

Turkey in the Global Integration Process

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Abstract. This study investigates some of the important economic consequences of some fundamental political and social problems of Turkey in the context of globalization. It highlights the negative impact on economic prosperity of a bureaucratic-authoritative state, which in its political structure and operation does not appreciate democratic participation, rational budgeting and competitive administrative practices.

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Introduction

The twentieth century has witnessed a great deal of discussions on economic development and the role of government in economic life. State and the role of state in creating economic welfare have been redefined in accordance with the rise of new schools of thought. Among these schools, globalization (Atılgan, 1997: 136-140) which is based on liberal values as well as reinforced by them, focuses on “individualization” and “civilization,” hence highlights non-governmental organizations. The result seems to be a remarkable reduction in the scope, power, and importance of traditional, authoritative, and interventionist state.

Today individuals tend to prefer a government that has the following characteristics or functions. Rather than intervening or interfering with the rights and liberties of individuals living within its governmental territories, a government is expected to eliminate conflicts among individuals by serving as a referee, to promote free enterprise, to protect and even expand individual acquisitions, protect labour through certain social security measures, and have a transparent and rational organization (Gwartney and Stroup, 1999: 5). A government is respected more today if it promotes integration with international and supranational organizations. In traditional

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societies, however, since the limits of privileges and authorities of a legitimate government are not explicitly determined, we observe a different type of political authority which frequently intervenes in individual affairs, hence limiting freedoms and wasting resources, as opposed to a government with limited functions such as providing general public services and protecting basic rights and freedoms.

Given its historical background and contributions to civilization, Turkey can be regarded as a regional power. Nevertheless, this country has a more traditional outlook than many of the western countries and social organizations it is trying to join. Typical “oriental” decision making processes and hierarchical structure plays a critical role in the functioning of the state in the eastern world. In this regard some of the important problems facing Turkey’s integration with the globalizing world are the authoritative and bureaucratic structure of the state (Hague, Harrop and Breslin, 1998: 26), irrational budgetary policies and extremely centralized structure which does not allow administrative competition. This study discusses these structural problems from an ontological perspective and in terms of their opportunity cost on the economic welfare of the individuals.

Turkey’s Internal Resistance to the Process of Restructuring

1. The decision-making State at the Expense of Social Wealth

Individuals in many developing countries are incapable of solving vitally important social problems related with poverty, health, education, and housing. In order to overcome such problems, individuals tend to rely on the government for help as the highest-level social organization. When solving these problems, the government also tends to assume some self-assigned roles by taking advantage of either the chaotic structure of the problems, the multiple parties involved, or the intensity of the disagreements and the associated risk for social conflicts. It is commonly believed that the government can solve problems in a just manner based on public interest. In societies where the market mechanism is not strong, such common beliefs about the state or government make the situation even more problematic. There is an economic cost associated with problem solving. Transfer of funds required for problem-solving involves various segments of society and interest groups. These segments and interest groups are commonplace and are often represented by someone who has an influential position in the political power structure. As such, it is natural for these people to be

sensitive to fund-transfer mechanisms and try to protect themselves or those whom they represent. Politicians, legislators, bureaucrats, and taxpayers who contribute to public expenditure are motivated more or less by the same factors. For this reason, when dealing with transferring economic resources, there is no such thing as an independent and objective or impartial “referee” protecting “public interests.” This is even more so when a state adopts a particular “official ideology.” Theoretically, policymakers, bureaucrats and auditors are assumed to observe public interests and act on behalf of the “abstract state.” In practice, however, these public officials act to protect the interests of their ideology and the social groups they represent.

Complicating the issue even more is the fact that the concept of the “public” itself is not something that is clearly defined and limited to a certain range of activities. The fact that there seems to be no hope of reaching a consensus in the near future with regard to the ongoing intense discussions in Turkey on public vs. private areas is a clear indication of the ambiguous character of the term.

It is unavoidable for the political parties in power – who are in charge of collecting funds through taxation and redistributing them – to have interest-related connections with support groups. In this regard, subsidies, incentives or exemptions provided to such groups or individuals as farmers, trade unions, labour unions, businessmen, or exporters can be regarded as political loans handed out to guarantee the sustainability of their political life. The most important obstacle to a fair distribution of wealth is the existence of a close connection between political authority and the interest groups. In Turkish practice, “public interest” is observed to protect rather the interests of powerful lobbies and some privileged power elites in the name of “best interests of our country,” or “national security.” The financial burden of a political decision that benefits one or more of these interest groups can easily be transferred to the whole society. Due to of the lack of confidence in the market, often times funds collected through such rent-transfer mechanisms – and tolerated by the society for the sake of capital accumulation – flow abroad in search of more secure places (Somel, 2001). The fact that most of the funds collected through taxation and allocated to small privileged groups are taken out of country increases the cost of public services tremendously.

The nature of interrelations between political parties and interest groups in Turkey call for a constitutional democracy based on the rule of law. Otherwise ideological conflicts as well as destructive competition on

economic resources would be inevitable (Kılıçbay, 1994: 65-70). When vital discussion is centered around something other than civil rights and freedoms, society is pushed towards a clash of values with a high entropy rather than focusing on individual interests.

The success of the state in detecting and solving the problems that come out of individual, social and political interactions is, in general, questionable. In Turkey, the Constitution, which is supposed to be social contract, is dictated by the state and state-controlled institutions. Moreover, participation by individuals is generally excluded from these institutions. The state, by imposing certain restrictions on the activities of the elected government for the sake of security and status quo, limits the scope of politics, hence suggesting that the rules dictated against the will of the people are necessary for individual and social prosperity. The Constitution, which suffers from a lack of individual support, proves to be insufficient in solving daily problems. Accordingly, the “constitutional citizenship” component of the Constitution is forced to remain weak. As a result, the individual having weak ties with the Constitution has no incentive to protect it. However, the very *raison d'être* of democratic constitutions is to protect the individual against various threats and eliminate the organized threats against itself by referring to individual and social consciousness.

2. Costly State

There is certainly a cost to society associated with current expenditures and public work undertaken by the state. The government collects taxes to finance these expenditures. Similarly there is an opportunity cost for all social segments of the state participating in economic activities as a producer. The cost of the inefficient use of resources by the state comes primarily in the form of a higher tax burden on taxpayers. The cost of a big government coupled with an inefficient allocation of resources has negative impacts in the form of a contracting economy, diminishing tax revenues and unemployment for low income groups.

There are a number of problems faced by developing countries, which require considerable amount of resources to solve. Some of these problems include, lack of infrastructure, insufficient capital accumulation, an

unnecessarily large public sector, lack of quality education, high unemployment, lack of skilled labour, lower technology, and health problems associated with insufficient nutrition.

The government, when dealing with these problems, generally sacrifices “fairness” in distribution of resources. Individual social segments, in reaction, use either ethnic or social identity when demanding their share. The state can tolerate these different identities during the formative period as a natural element of social structure. However, once they exceed a certain level of popularity and dominance they can serve as a base for social conflict and even separatist tendencies. When ethnic and social identities seem to threaten the security of state, the state does not wait; by adding a “foreign threat” syndrome to the background of conflict, the door for huge national defense expenditures is opened.

The perception by individuals of the state as employer pushes the state to become involved in the production of goods and services. Large-scale investments in various sectors make the state a giant enterprise dealing with big problems. If limited financial resources are not sufficient to finance investments and current expenditures, the state has three options: printing money, imposing new taxes, or borrowing from internal or external sources. But the use of each one of these methods negatively affects economic welfare. The purpose, method and area to which these resources are allocated determine the magnitude of the opportunity cost.

Eventually the government will increase taxes in order to finance its ever-increasing expenditures. However, more taxes mean less money-making opportunities for the rest of the economy, reduced willingness to work, hence less productivity (Gwartney and Stroup, 1999:91). Moreover, higher taxes lead to lower rate of capital accumulation, and encourage individuals to consume more of the less-desired low-taxed commodities. Similarly, higher taxes negatively affect work motivation and encourage underground economic activities.

One should also note that irrational tax collection and redistribution behavior discourages exchange of goods and services in the market. The cost of tax collection is another factor that increases the tax burden. Ill-organized tax collection agencies can dishearten taxpayers by forcing them to spend their limited and valuable time at the doors of tax collection offices instead of spending it on production. This adds to total cost of commercial businesses. Transaction costs associated with taxes is another factor that

negatively affects tax revenues. The fact that tax legislation is complex and subject to frequent changes brings additional costs to small and medium sized firms through being required to employ accountants and financial consultants. For Turkey this cost is estimated to be 10% of annual tax revenues¹. A higher tax burden reduces the competitive power of the firms and negatively affects tax revenues actually collected.

3. Government as a Provider for the Interest Groups

Non-governmental organizations and private sector institutions can be better organized than government institutions in terms of information and functionality. When this is the case, governmental auditing institutions are insufficient to watch and supervise this sort of organization.

In Turkey, one can observe that some retirees who formerly occupied high positions in the state hierarchy share their knowledge and experience as manager or consultant in specific areas to the benefit of certain interest groups. This puts these groups in a more advantageous position with respect to the state. Such interest groups try to penetrate the government, become involved in speculative activities, and hence play a destructive role in the democratic system as well as on the market.

A lack of a democratic culture together with insufficient democratic institutions and organizations is the main reason behind irregularities in the state order, corruption, bribery and nepotism. The fact that people tend to see the government as an employer (Barnet and Cavanagh, 1995:268) and that the redistribution of wealth is performed by the government rather than the market, politicizes people and causes them to pursue their own interests in the political circle. This weakness moves politics and decision-making processes from a rational to an irrational ground and gives rise to “happiness chains” passing through the state. The conventional classification of interest groups formed by industry, trade, agriculture and commerce (Kılıçbay, 1994:39-45) is no longer a comprehensive one in Turkey today, as civil society organizations, foundations, think tanks, religious sects and communities, media groups, and arms merchants are actively involved in lobbying for their own economic interests.

¹ See TÜRMOB’s Pamphlet for Annual Minimum Accounting Book Fares.

People living in societies with lower education and income tend to be more open to speculative movements, hence increasing economic and political volatility. Even a newly established political party that has no social support base but utilizes propaganda techniques well could get a considerable amount of votes by addressing the basic concerns of the masses effectively. In countries like Turkey, where democratic filters are weak and power is concentrated in the hands of the state elite, powerful lobbies and interest groups, by making use of social conflicts arising from the lack of coincidence between political supply and economic-social demands, use state resources for their own interests, making society pay the price.

In Turkey interest groups who analyze society well both economically and socially play an important role on society's future prosperity. One can argue that in some sense corporations, the media, women's associations, cultural centers, social and cultural research centers, universities, religious communities, historians, political scientists, linguists, archaeologists and so on, are racing produce ideas and ideologies to consume the future wealth of society. Political parties in power allocate resources, in the form of incentives or research funds, to interest groups in order to get their support in return.

Interest groups affect governments in favor of their own interests but to the detriment of taxpayers and consumers. They receive subsidies, incentives, exemptions and exceptions from the treasury funds, which ultimately have negative impacts on the economic and social welfare of the current and future generations.

In this regard, constitutional restrictions – designed to limit the state funds that would be allocated to organized interest groups in the form of subsidies, privileges, incentives for research, and so on, at the expense of taxpayers – would narrow the range of irregularities between politics and interest groups.

4. State with Permanent and Large Budget Deficits

Political parties with no rational economic, political and social projects (Donnison, 1975:193-199) tend to give irrational promises in order to attract supporters. Voters tend to behave more emotionally as their economic and social problems grow bigger. Promises such as more jobs, hospitals, schools, roads, bridges, and dams get voters excited and affect their political choices.

One should not expect voters and political parties to think about the cost of these projects since their primary focus and present conditions do not allow this. Electoral success of a political party is facilitated by the low level of political and economic consciousness of the voters. Large budget deficits are inevitable if political parties take on huge expenses order to keep their election promises. Government parties feel they have to find other means than increasing taxes because of the possible political risk associated with higher taxes.

Political power has to make certain choices between unending voters' demands and political and economic realities. Governments, in an effort to find an interim solution for voters' demands, try to postpone the cost of current expenditures by issuing government bonds with high interest rates. The cost of projects not evaluated through a careful cost-benefit analysis bring tremendous financial burden for society in the medium and long run. There are several unfinished investment projects in Turkey initiated by the public sector which are not expected to be completed in the foreseeable future because of lack of funds. Even if some of them are supposedly "rational" investments, the opportunity cost of these delayed investments is quite high given the scarcity of resources in the country.

The competition of the public and private sector for the limited domestic savings in Turkey increases the cost of funds, and this in turn forces borrowing from abroad. Big enterprises with creditworthiness are to some extent integrated with the outside world. They can get funds from abroad albeit at a high cost; however small and medium sized enterprises do not have this opportunity. They either cannot access foreign funds or they can get funds at a much higher cost. A higher cost for funding is directly reflected in higher production costs and lower employment. As a result, economic competitiveness falls, real wages go down and insufficient demand arises due to lower income.

Facing a high level of outstanding debt stocks with high interest rates, the state monetizes the economy by printing money in an effort to reduce debt stock. This increases inflation first, and then leads to financial collapse of the system. In countries like Turkey which faced chronically high inflation for decades, lack of confidence in legislators and decision-makers grows. Growing doubts among people about whether the state will be able to pay its debts soon leads to breaking the debt cycle (Seyidoğlu, 2003:146-147).

Budget deficit is essentially a political problem (Worldbank, 2001) stemming from a democratic system in which the size of government expenditure or the budget deficit is not limited by law. In an effort to tackle this problem, advocates of Constitutional Economics suggest that the constitution be modified so that a balanced budget is enforced, or that the current year's expenditures do not exceed the previous year's revenues. Further, they suggest that a two-thirds majority be required for any new tax regulations.

5. State Encouraging Poverty

Political, social and economic crises seem inevitable in countries where the political system is not open to democratic competition within a constitutional framework and the economic system is not open to free competition of market forces.

A pro-status quo and authoritative state perceives the highest and lowest income groups in the society as a threat to security (Hayek, 1995:63-64). In general lower income groups tend to become recruitment centers for opposition groups. The state perceiving the security threat, starts putting limitations on freedoms, hence increasing security and defense expenditures. If the tension between state and opposition groups gets too high, then fund transfers enter the scene as a form of political bribery. The cost of income transfer exceeds the net revenue of the receiver. The state incurs certain expenditures for the planning, programming and organizing of fund transfers. The subjective and sensational character of the issue makes the whole process "confidential" and "mysterious." These expenditures are not subject to auditing, and most of the time final cost is much higher than initially planned.

Social groups with a high level of welfare are more dynamic and innovative compared to the state's static and pro-status quo attitude. It is "high society" who either develops or transforms fashion and culture, and introduces new production and consumption patterns, new technologies, organization and finance methods. In order to keep this group under control, the state uses bureaucracy and red tape mechanisms. By using indirect control methods such as imposing complicated regulations and red tape,

bureaucrats – who are known to have a pro-status quo attitude – increase the cost of the state to the market.

Authoritative state and temporary governments, to ensure the continuity of their existence, set the ground for ideological divisions and conflicts among different social segments – a dangerous maneuver in which costs exceed benefits. The economic cost of such ruling practices is quite high, as they ultimately destroy social integrity and the democratic system by eradicating the grounds for mutual understanding and coexistence. This removes “confidence” which is an essential part of market stability, hence increasing the cost of production, consumption, capital accumulation and borrowing.

In addition to the above, use of irrational or uneconomical methods by the state for social purposes such as poverty alleviation, decreases motivation to work, which ultimately encourages the unemployed to stay idle and unproductive. Moreover, such practices consume more taxpayers’ money and negatively affects their motivation to work. One can argue that the larger the amount of resources at the state’s disposal, the more complicated the state hierarchy gets and the higher the risk of corruption. Furthermore, practices such as unemployment insurance encourages some employees to leave work and thus increases the financial burden of employers.

6. State Planning at the Expense of the Market

Regardless of whether it is flexible or not, planning, as a concept and institution, is essentially an instrument used by the state to intervene in the affairs of the market. In planned economies, individuals and institutions who do not take part in the market as producers try to determine the functioning of the market as if they are the owners or the architects of the market (Hayek, 1995:212-215).

Planning, which can be equated to “lack of confidence in the market,” has been largely a concern of construction and engineering. The fact that engineers were heavily involved in the formation phase of the State Planning Organization (SPO) of Turkey in the early 1960s and the fact that an engineering mentality is still dominant in the functioning of the organization reduces planning to a “project” rather than a “strategy.” One can argue that engineers tend to apply the characteristics of engineering projects to social

and economic problems, which are relatively less concrete, more open to subjective evaluations and more difficult to make generalizations about. Implementing engineering practices to social issues limits social integrity and functionality, hence destroying the natural development process of the market. Planners, partly due to the engineering type of mentality, tend to be in favor of systems based on predetermined rules, which encourage them to deal with problems in the context of a system and develop programs accordingly.

While researchers and other technical staff working in various ministries cannot take an active part in designing and programming economy-wide public investments, this function is assumed by politicians – seeking for election victory – and experts of the planning institution who act as their bureaucrats. Since the 1960s most of the public investments have been done according to five-year development plans prepared by the SPO. Interestingly enough, one of the most important sources behind the huge budget deficits Turkey has suffered from in the last two decades are the unproductive investments planned by the SPO. As of the end of 2002, net present value of the investments still waiting to be completed since the 1960s is estimated to be around 166.8 billion New Turkish Lira.² Most of the investments in the form of state economic enterprises have survived only thanks to financial transfers from the government budget. Universities – whose contribution to world scientific heritage is almost none – and elementary and secondary schools with 60-student capacity per classroom, resulting in low-quality education, were outcomes of such planning. In addition, the low level of GDP per capita today, several economic and social crises faced since 1960s should also be taken to be the by-products of those plans on which planning bureaucrats and academicians worked for several months or even years.

One should make clear that what is being criticized here is not the technical capacity of the planning experts, but the “planning logic” itself. Central Planning (Ayanoğlu, Düzyol, İlter and Yılmaz, 1996) by its very nature, ignores market mechanisms, substituting market signals with political decisions – which give priority to the interests of the politicians, state or public authorities – hence restricting private sector investments. Information on which investment decisions are based in the state bureaucracy is incomplete and defective due to the fact that it tends to hide

² Turkish Daily Zaman 23/12/2002. This corresponds to approximately 150 billion dollars.

failures when flowing from bottom to top. Decisions to open many public institutions such as hospitals, schools, universities, or provincial units of government institutions are not based on a real demand or feasibility studies. In this regard, for instance, a tea-leaf processing factory was opened in Elmadağ county of Ankara where there is no tea-leaf production at all.³ Similarly, even though there are several universities located in the central provinces, a decision could be made to open a new university in a neighboring province as close as 50 kilometers, again with the approval of the planning body. Here the planning authority is acting as part of the executive body. What must have been done, however, is to carefully analyze the possible options and the costs and benefits of these options in the context of internal as well as global developments, and make rational and strategic choices.

As indicated above, in the Turkish experience, the success of the executive body and the planning authority have been directly related to one another. Planning experts in a sense act as the legitimizing body – through a “research-analysis-decision” process – for irrational and unfeasible investments demanded by the politicians. Accordingly, politicians, when trying to get funds from the government budget for investments they desire for their election districts, feel that they have to refer to the development plans.

The market mechanism can determine the investments most needed within the context of its own functioning, and make cost-benefit analysis of the possible investment options in accordance with investors’ interest. Therefore, instead of blocking this initiative, if the state facilitates the functioning of the market mechanism, investors can make better investment decisions.

7. State Perception of Competition as a Threat

The main positive outcomes of competition is to reduce cost and hence prices, promote innovation and creativity, force low-quality products out of the market, provide consumers with better quality products at cheaper prices,

³ Due to the climatic conditions, fresh tea-leaf is actually produced in the Black Sea region, a region almost one-thousand kilometers away from Elmadağ. This is a typical example of inefficient use of resources by public planning.

and hence increase welfare. From this perspective “competition” is necessary for the betterment of the state as well.

One of the important reasons behind low productivity in production as well as management or administration is the lack of incentives for the human resources involved. Competition, in this regard, triggers motivation (Begg, Fischer and Dornbusch, 1999). It is impossible to talk about the existence of dynamism in a state when there is no motivation. The cost of a slow, bulky and unproductive state is high. In most cases directors or managers of public enterprises, who have waited quietly for the end of the year, suddenly start spending money irrationally in an effort to make sure that funds to be allocated for their institution in next year’s budget do not fall. This is surely another way of wasting scarce resources.

The term “profit” for a state should mean an increase in the net national income with respect to the previous year. However when there is no internal competition, profitability for bureaucrats--as a measure of success--is replaced by unconditional loyalty to the status quo due to the fact that the state continuously emphasizes “security.” For this reason, the “bureaucratic”, as opposed to the “democratic”, face of the state stands out. As bureaucracy gets larger, it is assumed, state security will be guaranteed.

While the importance of competition is continuously emphasized for the private sector, it is regarded as a threat to the security of the centralized state structure. This excessive emphasis on security by the state makes those who seek power more radical in their political discourse. Political movements, which are likely to come to power but are not ideologically approved, are considered to threaten the state order and all institutions of the state establishment work together to exclude them from the system. If, despite every effort to block them, a movement gets enough popular support and comes to power, the political leadership of this movement comes to office with serious discomfort about legitimacy.

In democratic countries the source of legitimacy is the constitution and popular support. When the source of legitimacy is shifted to the will and approval of the appointed military and non-military bureaucrats, the democratic state is replaced by the bureaucratic state. In this case the state is likely to be divided into two parts: the “bureaucratic official state” on which there is no consensus and the “political democratic state.” When this is the case, the bureaucratic state will still be dominant in shaping internal and external affairs, limiting the influence and scope of power of the democratic

state. It is the elected politicians who lose prestige and credibility in the power game because all political and economic failures are attributed to them. On the other hand, those who undermine democratic order and claim to be acting on behalf of the bureaucratic state are not held responsible in cases of crisis; on the contrary, they become first class, privileged citizens in the state hierarchy.

Turkish politicians can stay in the political arena as long as they produce “ideologically legitimate” political arguments, show their loyalty to the bureaucratic state and observe legitimacy boundaries. But this type of politics makes political failure inevitable; economic and political failure results in being ousted from the political arena through elections. Clearly, such a political system cannot create a stable base for strongly democratic politicians.

The other element which makes democratic systems efficient and allows them to expand is the “people.” Social and economic pressures faced by people are the main reasons for a vulnerable democracy. Politicians as actors in a political field based on the vulnerability of people try to share or distribute the revenue accumulated by the state – rather than economic development and modernization – and in cases the revenues are exhausted, they try to create new revenue-generating mechanisms. When expenditures exceed revenues, they to familiar instruments: printing money, internal or external borrowing, or higher taxes. This vicious circle between people, politicians, appointed bureaucrats and the state inevitably makes the democratic order – as political system – and economic order – as welfare generator – weak and vulnerable. When the state is vulnerable one cannot expect it to be a strong regional or global actor with a strong will and power.

A competition between political movements whose primary purpose is not to destroy public order, brings diversity and wealth of thoughts and ideals. Nobody knows when the qualitative and quantitative development of this human capital will become a source of benefit for the society. It is these ideals and thoughts which enable societies to solve social, political and economic problems, and even establish civilizations.

8. Bureaucratic State Ignoring the Individual

In those societies where individual rights and freedoms are granted without a struggle for those rights and freedoms, serious problems are faced in practice

(Mill, 1985:119-121). When individual and state are in confrontation, the state feels a security threat and resorts to using violence, hence violating individual rights. Authoritative states, leaning more on the supply side, refuse to satisfy democratic demands by incorporating such demands within the scope of security, hence destroying the capacity of the society to make such demands. In developing countries like Turkey, development of individual and social democratic culture is blocked for reasons of security and the continuity of the state.

There are conflicting notion of “right” in the eyes of violators and victims. This makes it difficult for the individual to see and accept the limits of law and morality. The individual who adopts an attitude where “everything goes” destroys the sacred or immune nature of legal and ethical rules. In societies where traditions and religion are culturally dominant, legal laws with a weak morality base and which do not have strong organic ties with the individual (Fukayama, 2000: 186-187) are perceived as a body of rules or prohibitions whose legitimacy is not internalized (Demir, 2003:40-45).

Ethics encourages individuals to observe others’ rights in their social relations. Therefore problems which can not be resolved by ethics can only be solved by legal rules with the help of physical sanctions. The fact that ethics is an abstract term should not reduce its importance; it provides a huge value to social order. In society’s cultural codes the term morality or ethics provides a self-control mechanism, this increases the chance for the society to resolve many problems without resorting to the court.

Value judgments “good” or “bad” are the subject of ethics. If rules to regulate social life are not based on these values, especially in those societies where ethical values are important, legal rules are likely to become socially baseless. It is not surprising to see a strong tie between law and morality in those societies where traditional or communal – rather than individualistic – characteristics are dominant. In Turkey, in the case of a conflict between the individual and the state, the security officer, judge or state bureaucrat uses his discretion in favor of the state, ignoring the individual’s rights. In this situation self-interest as well as a fear for disrupting the community, the society or the state plays a part.

The scope of rights and freedoms cannot be enlarged as long as representatives of the state approach individuals’ demands as a “threat” or a matter of “security.” These demands should be taken as a guarantee for

stability, social dynamism and as part of becoming a modern society. It is the lack of individual rights and freedoms in Turkey which receives the most serious criticisms from the EU.

It is an expensive process to establish legal rules, supervision, control, and a judiciary process to resolve conflicts. Resistance by bureaucrats and politicians against social change and transformation increases the opportunity cost of economic development, negatively affects welfare, and increases the fiscal burden on taxpayers.

Conclusion

Based on the Turkish experience, this study discusses the economic costs of internal social and political resistance by the state in the process of integration with global supranational identities. One of the most important reasons behind the fact that demand for social and political change is not coming from the bottom to the top is the traditional “statist” attitude of society and the state’s intolerant approach to individual freedoms. It has been mostly the state which initiated the process of change without a strong social support base. This created important problems in terms of vertical and horizontal development of the society, giving the state a more “privileged” status. The state narrowed the scope of civil initiatives concerning public affairs for the sake of security and continuity of itself, imposing bureaucratic hegemony rather than democratic values.

In Turkey, where basic structural problems regarding democratic institutions, decision-making processes and individual participation have not been solved, the state has become a bulky organization. Irrational decisions by this organization exclude the individual and made the central state dominant. The state, by talking a self-interested stance in some political debates, did not allow for the formation of stable, deep-rooted political parties. A multitude of political parties without a strong philosophical background, centered around a particular figure or a leader, ruined the continuity and balance of the “political market.” In order to stay in power, political parties distributed public funds biased towards their own supporters or interest groups they are indebted to. Relying on social contradictions, the state had to spend more on defense and security as those contradictions turned into conflicts over time, hence encouraging poverty instead of prosperity.

Not trusting society's civil initiative, the state strengthened the bureaucratic state by excluding social participation and leaving decision-making on political, social and economic issues basically to a monopoly of bureaucrats in the name of planned development. Competition has been regarded by the state as something that threatens security, so subjective ideological criteria, rather than objective credentials, were taken as the basis for appointing or promoting the personnel. Public administration lost many of its qualified personnel in this manner.

State representatives perceived individuals' demands as a threat to security of the state, so the scope of individual rights and freedoms had to remain restricted. The right thing to do however, was exactly the contrary: individual demands should have been taken to be a source of strength, a guarantee for social dynamism and stability, and hence should have become part of the modern democratic world.

When compared to her eastern neighbors, Turkey is more mobile and modern, but unfortunately she is far from being in the same league as the Western world in terms of democratic values and practices.

One can argue that when Turkey takes individual rights and freedoms more seriously and insists on a democratic, transparent and participatory state structure, she will become more prosperous, more capable of adopting new trends and modern values, and more powerful in the region as well as in the world.

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