

THE COST OF NO EU-TURKEY II: TWO VIEWS

*An American Progressive
on EU–Turkey*
Howard Dean

*Economic Benefits and
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Şevket Pamuk



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Introduction

Gökçe Tüylüoğlu

Executive Director, Open Society Foundation

We as the Open Society Foundation regard Turkey's journey towards the European Union membership as one of the most important open society ideals' realisation. As we have previously stated, we strongly believe that Turkey becomes a more open society as it gets closer to the EU. We also believe that the open society values in the EU grow stronger, as the Union gets ready to admit Turkey.

In 2009, we started an annual, intellectual exercise by asking people whom we respect for their analytical insights and intellectual candor to articulate their perspectives on what the cost of no EU-Turkey would be. Carl Bildt, Minister of Foreign Affairs of Sweden; Norbert Walter, Chief Economist of Deutsche Bank; Paulina Lamposa, International Relations Secretary of PASOK; and Hakan Yılmaz, Professor of Political Science at Bogazici University have shared their balance sheet on this issue with us.

Howard Dean, the Chairman Emeritus of the Democratic National Committee and one of the most interesting voices of the American Democrats, who has opposed the war from Iraq from the outset and Şevket Pamuk, Chair in Contemporary Turkish Studies in European Institute of London School of Economics and Political Science have joined us in this year's exercise.

Dean, regards the creation of the European Union as the most important experiment in human governance since the founding of the United States two hundred and thirty four years ago and states that without Turkish accession, the full potential of the European Union will not be realised. Pamuk, on the other hand, argues that the discussions around Turkey's EU membership have shifted to issues of geography, culture and identity but it would still be useful to return to economic issues and re-examine the possible costs and benefits which have been overlooked or miscalculated and states that Turkey's population numbers and the related issues like the labour mobility are likely to pose less of a threat to Europe than most analysts had predicted until recently.

On another May 9, the day when Robert Schuman presented his vision for the European Union in 1950 , we are pleased to be continuing to share with you the analytical insights of the ones who believe in Europe and take the time to review how far this unique and daring project of peace, prosperity and liberty has come, and what more needs to be done.

We are grateful to Hakan Altınay, the former Executive Director and the current Advisory Board Member of the Open Society Foundation, for leading this exercise.

An American Progressive on EU-Turkey

By Howard Dean

Chairman Emeritus of the Democratic National Committee

Many Europeans and North Americans who believe as I do, that Turkey ultimately belongs in the European Union have been dismayed and disheartened by the statements of some key European leaders against accession. Polls have shown that adding Turkey to the Union is unpopular among voters in the EU. Turkey itself has appeared to turn away from the EU with Prime Minister Erdoğan's kind words for President Ahmedinejad of Iran, and his seeming embrace of unsavory groups and leaders in the Middle East and East Africa. The latest confusion about Turkey's direction has resulted from the recently proposed constitutional amendments. These amendments have stirred a heated controversy between the secularists and the Erdoğan government. Secularists and a number of Europeans believe that such moves may lead to an Islamist state, but respected European Parliamentarians such as Helene Flautre have said they view they changes as consistent with a more democratic Turkey.

The truth is that EU Accession for Turkey has not gone smoothly. But I believe that accession to the EU by Turkey remains a goal that is extremely advantageous for both the EU and Turkey in the long run.

The first thing that must be said is that there is too much pressure and focus on speed and the short term, and not enough on patience and the long term.

Many Europeans and North Americans who believe as I do, that Turkey ultimately belongs in the European Union have been dismayed and disheartened by the statements of some key European leaders against accession.

The accession of ten countries at once, some of which are economically worse off now than Turkey is, was clearly a much bigger task than was recognized in the heady days of 1999 and 2004. It is not only the near disastrous economic meltdown which is to blame, although that has been a major problem. High unemployment often brings out xenophobia and racism, and this xenophobia has been greatly exacerbated all over the world since 2008.

There were unanimous decisions by the EU in 1989, 1999 and 2002 about Turkey's eligibility for membership. In 2005, the EU started negotiations with Turkey, and that the shared goal of these negotiations was membership. A handful of European leaders are now talking about "privileged partnership" either to assuage the increasing xenophobia in their countries or in some cases as a bald and shameful political attempt to move voters from the far right to their camp. The good news is that such efforts were a huge failure in the recent local elections in France.

None the less, European politicians both from fringe parties, and even of main stream governing parties, have sought to exploit this anger for their own electoral benefits often, doing what is expedient electorally rather than what is good for the EU in the long run. Europe also now understands that not dealing with the corruption issues, particularly in Bulgaria and Romania, BEFORE they became members was a mistake that is not easy to fix. Turkey too has been weakened in the recession, although its finances are significantly more stable in terms of growth and debt to GDP ratios than a number of EU members.

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Some of the wounds are self inflicted by both sides. Real and perceived slights have led to a new orientation of Turkey towards Russia and the Muslim world, which in terms has been seen by many Europeans as a major warning sign about the difficulty of integrating 71 million more Muslims into a mostly secular Christian continent. In many cases, these slights are deliberate on the part of Europe's leaders, which has raised the issue among Turks, the majority of whom no longer support accession, of whether they want to be part of a club that does not want them. Turkey has a proclivity as any sovereign nation would, to believe that any kind of second class membership is unacceptable.

So where is the cause for optimism?

First, timing is everything. Economically and politically, this is not the best time. But, that does not mean that there will never be a good time. As the recession winds down as it will over the next few years, Turkey's growth will accelerate to a significantly higher rate than that of the EU. There will be enormous opportunities for Turkish businesses, which are already heavily integrated into Europe, and for European businesses, who are already big players in Turkey. Those opportunities will be far greater if Turkey is a full member, and in fact the business communities on both sides are likely to push for accession once economic order is restored.

Second, Greece has a new government which is both less inclined, and far less able to block a Cyprus deal. There is evidence that both Turkish and Greek Cypriots would like to reunify the island and would do so left to their own devices. Economically, Turkey has much to gain from reunification with or without membership. The EU, too, will gain back some lost credibility with the solution of the Cyprus problem.

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Third, from this side of the Atlantic it seems clear that Prime Minister Erdoğan is far more of a democrat than he is an Islamist. He has consistently given voice to people from the geographic and cultural periphery, who were ignored and excluded under previous governments. While I personally am much more comfortable with a secular government, there is a long history of governments that were “secular” which in fact were elites who traded power between themselves and ignored the needs of the majority of struggling everyday working people. The challenge is to preserve the right to be secular, while confirming the right of people who wish to be religious to do so. This is the path that Prime Minister Erdoğan and President Gül have trod, with real success. It is not likely that the extraordinary Turkish economic growth which has happened in the years since the increasing liberalization and inclusiveness of Turkish society is a coincidence. If Turkey was having a debate about whether they should REQUIRE headscarves, I would be strongly against the requirement. But the debate is about whether headscarves should be ALLOWED. That is a debate about inclusion, acceptance and democratization. It is not a debate about intolerance, theocracy, and religious bigotry, of the kind found in Iran or Saudi Arabia.

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For the first time a civilian, popularly elected government in Turkey has achieved at least political parity if not supremacy to the military in political terms. The extraordinary visit of President Gül to Armenia was an act of statesmanship similar to the thaw led by Begin and Sadat. It is true that the effort is currently in trouble, but the opening has been achieved, and in the end will likely succeed. For the first time in decades Turkey has developed and implemented a really smart strategy to separate the Kurdish people from their radical fringe by giving them many of the basic rights in the

European charter. This too is occurring in fits and starts, but it is still groundbreaking. Turkey has successfully entered and completed stringent IMF program.

The benefits are clear. Democracy in Turkey will be strengthened. The world will gain a first class liberal democracy in a Muslim-majority country.

In short, these talks can succeed, and are still in all the parties' best interests. In order for success, however, the timetable needs to be flexible. It is important that the parties not be discouraged about the set backs in the short term. The negotiators need to persevere through the hurdles, and focus on the medium and long terms where this relationship is beneficial to both parties.

Both sides can get past the enormous economic and political pressures caused by the near collapse of the banking system, and by occasional violent attacks from fringe Islamic groups. There have not been attacks by Islamists since 2003 in Turkey, nor have Americans or Europeans of Turkish descent been involved in the major bombings and suicide attacks in America or the EU. Turkey and Spain have kicked off a promising Dialogue of Civilizations under the UN roof.

The creation of the European Union is the most important experiment in human governance, since the founding of the United States two hundred and thirty four years ago.

The benefits are clear. Turkish accession will provide big growth opportunities to both sides. Democracy in Turkey will be strengthened. The world will gain a first class liberal democracy in a Muslim-majority country. The Cyprus question will be resolved. The southern Caucasus will become more stable. And, Europe will have what it resists, but knows it needs, a stable relationship with a majority Muslim nation which is also a liberal democracy.

Without Turkish accession, the full potential of this grand project will not be realized.

The creation of the European Union is the most important experiment in human governance, since the founding of the United States two hundred and thirty four years ago. It is easy for the citizens of the EU to focus on the day to day shortcomings of the Union: the bureaucracy; the unwieldy political system; and, the apparent disconnection of Brussels from the lives of ordinary Europeans. And certainly further reforms, particularly the emergence of pan European political parties, and direct election of both the President and other key officials, would be very helpful. But the tremendous historical achievements ought not to be overlooked. For too many centuries, Europe was the most violent continent on the face of the earth, wracked by an unending series of wars based on ethnic and religious differences.

The modern EU is the first attempt on a large scale in human history to deal with national and religious tribalism in a relatively permanent, peaceful and institutional way. It is the template not just for peace and prosperity in Western and Central Europe, for ultimately in the troublesome Balkans and beyond. Turkey has moved a long way in the past two decades toward adopting the model of economic and political liberal democracy, which is essential to be part of this effort. Without Turkish accession, the full potential of this grand project will not be realized. I will concede that neither side is ready now. But the time is approaching, and backsliding must not be allowed to limit this extraordinary opportunity to change human history.

Economic Benefits and Costs to Europe Revisited

By Şevket Pamuk

***Chair in Contemporary Turkish Studies
European Institute, London School of Economics and Political Science***

In the days of the Common Market and the European Economic Community, discussion on Turkey's membership used to focus mostly on economic issues. In recent years, however, debates in Europe on Turkey's EU membership and whether Turkey belongs or not has shifted to issues of geography, culture and identity. Yet, it would be useful to return to the economic issues and re-examine their benefits and costs to the EU since there is often a good deal of fear and emotion in the discussion even of these economic issues today.

The economic benefits of Turkey's EU membership are usually linked to the expansion of trade and investment. The EU has been Turkey's largest trading partner during the last half century, since the days of the Common Market. The Customs Union agreement signed with in 1995 represents a new stage in these relations. The expansion of trade since 1995 has been beneficial to both Turkey and the EU. The second dimension in Turkey's economic linkages with the EU involves capital flows. Foreign direct investment (FDI) in Turkey had remained low until recently but as Turkey's economy began to enjoy greater political and macroeconomic stability and as Turkey's EU integration process accelerated, total FDI flows from the EU into Turkey increased sharply after 2004. A related development that has often been overlooked is the recent rise in FDI by Turkish companies in the EU countries. As Turkey's private sector grows and becomes more confident, this new trend should be expected to grow in the years ahead.

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Turkey's membership in the EU would lead to the further expansion and deepening of these commercial linkages and investment flows. Turkey's share in EU's total trade and international investment may seem small today. However, for some key sectors and some large enterprises in the EU countries, economic linkages with Turkey, exports, imports, FDI and business contracts can be of critical importance. Moreover, since

Turkey's membership is likely to lead to the convergence of its GDP per capita towards EU averages, the volume of these trade and investment linkages are likely to grow as well. In fact, one could easily argue that in the long term, Turkey's membership in the EU will offer both sides the same kinds of benefits experienced as a result of Spain's economic integration and membership in the European Community in 1986.¹

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There are other economic issues that may play a very important role in Turkey's future relations with the EU. One of these is the potential contribution of Turkey to EU's energy supplies and security. It has become clear in recent years that dependence of the EU on a limited number of sources for its energy supplies is not a good idea and the diversification of its energy supplies would improve the EU's ability to enjoy more steady and stable energy supplies in the future. It has also become clear that because Turkey is located between the world's largest oil and natural gas supplies in the Middle East and Central Asia and the EU itself, it could play as an important role in the transmission of these energy supplies to the EU and the diversification of EU's energy supplies. Some energy pipelines originating in energy source countries and crossing Turkey towards the EU markets are already in operation and others are being constructed or being planned. One should also point out to the limitations of any role Turkey can play in this respect. Afterall, as is the case for so many EU countries, Turkey also depends a great deal on Russia for its own energy supplies. Yet, there is no doubt that Turkey's role in the transmission of these energy supplies towards the EU will depend not only on economics but also on politics. Turkey as a member of the EU could play a much more significant and positive role in this area and contribute significantly to the EU's energy security.

Turkey's large and growing population is seen as an opportunity for the EU with its aging population and growing pressures on its social security system.

On the costs side, there are a number of important issues which are at least in part economic and which have led to exaggerated fears in most EU countries regarding Turkey's membership. Perhaps the most important of these involves Turkey's growing population. Some people see Turkey's large and growing population as an opportunity for the EU with its aging population and growing pressures on its social security system. Others, on the other hand, perceive Turkey's large population and

¹ W. Chislett, "Spanish Trajectory: A Source of Inspiration for Turkey?", Open Society Foundation (Turkey), April 2009.

future mobility of Turkish citizens inside the EU as a threat for EU jobs and patterns of employment.

These positions in fact exaggerate both the opportunity and threat Turkey's population can possibly pose to Europe as Professor Cem Behar has pointed out recently.² This is because both sides of the debate fail to take into account that Turkey's population growth has slowed down significantly and its age structure has been changing rapidly in recent decades. By the time Turkey becomes a member of the EU and mobility of Turkish citizens inside the EU is allowed many years after that, Turkey's population will be significantly older. By that time, the numbers of those younger people in the likely age to move within the EU are likely to be much smaller than the levels suggested by the current estimates.

Turkey has been going through its demographic transition and rather rapidly in recent decades. Fertility rates, that is, the average numbers of children per woman of child bearing age has been declining rapidly for the country as a whole. They have declined from well above 4 in the 1970s to levels close to 2 in recent years. The most important causes of this change are the rapid rates of urbanization and rising levels of education for women. Fertility rate for Turkey as a whole is expected to decline below 2 during the next decade or so. One important consequence of this trend is the rapid decline in the rates of growth in Turkey's population from well above 2 percent per annum in the 1970s and 1980s to levels barely above 1 percent per annum in recent years. The faster than expected demographic transition also means that Turkey's population is likely to stop growing sooner and reach a maximum size at a level lower than predicted by most earlier estimates.

Turkey's population numbers and the related issues of labor mobility are likely to pose less of an opportunity and less of a threat to Europe than most analysts had predicted until recently.

Another related and equally important implication of the demographic transition is that Turkey's population is getting older faster and the shares and numbers of those younger people in the age groups most likely to migrate are declining rapidly. This trend is expected to accelerate in the decades ahead. For example, those above the age of 65 make up only 6 percent of Turkey's population today. By 2040 this share is expected to exceed 16 percent. Similarly, the median age in Turkey is expected to rise from 28 today to 37 by 2040. In short, because of the more rapid demographic transition, Turkey's population numbers and the related issues of labor mobility are likely to pose less of an opportunity and less of a threat to Europe than most analysts had predicted until recently.

2 C. Behar, "Demographic Developments and Complementarities: Ageing, Labor and Migration", *Turkish Studies*, vol. 7, no. 1, 2006, pp. 17-31.

While the debates on Turkey's EU membership have been focusing on the issues of culture and identity in recent years, this does not mean that the economic issues have permanently lost their importance. For one thing, current debates on Turkey's membership have often been fueled by misconceptions and fears related to the economic and demographic issues. Secondly, if the debate regarding Turkey's membership ever moves beyond the current uncertainties, there can be no doubt that the economic issues return to the agenda and dominate the debates once again.



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