party in Morocco, Hamas, al-Nahda, and the Muslim Brotherhood are working to establish deeper ties with Turkey's ruling party. During Erdogan's recent visit to Egypt, representatives of the Muslim Brotherhood actually asked him if the AKP can give them support in their politics. In reply, Erdogan said that Turkish officials are in contact with all the political entities in Egypt, and that his country is ready to help anyone who asks for help. Ibrahim Kalin, Erdogan's foreign policy adviser, affirms that "the Muslim Brotherhood in Egypt, al-Nahda Movement in Tunisia, and Hamas in Palestine will all play important and legitimate roles in the political future of their respective countries," and that "Americans and Europeans will need to engage these groups publicly and directly, as Turkey has done."<sup>13</sup>

Such institutionalized party-to-party ties with the Arab world are a novelty for Turkey. The United States, for instance, has had experience with the International Republican Institute (IRI) and the National Democratic Institute (NDI), and Germany with its own political foundations; Turkey, however, has had no exposure to the game of cross-border political party cooperation. The opening of the political space and the emergence of new political actors in the Middle East represent an opportunity for Turkey's ruling party to gain this kind of experience. The AKP has the potential to become a leading institution in the region for political party development assistance. Such cooperation, highlighting the benefits of pragmatism, moderation, and pluralism, would certainly help to steer the political environment in the region in the right direction.

Another interesting consequence of the strengthening of cross-border political party ties is what might be called an "association effect." The popularity of Erdogan and the AKP in the Arab world seems to trigger a desire among some Arab politicians linked to political Islam to visibly associate themselves with the Turkish leadership. For instance al-Ghannushi in Tunisia organized a welcoming committee of thousands to greet Erdogan, thus becoming the only Tunisian opposition leader to meet him during his day-long trip to Tunis.

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Through his embrace of Erdogan and the Turkish model, al-Ghannushi apparently seeks to assure his domestic constituency that, if elected, his policies will remain moderate, just like the AKP in Turkey.<sup>14</sup> This “association effect” in return gives the AKP leadership leverage over the ideological platform of its “associate” parties in the Arab world. AKP can compel its “associate” parties to choose the path of pragmatism and moderation. To wit, if al-Ghannushi sees association with the Turkish model as valuable for strengthening al-Nahda’s domestic, and possibly international, legitimacy, then conversely, any disassociation with Turkey, prompted by increased radicalism on his part, could harm his domestic popularity and that of the Tunisian Islamists.

### **Security Sector Reform**

The issue of security has emerged as one of the most important challenges in the post-revolutionary states in the Middle East, where the uncertainties of new political orders have unearthed long-suppressed grievances, allegations, and suspicions. Intra-state and regional conflicts are also aggravating security concerns in these countries. Moreover, responses from the security forces—the army, police, presidential guards, and intelligence services—are playing a significant role in determining the course of political, economic, and social transformation. Reforming the security sector is thus crucial for the future of the region. Turkey can contribute to security sector reforms by boosting its capacity for education and training programs for police officers and military staff.

Turkish law enforcement forces have gained a significant experience under the UN peacekeeping missions and NATO Training Missions. The Turkish National Police (TNP) has been participating in UN Peacekeeping Operations since 1996 and has supported nine UN-mandated missions in Kosovo, Liberia, Timor-Leste, Congo, Afghanistan, Haiti, Côte d’Ivoire, Sudan, and Darfur. Currently, 273 Turkish experts teach in police academies in thirty foreign countries, and more than 400 foreign students attend training in Turkey’s Police Academy and higher vocational police schools. According to a report by the National Police Department, Turkey has so far trained 2,437 teaching experts in foreign countries by offering educational assistance to police departments. In 2010, 779 officers from foreign police departments attended special training courses in Turkey.

Similarly, the Turkish Partnership for Peace (PfP) Center, launched under the NATO umbrella in 1999, is already involved in training activities with the countries of NATO’s Mediterranean Dialogue and Istanbul Cooperation Initiative (ICI). The center’s activities are categorized under three headings: international security, military cooperation, and peace support operations. The curriculum includes such courses as border protection, refugee management, and combating human trafficking and organized crime. The Turkish PfP Center also has at its disposal a mobile training unit set up to conduct off-site training abroad. From its inception through 2011, the mobile

training unit has conducted training operations in eighteen countries, serving 2,135 participants.

### **A Faster, Better Route to Economic Integration for MENA**

An alternative approach to the current economic integration roadmap for MENA countries would provide a significant opportunity for EU-Turkey-MENA cooperation while substantially improving the economic outlook for the southern Mediterranean countries. The goal of economic integration between the southern part of the Mediterranean and Europe is currently being pursued through the gradual implementation of a web of bilateral free trade agreements (FTAs). This is the legacy of the Euro-Mediterranean Barcelona Process, which initially foresaw the establishment of a free trade zone across the Mediterranean by 2010. The way forward envisaged the conclusion of FTAs between, first, the European Union and individual MENA countries and, then, among MENA countries themselves, in order to create a large, seamless free trade area around the Mediterranean. The first part of this vision was gradually and successfully implemented: The European Union has initiated and concluded FTAs with all of its Mediterranean neighbors except for Libya.

**Table 1: EU FTAs With MENA Countries**

Algeria (2005)	Egypt (2004)	Israel (2000)
Jordan (2002)	Lebanon (2006)	Morocco (2000)
Palestinian Authority (1997)	Syria (awaiting ratification)	Tunisia (1998)

Source: [http://ec.europa.eu/enterprise/policies/international/files/existing-trade-negotiations\\_en.pdf](http://ec.europa.eu/enterprise/policies/international/files/existing-trade-negotiations_en.pdf)

The second part of this project, namely the establishment of FTAs between MENA states, has been somewhat less successful due to the persistence of political barriers between a range of MENA countries. Only the Agadir Agreement, covering Egypt, Jordan, Morocco, and Tunisia, successfully established an intraregional FTA compatible with EU rules of origin.

The economic impact of this regional design is more troubling. Although trade between individual MENA countries and the European Union has flourished, the multilateral FTA model has done little to improve trade and investment among MENA countries. Intraregional trade as a share of total MENA trade remains at 10 percent, palling in comparison to the 70 percent for intraregional trade within the European Union and 50 percent for North America.<sup>15</sup> The hub-and-spoke structure created by this blueprint (with the European Union as a hub and individual MENA countries as spokes) also acts as a disincentive to interregional trade and investments. There is evidence that

these agreements have significantly increased MENA countries' imports from the European Union but have had no positive impact on their EU exports.<sup>16</sup> EU-MENA trade remains lopsided; in other words, the chief impact of these agreements has been to open Arab markets to European exports.<sup>17</sup> A 2009 World Bank study goes farther by suggesting that these agreements have actually harmed the MENA countries' overall trade competitiveness.<sup>18</sup> The report states that

... preferential agreements with the EU have not helped MENA countries withstand competition from China and India. They have partially helped maintaining a market in Europe, but the EU rules of origin may currently impede MENA's further export growth.... Preferential agreements have locked MENA producers into production structures that shelter them from competition and handcuff their ability to source inputs from other locations.<sup>19</sup>

A similar argument would also apply to investments. The lack of an integrated market in the southern Mediterranean, coupled with complicated rules of origin, serves to shift foreign investments to the North. A foreign investor in Europe can easily serve all the MENA markets, whereas a MENA investor remains handicapped by holes in the bilateral trade agreements among MENA countries, as well as the added complication of rules of origin. Risto Veltheim, Finland's senior official for the Union for the Mediterranean, underscored this point in an opinion piece for the EU Institute for Security Studies:

North African markets are seen as small, fragmented and rather complicated to penetrate so many companies prefer to make productive investments instead in Asia, the Far East or even Latin America rather than their near-neighborhood across the Mediterranean sea. So the many inter-regional free trade agreements the EU has signed with these regions have only served to boost this tendency.<sup>20</sup>

Given these conditions, a fundamental rethink of the economic integration blueprint between the North and South of the Mediterranean is inevitable. The Barcelona decision to establish a seamless zone of free trade across the Mediterranean can certainly be maintained. What needs to be challenged is the contrived mechanics of forcing individual MENA countries to first negotiate FTAs with the European Union and only then among themselves. Logistically speaking, this is a nightmare. Each MENA state wishing to join the EuroMed free trade zone has to painstakingly negotiate eleven separate FTAs: one with the European Union, one with Turkey, and nine with the remaining MENA countries. All told, 121 separate trade agreements (eleven agreements for each of eleven countries) will have to be negotiated, signed, and ratified for the eventual establishment of the EuroMed free trade zone.

A much more practical and economically superior alternative would be to extend the current trade integration model between Turkey and the European Union to the MENA countries.<sup>21</sup> Ankara and Brussels established a full-fledged customs union at the end of 1995. As a result, trade in manufactured goods has

been liberalized between the two. In addition, Turkey adopted the EU common trade policy, meaning that trade between Turkey and the European Union is now carried out in almost exactly the same way as intra-EU trade. There are no complicated rules of origin acting as a disincentive for trade or investments. The customs union arrangement has, moreover, helped the Turkish economy to improve its competitiveness. The adoption of the EU trade policy lowered import barriers and forced Turkish manufacturers to compete globally.

Extending the Turkey-EU customs union to MENA countries would achieve a number of important goals. It would, first, obviate the need to conclude separate agreements among the MENA countries in order to bring about the EuroMed free trade zone. Each MENA country would only need to join the Turkey-EU customs union. The customs union arrangement would then begin to extend across the Mediterranean. A single agreement would be sufficient for any new country to join this zone, as opposed to the eleven separate agreements needed at present.

The introduction of customs union rules would also dissolve the adverse hub-and-spoke system between the European Union and MENA countries and eliminate the need for rules of origin. These changes would, in turn, eliminate all types of disincentives for attracting foreign direct investment. With these conditions in place, there would be no tariff-based differences for exporting to the Europe and MENA region from anywhere within the region. As a result, foreign investors might be more willing to invest in MENA countries in order to take advantage of their lower costs of production.

The customs union alternative would also provide a sound solution to the problem of incentivizing intraregional MENA trade. Once a MENA country joins the Turkey-EU customs union, it can start to trade freely with all the other MENA countries that previously joined the customs union area—without the restraining impact of the rules of origin. Unlike the current system, finally, a customs union solution would cease to condition free trade between individual MENA countries on the conclusion of an agreement between these countries. The customs union solution would thus also provide an option for overcoming the political obstacles to free trade in the region.

The main challenge of shifting to a customs union arrangement lies in ensuring that MENA countries remain competitive with respect to the rest of the world. They would indeed lose the tariff protection afforded by the current system of free trade agreements with the European Union. They would also lose their trade policy independence and the ability to freely conclude trade agreements with third countries. But as the World Bank study has demonstrated, the current system has not helped these countries gain international competitiveness. On the contrary, the Turkish example clearly shows that the customs union arrangement and the process of tariff liberalization, introduced gradually, helped Turkish industry become competitive globally. The best antidote to lack of international competitiveness has really been the introduction

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**Extending the Turkey-EU customs union to the Middle East and North Africa has the potential to substantially enhance the economic integration and, therefore, the economic future of the whole region.**

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of competition in protected markets. In this respect, the outcome of the WTO Doha Round of talks will also be instrumental. The successful conclusion of the Doha Round would lead to the further dismantling of tariffs in WTO member states. This would facilitate the adoption of EU-Turkey tariff levels by MENA countries.

Turkish and EU policymakers should engage in a substantive dialogue on the extension of the Turkey-EU customs union to the MENA region. As part of its review of the European Neighborhood Policy, the European Commission may consider the preparation of a study on the feasibility of extending the Turkey-EU customs union to the entire MENA region. As argued, extending the Turkey-EU customs union has the potential to substantially enhance the economic integration and, therefore, the economic future of the whole region. This opportunity should not be squandered due to misplaced confidence in the current Barcelona blueprint for economic integration between the northern and southern regions of the Mediterranean.

### **Financial Reform**

The role of the financial services and banking sectors in supporting economic development has been well documented. A deep and diversified financial sector allows for a more efficient distribution of scarce resources. It also aggregates domestic and foreign capital to invest in the productive capacity of the economy. There is a clear correlation between the depth of the financial sector and income levels. Richer countries have more developed financial sectors.

MENA countries are an outlier in this respect, however. On average, they do not lag behind other regions in terms of their financial depth, but their income levels are lower than other states with similar financial depth parameters. As of 2008, the private-credit-to-GDP ratio stood at 45 percent in MENA, compared to the emerging and developing countries' average level of 38 percent. However, as the World Bank states in its latest report on the MENA economies, banking systems in the MENA region have not produced the expected growth-enhancing benefits commensurate with their depth, signaling a quality gap with respect to the rest of the world.<sup>22</sup> The report indicates that “compared to other regions, MENA businesses—particularly small- and medium-size enterprises—have received substantially less financing from banks ... loan concentration tends to be greater, and the percentage of the population with access to bank deposits tends to be lower.” The report thus concludes that the impact of banking depth on growth in MENA is weaker than in other regions. It also asserts that, for a given level of private credit, the impact on economic growth in MENA countries is about a third lower than it is in other emerging and developing country regions.

These observations show that, although MENA countries' banking systems have been able to accumulate funds, they have been far less successful in investing these funds in a way that fuels economic growth. The former authoritarian regimes had usurped the banking system and transformed it into a vehicle for connected lending. Only regime-friendly entrepreneurs had easy access to funds. The system was designed to sustain an economy based on patronage and clientelism. The challenge for the banking system of these countries is therefore to shift from politically motivated lending practices to rational and economically motivated lending principles. This requires a fundamental overhaul of the whole banking industry and its regulatory framework.

That overhaul is exactly what Turkey was able to accomplish in the early part of the past decade. The Turkish banking system in the 1990s was beset by many of the same ills of the MENA banking system. Turkish banks were used to support a politically led patronage network. The system was rife with connected lending practices and suffered from a lack of proper regulatory control, leading to a substantial rise in nonperforming loans. The result was that the banking system came to the brink of a systemic collapse, triggering Turkey's biggest economic crisis to date. (In 2001, the Turkish economy contracted by 7.8 percent.) In response, Economic Minister Kemal Derviş, with the support of the IMF, launched a new economic program. The program aimed to sanitize the banking system and strengthen its regulatory oversight via amendments to the banking law. Banks were also recapitalized, and the Banking Regulatory Authority overhauled. In short, the program introduced a robust financial governance system that would hinder the ability of politicians or popular will to abuse the banking system. Today, Turkey's banking industry remains strong, well capitalized, and free of systemic risks, even in the face of ongoing global financial instability.

This experience is likely relevant for transforming banking systems in the MENA countries for the simple reason that Turkey had to overcome, a few years back, much of the same kinds of problems that currently afflict financial sector development in MENA countries. A decade ago, the Turkish banking sector was exposed to a different set of problems than its Western counterparts. The issue was not an uncontrolled expansion of credit, leading to the escalation of system-wide risks and the inevitable and costly process of deleveraging; Turkey's challenge was to establish the right sort of balance between money and politics. The reforms were essentially designed to address the political economy deficiencies of the banking industry. Turkey's state and regulatory institutions have thus gained invaluable experience in transitioning the national banking system from a weak to a strong, modern governance framework. Such experience would be invaluable for Turkey's Arab neighbors, which are confronted with similar challenges today.

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It is worth noting here that Turkish financial authorities are already involved in cooperation and capacity-building programs in the region. The Istanbul Stock Exchange, for instance, helped Syrian authorities establish the Damascus Securities Exchange in 2009. During the Sixteenth General Assembly of the Federation of Euro-Asian Stock Exchanges, held in Istanbul in December 2010, the Damascus Securities Exchange and Istanbul Stock Exchange signed a letter of memorandum on cooperation in exchanging information, expertise, consultants, and training courses.<sup>23</sup>

### **Housing Policy Reform**

The new and popularly elected governments in Arab countries will very soon come under pressure to deliver jobs, promote inclusive economic growth, and ensure social equity. Their success in providing these goods is crucial to the task of consolidating democratic rule in these countries. Well-designed and well-implemented social and economic programs are thus likely to be the linchpin of the new governments' strategies.

The design of new economic and social policies will be affected by the large and growing share of youth in the overall population, which puts significant pressure on the employment market. It is estimated, for instance, that Egypt must create 700,000 jobs every year just to accommodate the growth of the labor force. The youth bulge also affects social policies and housing policy in particular. The lack of proper housing is a real problem in some of these societies. A recent Carnegie Endowment-Legatum Institute report on the Egyptian economy<sup>24</sup> recommends developing public-private partnerships to modernize the housing sector. The report says,

Private–public investments, designed to regenerate and develop areas currently occupied by urban slums, are another promising initiative with substantial long-term benefits for development, especially where the slums are located in commercially desirable areas. Loans extended to slum redevelopment projects could be a relatively safe and high-return investment, with additional social benefits accrued to poor Egyptians.

The “Turkish model” can be a reference for overhauling housing policies and designing market-friendly and effective private-public partnerships to quickly modernize the housing sector and overcome the shortage of decent housing. Turkey has developed a relatively successful model in producing affordable mass housing projects based on the public-private partnership for low-income groups. Turkey formed a Mass Housing Authority (MHA) in 1984. Backed with government finance and access to Treasury-owned lands, the MHA gradually expanded its activities, carrying out the construction of half a million residential units between 2003 and 2010 without burdening the public budget.<sup>25</sup> According to its business model, the MHA delivers the land, auctions the construction project to private developers, and monitors the construction

and marketing of the development projects, as well as providing housing loans to low-income earners. The success of the MHA led a range of international partners to ask for information about its business model. At last count, 33 states, including Saudi Arabia, Iraq, Jordan, Syria, Egypt, Kuwait, Yemen, and Algeria, have asked the MHA to carry out housing projects in their countries.

### **Private Sector Development**

Private sector development is an important instrument for confidence building and for stabilizing the geopolitical environment. Lack of incentives for organizational innovations in the private sector is cited as one of the most important reasons for economic underdevelopment in the Middle East.<sup>26</sup> Similarly, in its highly critical report<sup>27</sup> on the business environment in Arab countries (aptly entitled “From privilege to competition: Unlocking private led growth in the Middle East and North Africa”), the World Bank underscored the need to foster a stronger private enterprise culture. The World Bank team highlighted the prevalence of two obstacles: patronage networks and connected lending, which limits access to capital to regime-friendly enterprise owners.

For a long time, EU policy failed to address this issue, choosing instead to rely on the North African states as the agents for change. In his assessment of the first ten years of the Barcelona Process, Eberhard Kienle, for instance, underscores this failure, contending that the economic liberalization supported by the Barcelona Process has prevented private economic actors from emerging: “Nowhere has [the Barcelona Process] yet involved the development of institutions ... which could favor the emergence of [private] power centers. Nor has it, of course, ... empower[ed] weaker actors such as entrepreneurs without regime connections...”<sup>28</sup> The most recent EU initiative, the Union for the Mediterranean, represents an even starker failure than the Barcelona Process in this regard, as it excludes the latter’s focus on economic restructuring and grassroots economic activity and is therefore even more state-focused.<sup>29</sup>

Following the eruption of the Arab Spring and mindful of the urgent need for a recalibration of its policies, the European Commission published in March 2011 a policy paper entitled, “A partnership for democracy and shared prosperity with the Southern Mediterranean,” which proposed a new framework of cooperation with the Arab countries.<sup>30</sup> As for economic reforms, the Commission bluntly stated,

The unrest in several Southern Mediterranean countries is clearly linked to economic weaknesses. Many of the economies are characterized by an unequal distribution of wealth, insufficient social and economic reform, limited job creation, weak education and training systems which do not produce the skills needed on the labor market, as well as low level of regional trade integration.

It then went on to say,

There is a need for the countries of the region to re-invigorate their economies to deliver sustainable and inclusive growth, development of poorer regions and job creation. Small and medium size enterprises (SMEs) have a critical role to play in job creation. To thrive, they need a sound regulatory framework, conducive to business and entrepreneurship.

Not surprisingly, the Commission decided to upgrade the aim of SME promotion and job creation and list it as the first goal under the chapter of the promotion of inclusive economic development.

In this context, private sector development can also be a priority area for Ankara's cooperation agenda on the basis of Turkey's valuable, and to a large extent, transposable experience, as well as its track record of regional initiatives for private sector development.

The Turkish Union of Chambers and Commodity Exchanges (TOBB), which considers itself the largest civil society organization in the country, has traditionally been an active participant in Turkey's overseas private sector development assistance. It launched, for instance, the "Industry for Peace Initiative" in 2005 as a catalyst for private sector development in the Middle East.<sup>31</sup> This initiative formed the "Ankara Forum," which brought together the representatives of the Federation of Palestinian Chambers, the Manufacturers Association of Israel, and the TOBB. The Ankara Forum aimed to develop concrete projects to bolster the Israeli-Palestinian peace process. The revitalization and management of the Erez Industrial Estate (EIE), located at the northern tip of the Gaza Strip, was the first project of the Ankara Forum. In 2006, Turkey signed agreements with Israel and the Palestinian Authority for resurrecting the Erez industrial area. However, following the Hamas takeover in Gaza in 2007, the project was frozen due to the worsening security situation. After the failure of the Erez initiative and the crisis in Turkish-Israeli relations, the envisaged tripartite structure of cooperation was replaced with a bilateral format, and the TOBB reactivated a similar project, this time in Jenin in the northern West Bank. In February 2010, the TOBB-BIS (Industry for Peace) signed a new concession agreement with the Palestinian Authority. In the Jenin industrial zone, the TOBB aims not only to deliver infrastructure and regulatory services of industrial activities in the West Bank but also contributes to the state-building process in Palestine by fostering institutional dialogue and capacity building. As a result of its practical experience in nurturing industry-led initiatives, the Islamic Development Bank recently asked the TOBB to assess and evaluate private sector operated industrial zones in Islamic countries.<sup>32</sup>

The TOBB was also instrumental in the establishment of the Istanbul-based Levant Business Forum. The representatives of business organizations from Turkey, Syria, Lebanon, and Jordan gathered last year in Istanbul and signed a declaration to implement 75 projects under fourteen chapters for strengthening private sectors throughout the region.<sup>33</sup> It is clear that the TOBB has the potential to become a significant partner for European Union and EU member

state institutions looking to play a more visible role in fostering private sector development in the Arab world. Such an institution would provide invaluable assistance with the mechanics of bridging the lofty goals of the policy papers and the daily operational requirements for achieving these goals.

### **Regulatory Capacity Building**

Turkey could also play a valuable role in transferring its own experience in setting up and consolidating independent regulatory institutions. The area of competition policy provides a clear example in this respect. Turkey adopted its first competition law in 1994 as a result of the regulatory harmonization triggered by the customs union with the European Union. The Competition Authority was established in 1997 as an independent institution, and since then, Turkey has begun to fully implement competition rules. The Competition Authority soon developed a practice of competent and impartial enforcement. The OECD even championed it as the right model for emerging market countries interested in setting up a competition monitoring entity. Having gained maturity in the practice of competition rules in the domestic market, the Turkish Competition Authority turned more attention to a range of international cooperation initiatives, signing bilateral cooperation agreements with South Korea, Romania, Bulgaria, Portugal, Bosnia-Herzegovina, Mongolia, Russia, and Croatia. The Competition Board experts provided professional training to managers and experts working at the Pakistan Competition Authority in 2009, and to the Egyptian Competition Authority officials in January 2011 in Ankara. Speaking at a press conference at the end of the training program for the Egyptian Authority, Nurettin Kaldirimci, chairman of the Turkish Competition Authority, expressed the Board's willingness to establish a platform for sharing experiences throughout the Middle East.<sup>34</sup>

A practical solution for leveraging Turkey's regulatory capacity in the direction of regional collaboration would be to allow Turkey's participation in the EU-led TAIEX (Technical Assistance and Information Exchange) program for regulatory assistance to third countries. At present, Turkey stands as a recipient state in the TAIEX initiative. In other words, Turkish institutions can only seek to receive "advice" from EU countries. The incorporation of Turkey in the TAIEX program as a virtual EU member state would allow Turkish institutions to be on the "supply" side of the technical assistance to the Arab countries.

## **A Valuable Model**

In all these areas and no doubt in others as well, Turkey has valuable experience to share. Regardless of whether policymakers prefer to use the term "model" or one of its euphemisms like "inspiration," Turkey has a lot to contribute in the effort to support, sustain, and consolidate democracy and state building in

the Arab world. Turkey's comparative advantage in this respect is perhaps best captured by Nobel Prize-winning economist Douglass North, who, speaking about the role of institutions in economic growth, said,

In order to improve the institutional structure we must first have a clear understanding of the sources of that institutional framework. We must know where we have been in order to know where we can be going. Understanding the cultural heritage of a society is a necessary condition for making doable change. We must have not only a clear understanding of the belief structure underlying the existing institutions but also margins at which the belief system is amenable to changes that will make it possible for the implementation of more productive institutions.

The beginnings of democratic transition in the Arab world, as seen in events like the first genuinely free elections in Tunisia and the upcoming polls in Egypt, has significantly enhanced the policy relevance of the Turkish model. Today, Arab societies have a choice regarding their future. It is this freedom to

choose for themselves that makes the Turkish model relevant to their situation. In the pre-reform days, the relevance of the Turkish model was mostly a theoretical discussion. The status quo proclivities of authoritarian regimes precluded any real political or governance reforms. Only after reform became politically feasible did the Turkish experience begin to venture from the theoretical into the practical realm for Arab societies.

The Turkish model is far from being a one-dimensional paradigm. It is the product of a complex set of policy preferences and implementation successes achieved in a cultural and social context that is, while certainly not identical, also not too dissimilar to the Arab world. The agenda for collaboration between Turkey and its Arab neighbors can thus be transformed into an ambitious endeavor to cover many different policy areas for which Turkey remains a source of inspiration.

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## Keeping the Model Intact

For the Turkish model to continue to provide inspiration, Turkey needs to keep improving itself. Yet recent developments have exposed some vulnerabilities in this respect.

Despite an impressive record of improving democratic rights and freedoms in its initial years, the AKP government seems to have lost its zeal for furthering Turkey's democratic standards. Criticisms are mounting on the lack of momentum behind democratic reforms. And with a growing number of journalists in prison, press freedoms are also increasingly under attack in Turkey. The Turkish Press Association claims, for instance, that more than

sixty journalists are in jail, many charged with crimes related to their published work. It is no coincidence that U.S. Secretary of State Clinton, even as she commended Turkey as an inspiration to the Arab world, reiterated international concerns about press freedoms in Turkey.<sup>35</sup>

The strength of state institutions is also under duress. The independence and impartiality of the judiciary, a key feature of constitutional checks and balances, has been challenged on the grounds that the 2010 constitutional amendments increased the influence of the executive over the judiciary. The government's recent decision to lift the independence of the regulatory authorities is often cited as another example of the ruling party's desire to aggregate political power and do away with institutions that limit executive privilege. Turkey's problem seems increasingly to be a lack of a democratic counterweight to the AKP's ever-expanding political power.

Even the sustainability of secularism in Turkey remains a subject of public debate. Despite almost ten years in power, the AKP has not been able to lay to rest fears about its religious agenda. This is the same party that, while lauding the merits of a secular system to Turkey's Arab neighbors, refuses to change the mandatory nature of religious courses in primary education curriculum. A peculiarity of Turkish secularism remains the open interference of the state in religious affairs. The Directorate for Religious Affairs (Diyamet İsleri Başkanlığı) is a state agency responsible for the training and appointments of imams, all of whom are state servants. Today Diyanet is criticized for serving only Sunni Turks, disenfranchising the large Alevi community and also all non-Muslim Turks.

Turkey's Western orientation is also in doubt as a result of Ankara's increasingly ambitious and assertive foreign policy. EU accession negotiations are stalled and the longstanding, overarching objective of anchoring Turkey firmly in the West has been replaced by the goal of transforming Turkey into a regional power. Ankara's relationship with its Western partners is entering uncharted territory.<sup>36</sup> The transformation of Turkey as a compliant member of the transatlantic community to a regional power intent on assertively carrying out its own foreign policy agenda cannot help but strain the transatlantic relationship. Ankara's deteriorating ties with Israel, for instance, will affect Turkey's relationship with the United States. We can see a consequence of Turkey's foreign policy shift in its evident proclivity for unilateralism. Turkey aims to rediscover the borders of its own influence and its effectiveness as a foreign policy actor in the region and in the world. The desire to test the limits of Turkish "soft" power thus fuels the proclivity for unilateralism.<sup>37</sup>

The operationalization of the Turkish model has to take place against the backdrop of all of these challenges. It is clear that, as Turkey's ruling party and political master, the AKP and its popular leader, Prime Minister Erdogan, have the primary responsibility for addressing the domestic problems casting a shadow over the Turkish model. With the normalization of the civil-military

relationship and the elimination of military tutelage, the AKP no longer has any excuses for procrastinating in implementing further democratic reforms.

Turkey's European and transatlantic partners, however, can contribute substantially to the enhancement of the operational effectiveness of the Turkish model. With that purpose in mind, Turkey and its partners in the West should seek to make better use of existing multilateral platforms of policy collaboration. For the European Union, that means espousing a more inclusive approach to the European Neighborhood Policy's (ENP) governance structures and allowing Turkey, almost as a virtual member state, to be present in the bilateral structures that shape the strategy of EU engagement with neighboring Arab states. For the United States, this means enriching the "model partnership" with Turkey with programs geared to sustain and support Turkish-U.S. collaboration in the Arab world.

The onset of the Arab Spring represents a historic opportunity that can be used to launch the third great wave of transatlantic collaboration (with the first two being the reconstruction of Europe in 1945 and the integration of Central and Eastern Europe after 1989). The distinguishing feature of this third wave is likely to be Turkey's active involvement. Ankara's role in the first two waves of transatlantic cooperation was unceremoniously minor.

Indeed, if Turkey's unilateralism is a likely source of tension between Ankara and its partners, what better way to overcome this tension than inducing Turkey to utilize existing multilateral platforms? And what better opportunity than the Arab Spring to really test the new Turkey's intentions about its place in the world? A Turkey acting in unison with the West to foster democracy and the rule of law in the Arab world would certainly provide the ultimate proof that the Turkish model is worthy of imitation in the region and a lasting success story.

## Notes

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