

Turkey Weekly Special Comment

06 September 2010

Given the extraordinary environment the country has been thrown into prior to the referendum that assumed the nature of a plebiscite due to the keen division among the Turkish society, we opted for a slightly different piece this week. It is a long one, roughly ten pages, and could be a bit exhausting to complete for the semi-interested reader of the market. It could hopefully be informative in the extremely interesting public opinion formation war on Turkey that has been going on full throttle in the last few years in particular. At a time when everyone is seeking his own truth, we warn the reader that “truth is a well-told lie” but encourage him nevertheless to take a glance until his patience abandons him.

Of Myths and Facts, of Spurious Relations and Genuine Links, and of Immorality and Moral Indifference

Not a single day passes when the upcoming referendum on September 12 inspires writers from all wings of the political spectrum to write something on seemingly first about the constitutional reform package which ultimately becomes a verdict on the AKP and PM Erdogan in particular. There is nothing wrong with ending up with a verdict as a result of any analytical effort, be it economy or politics related. Indeed, that is what we always try to do as practitioners in the market or in the academia. The crux of the matter I believe, however, is that the verdict should be scientifically and methodologically as robust as possible, at least temporarily until the time when further data accumulation either weakens or changes the verdict. And that is such a common phenomenon in our profession; look at the same problem in a moving window framework or select different initial and end point for your sample and you end up with a strikingly opposite conclusion than you would otherwise.

To more explicitly elucidate my stance regarding the significance of testability and verifiability, let me state a candid view of mine which runs in sharp contrast to a very common perception in our culture for sure and presumably in some other cultures as well. “No opinion can be formed about an issue without adequate accumulated knowledge related to it” is a rough translation of the perception mentioned above. I could not disagree more. I am not going to argue that what we call knowledge could sometimes be distorted/not ideology-proof/misleading, all of which is true by the way. More simply, I would argue that opinion should be allowed to be based on sheer insight or gut feeling alone, but also ready to be abandoned when contradicted by data on a fairly consistent basis, statistically speaking. Naturally, verification by data would lead to a stronger opinion, but in no way should be treated as accidental verification of a wild view/guess coming out of nowhere. Insight and intuition are extremely useful guides to knowledge accumulation, and opinion formation is the initial phase which ultimately leads to that accumulation. The entire process begins either with or without knowledge accompanying intuition/insight and data flow is the processing phase which ultimately leads to “knowledge”, itself almost without exception is subject to change based on further flow of data.

Where has Turkey been heading and how is she to perform economically in the medium to long run? The answer will naturally be in the form of a “conditional probability” one, and based on the same given event setting the conditionality (i.e. that given the ruling AKP stays in power for the foreseeable future), answers seem to range from the rosy world of democracy to demise/authoritarianism. How could rational agents of roughly similar IQ differ so wildly on such a seemingly not so complicated question? One could say, well, their “opinion” is based on knowledge built on distortion/heavy ideological content, and even misinformation. All of which could be true, naturally, or it could simply be that their intuition and insight simply guide them in that direction. “Why in that direction?” is also a

question worth digging into rigorously, but let us leave that aside for the time being and give a shot at separating data-supported inferences from those loosely hanging in the air. There are lots of examples that show up in newspaper columns every day, perfect examples of both cases that is, but those pertaining to the former case are so scarce relative to the latter that it is impossible not to think that data loathing is mandatory on this land. This deficiency not only pertains to economic data which the ordinary guy on the street does not have much access to or cannot digest very easily, but also to political data such as comments by political figures in fairly recent times. Memory formation is distorted here because that is the only way through which you will be able to avoid verification or falsification by data. It is not the act of verification that thrills the Turkish agent it seems, but the mere possibility of falsification that he even dare not contemplate. Hence a lot of hogwash that need not be taken seriously though their success in opinion formation by the public at large could be formidable. We feel unequipped to deal with the sort or simply do not have the luxury to devote time to washing these away as best as we can.

We felt obliged, however, to say a few words on an opinion expressed by a prominent academic employed in a most renowned American institution in the reputable Project Syndicate (PS) blog regarding the path the AKP has been steering Turkey into. The author, Prof. Dani Rodrik of Harvard Kennedy School of Government, dives into the very popular debate regarding the relationship between political structure and economic growth performance and gives us a clear view as to where he stands by the title of his piece, “The Myth of Authoritarian Growth”. In his own words,

“The relationship between a nation’s politics and its economic prospects is one of the most fundamental – and most studied – subjects in all of social science. Which is better for economic growth – a strong guiding hand that is free from the pressure of political competition, or a plurality of competing interests that fosters openness to new ideas and new political players?”

East Asian examples (South Korea, Taiwan, China) seem to suggest the former. But how, then, can one explain the fact that almost all wealthy countries – except those that owe their riches to natural resources alone – are democratic? Should political openness precede, rather than follow, economic growth?”

His answers, not surprisingly, heavily overlap with ours; that is, over the longer run democracies have beaten authoritarian regimes by a significant margin and data as much as they have hitherto piled up support that inference. Our discrepancy with the author stems from two sources; one is almost purely academic, and the other one pertains to his classification of countries into overachievers/underachievers and to placement of Turkey in particular in the possible underachievers set. Our so called academic reservation is that the relationship is taken by the author as a strictly linear one implying that under all circumstances more democracy will be tantamount to more efficient policy making thus higher efficiency and thus better economic growth performance. If that were the case, then his first statement in his first paragraph given above,

“The relationship between a nation’s politics and its economic prospects is one of the most fundamental – and most studied – subjects in all of social science”,

would be a bit difficult to convey to the novice reader as he would presumably ask why we the economists spend so much time “studying” such a fundamental yet straightforward linear relationship. Taking the argument to the extreme, the first study on the subject that is methodologically not deficient would more or less be the “definitive” study and we would explore other subjects of interest instead. It is indeed cases or periods of non-linear linkages that have confused some researchers and still seem to confuse some more.¹ Authoritarian regimes in the past in different cases and for certain time periods had indeed implemented policies that had immense success in purely economic terms, and that led to thinking on the part of some whether such political structures could lead to permanently superior economic growth performance.

We are aware of such “success data” in the past and even today, and needless to say so is the author. We share exactly the same view with the author that data compiled so far “explain” superior performance by democratic regimes. Yet the non-linearity issue is unduly ignored, we believe, and his latter question as to whether political openness precedes or follows economic growth deserves more scrutiny than provided in his short piece.

Again not surprisingly, the author is presumably also aware of such a need and had attempted in the past to provide a rigorous attempt to serve the purpose. In his 1998 dated unpublished working paper², Rodrik starts his piece with the following sentence:

“This paper is motivated by several related puzzles in the comparative experience with economic growth.”

Hence puzzles are explicitly acknowledged at the outset as one would expect. Differences in economic performance among countries in different regions of the world, basically Asia, Latin America, and the Middle East as of the second half of 1970 following the oil shock is stated to be the basic motivating factor for the piece. Rodrik’s hypothesis to be tested is that the level of advancement of conflict resolution mechanisms plays a key role in growth performance. In his own words,

“Democratic institutions, an independent and effective judiciary, an honest and non-corrupt bureaucracy, and institutionalized modes of social insurance are among the most significant of conflict-management institutions. I proxy for the strength of such institutions by using measures of civil liberties and political rights, the quality of governmental institutions, the rule of law, competitiveness of political participation, and public spending on social insurance.”

The definition above for strength of democratic institutions is extremely acceptable and should serve well in any study using it as an exogenous or endogenous variable. Yet, motivated by growth experiences of many countries in the aftermath of the oil crisis in the

¹ For an excellent survey into the methodology of investigation of this extremely intertwined issue pertaining to the study of the relationship between democratic and economic development stages, see William Easterly, “The Anarchy of Success”, The New York Review of Books, October 8-21, 2009, Volume LVI, Number 15.

² “Where Did All the Growth Go? External Shocks, Social Conflict, and Growth Collapses”, unpublished working paper, revised August 1998.

early 1970s and by his apparent favorite trio of South Korea, Turkey, and Brazil, Rodrik ends up with a slightly counterintuitive conclusion we believe. Again in his own words,

“Compare, for example, South Korea to Brazil and Turkey. As Table 3 shows, Korea was hit harder by the changes in world prices during the 1970s than either of the other two economies. This is largely because trade constitutes a much larger share of national income in Korea. The income loss associated with a rise in the price of imported oil is correspondingly larger in Korea than in Brazil or Turkey. Yet Korea grew even faster after 1975, while Turkey and Brazil both experienced an economic collapse. At one level, it is not a great mystery why these experiences differ. Consider the experience of these three countries.

The South Korean government undertook a textbook adjustment in 1980 as soon as signs of a payments imbalance appeared. There was a devaluation, a tightening of monetary policy, and a program aimed at increasing energy efficiency in the economy. The result was a single year of sharp recession (exacerbated by a poor harvest and political strife) and moderate inflation. Growth picked up very quickly thereafter, to the point that Korea’s growth trend was completely unaffected by the events of 1980 (see Aghevli and Marquez-Ruarte 1985).

The Turkish response was quite different. A populist government reacted to the growing current-account deficit in the mid-1970s by going on an unsustainable external-borrowing binge. Once foreign bank loans dried up in 1977-78 as a result of concerns about repayment capacity, fiscal and exchange-rate adjustments were delayed. Between 1978 and 1980, inflation rose and the economy went into a tailspin. Some semblance of macroeconomic balance was restored in 1980, but with huge distributional consequences brought about by changes in key relative prices (the real exchange rate, real wages, and the rural-urban terms of trade). These relative-price changes had the effect of transferring income from farmers and workers to the public sector (see Celasun and Rodrik 1989), and were greatly facilitated by military rule during 1980-83. These distributional shifts have created a legacy of macroeconomic cycles in Turkey, with real wages going through periods of recovery followed by bust. Largely due to this legacy of instability, inflation has remained high since the early 1980s, and the Turkish economy has underperformed relative to its potential.

In Brazil, widespread indexation prevented an adjustment in relative prices of the kind that eventually took place in Turkey. Even without formal indexation, strategic interaction among social groups resulting in wage-price rigidities appears to have made orthodox adjustment policies of demand restraint extremely costly in terms of output (Simonsen 1988). Consequently, fiscal and monetary restraint was tried only half-heartedly. The result was a succession of high-inflation plateaus: inflation jumped from 50 percent per year to 100 percent in 1979, 200 percent in 1983, 400 percent in 1987, 1,000 percent in 1988, and more than 2,000 percent in 1990. Each failed stabilization resulted in higher inflation rates than previously, until the real plan of 1994 finally brought price stability.”

For those who are not very familiar with the subject or with the three countries in question, our citations above from Rodrik’s piece are indeed an excellent synopsis of the three countries’ economic performances for the relevant period. The problematic inference emerges when relative performance of these three countries in the aftermath of the oil crisis are attempted to be linked to the prime argumentation of the piece in the first place; that is, the positive correlation between growth performance and the strength of conflict resolution mechanisms, i.e. the strength of democratic institutionalization.

Here is how Rodrik addresses the issue before introducing the framework for his model:

“These country vignettes underscore the importance of the way in which different societies react to external shocks. In Korea, adjustment was swift and somehow non-politicized (bold is ours). In Turkey, adjustment was delayed and when it eventually took place it was undertaken in a manner that imposed disproportionate costs on certain segments of society, undercutting the sustainability of macro balances in the longer run. In Brazil, strategic competition among different social groups gave prices a life of their own and rendered traditional remedies for excess demand costly and ineffective. The latter two economies were still paying the price of inadequate adjustment in the late 1980s, long after shocks of the 1970s had reversed themselves. In short, social conflicts and their management—whether successful or not—appear to have played a key role in transmitting the effects of external shocks to economic performance.”

There seems to be some missing information here which would have shed more light on the economic growth performances of these three countries and their relative ranking. The “somehow nonpoliticized” insight of the author regarding is indeed very well justified by the presence of the despotic military regime following the termination of the Park Regime under the Fourth Republic after the assassination of Park in 1979. In 1972, Park had assumed full control over the Parliament with the inception of the Yemin Constitution. The iron grip policy not only held in the political realm but in the economic one as well virtually until his death. Major General Chun Doo-hwan’s December 12 coup d’état started what is known as the 5th Republic, another era of military dictatorship which finally came to an end in 1987 with the election of Roh Tae-woo as the president, the first in the still continuing 6th Republic as we know it.

As for Turkey, September 1980 coup facilitated the implementation of an orthodox stabilization package that was indeed prepared at the end of 1979 but barely saw the day of light due to the extreme political chaos prevailing in the country at the time. The coup took place and the Turkish Army soon stuck to its tradition of handing over the regime to the civilians while still keeping a tight leash on the “unreliable civilian system”. Thus, a seemingly democratic structure remained in place while the implicit and explicit checking mechanisms established by the Military always remained available for the co-pilot position. Any effort toward democratization which in this case is merely listening to the demands of the public at large in the absence of well established democratic institutions culminated in unconstructive chaos and rendered policy formation and implementation more challenging. Hence the half-hearted implementation the author rightly points to in the case of Turkey.

In the least successful case of Brazil, what the author chooses to call “strategic competition among different social groups” could indeed be taken as a relatively more democratic setting than the other two in the bunch which in turn made life even more difficult for Brazil for purposes of stabilization policy implementation. Not seeing any such competition elsewhere does not mean that it did not exist; it merely suggests that it was suppressed by a regime that did not even allow any equilibrium to emerge as a result of that strategic competition. You may as well read that as lack of “social conflict resolution mechanisms” à la Rodrik. Indeed, the gradual democratization process (abertura) initiated

in Brazil during Geisel's term of office (1974-1979) was extended into and strengthened during Figueiredo's tenure.

Here is then the catch. If one were to rank these three countries in terms of the strength of democratic institutions, Brazil would probably rank number one with Turkey coming next and Korea ending up third (though the margins of difference could be small and even indiscernible). Their economic growth performance rankings seem to be in the exact opposite order though. Is this surprising by any means? No, we believe. As orthodox measures contained in stabilization programs do have intertemporal costs, these policies are inevitably delayed when different social groups refuse to shoulder a discernible portion of these costs. Hence the seminal article by Alesina and Drazen³ which also admittedly inspired Rodrik for his piece.

Commonsense suggests that surges in economic performance following shocks very much depend on the timing of implementation of prudent policy packages. And democracies are known to be slow processes by definition, and we love that feature during normal times as participation/due discussion/compromising/majority ruling is an embracing act for most of us for most of the time. Yet it could be a handicap in case of shocks and crises, some examples of which we encountered even in the latest global crisis. Quite a number of analysts accused the EU, for instance, of acting very slowly hence endangering prospects of effective and goal-oriented policy making. While that may be true, it is also worth remembering that the EU is an extremely democratic set up, exhaustingly so according to some, and is presumably the most significant democracy project, maybe only second to the US experiment. Though it may look costly in cases of shocks and crises, democracy is still the best set up for long run sustainable growth purposes it seems when the longest possible sample periods are selected, but we should also be aware of the fact that different periodizations and different settings could lead to inferences to the contrary as well.

Consequently, while agreeing on the long run link that most studies have failed to reject, what we find puzzling in Prof. Rodrik's piece is that his countries of inspiration do not seem to serve his cause well at all. If we have not committed any fatal factual errors, this only points to the complications entailed in the subject and to the non-linearity and the ambiguity that pop up in certain cases.

Our take on the issue while very much like Rodrik failing to refute the long run link could thus be summarized as follows:

The relationship between economic growth (sustained growth, rather) and political structure has always been a rich field of research for economists as growth is the primary

3 Alesina, Alberto, and Allan Drazen, "Why Are Stabilizations Delayed?" *American Economic Review* 82, December 1991, 1170-88.

focus of economic analysis for most economists. The relationship is a bit murky though and linearity is hard to come up with on a consistent basis for all periodizations; cross-country regressions that try to come up with robust results are usually far from being satisfactory, and non-linearity is also a fairly common trait for some periods which are sometimes longer than one would want them to be. In other words, there are periods in countries' histories when departures from a democratic structure paid off. The issue is indeed quite subtle; poor policy making under extremely democratic regimes could prove to be extremely costly for sustained growth while relatively more or purely authoritarian regimes could be run with prudent policy making which in turn will enable much higher rates of sustained growth. We are aware of the fact that "level of income vs. income growth" differentiation could weaken the argumentation we introduced above, but the outlook for a convincing answer will probably look even more murky in the aftermath of the 2008 Global crisis which will exert its heaviest cost on long run growth performances of the Western hemisphere, i.e. the more democratic region of the world.

Will all this be enough to drive us to the conclusion that "some authoritarianism might be good in some circumstances at least temporarily"? We think not. We tend to admit that the non-linearity we mentioned before presumably stems from certain thresholds pertaining to economic development. Economies that have surpassed certain levels of economic prosperity thresholds have no choice but to democratize more and allocate more resources to education, labor skill improvement programs, safeguarding of private property and individual rights, and contract enforcement. These would and should make sense at any level of development we hear the contrarians commenting. True, but different prioritizations under different settings and different constraints could lead to outcome spaces that contain negative correlations between implementation of above mentioned policies and economic growth performance. At the expense of being repetitive, we assert once again that this could be valid only below certain levels of economic development and that positive correlation holds in the longer run.

Let us now visit his piece in Project Syndicate piece where the author builds his case along similar lines of argument. We once again agree with the author that authoritarianism breeds growth assertion is a myth. Our strong deviation from his views pertains to the classification through which he defines countries as authoritarianism tending vs. democratically developing. Here is his take on Turkey with which we differ categorically:

"Consider Turkey, a rising economic power in the Middle East that seemed destined until recently to become the region's sole Muslim democracy. During his first term in office, Prime Minister Recep Tayyip Erdogan relaxed some restrictions on Kurdish minorities and passed reforms that aligned the country's legal regime with European norms.

But more recently Erdogan and his allies have launched a thinly disguised campaign to intimidate their opponents and cement government control over the media and public institutions. They have incarcerated hundreds of military officers, academics, and journalists on fabricated charges of fomenting terror and

plotting coups. So widespread is wiretapping and harassment of Erdogan's critics that some believe the country has turned into a "republic of fear."

This turn towards authoritarianism bodes ill for the Turkish economy, despite its strong fundamentals. It will have corrosive effects on the quality of policymaking, as well as undermine Turkey's claim to global economic standing."

These are at best allegations in case of legal affairs and speculative predictions with respect to upcoming economic performances. To assert that Turkey is less democratic than she was three, two, or one year ago seems absurd to us. Our take has been that the country is normalizing on an almost daily basis, and normalization is a synonym for democratization. We are fully aware of the fact that an analytical proof is unavailable for such assertions and that our proposition is subject to the very same deficiencies that Rodrik's is. Nevertheless, here are a few anecdotal evidences that may serve to support our case and thus hopefully weaken his. Roughly a year ago, the Chief of Staff then in charge held a press conference with the highest ranking thirty plus generals behind him and briefed the nation on political issues hotly debated at the time, most of them linked to the Military. He trashed some evidence circulated by an anti-Military newspaper, insulted that portion of the media that entertained these, and reprimanded everyone who felt any kind of affiliation with or felt close to those circles. Enemies of the Republic were in question. The very same press conference is beyond contemplation today and most of the evidence served by that newspaper indeed turned out to be true. Here is a beginner's question for the Turkey interested parties: If 20% of the reported evidence turned out to be fabricated, what would be the fate of the newspaper that assumed the task of info permeation? Ceasing to exist would be the answer in older Turkey, and not so ignorable fines and pressure and even imprisonment for those in charge even under the existing political structure. We have seen nothing so far.

As for incarcerations some of which could be questionable, we would begin by saying that there is no new "law" created here to serve that purpose. Indeed, it is the old system that will hopefully be revised and raised to EU standards that is behind all the arrests and incarcerations. This is no excuse and does not save any line of defense against Rodrik's accusations; that goes without saying. Yet the ultimate question that remains is the following: how supported and genuine are the evidence for the accusations that led to the arrests and incarcerations? Some already proved to be genuine very much in contrast to the objections and refutations of the accused parties, but for those that remain doubtful in the eye of the average guy on the street, here is very mundane and rudimentary line of investigation. The AKP is accused of trying to get hold of the judiciary, and the last stronghold of the Republic is announced to be the very same judiciary after the fall of the Military, the anti-AKP wing cries out. We tend to believe such animosities and war zones are descriptive devices too simplistic to draw an accurate picture of reality, but let us take that as a departure point since that is a line that the anti-AKP wing came up with, not us. Then here is a natural extension of that analysis and thus the informative rhetorical question: The judiciary that the AKP is trying to get hold of, which by default is anti-AKP,

cannot prevent or do away with these arrests and incarcerations despite the fact that they are based on “fabricated charges”. How come? Well, maybe the charges are not that fabricated after all is a possible explanation, but there may be others which would be beyond us due to our lack of legal expertise.

As for further factual evidence on normalization, one could also be reminded of the EU 2009 Progress Report released last year that was for the first time highly critical of the Judiciary and the Military in Turkey. The Kurdish Initiative that the AKP launched a few months ago was another attempt at normalization/democratization which unfortunately could not be fully implemented. The Initiative was the most extensive right-extending reform process designed so far but was subjected to machine gun fire by the entire opposition and the trigger-happy insurgent movement PKK. Left alone in the process, the AKP had to retreat from some of the intended reforms, and the process seems to have slowed down not because of the reluctance of the AKP but mostly due to the strict anti-AKP agenda shared by all political entities in the system minus the AKP. We had opined then that the AKP should not have retreated a bit, but we are talking politics, facts, and strategic moves of all parties and not our wishful thinking. This is very easy to verify through daily “political comments/remarks” data and needs no further analysis. How the very same AKP is accused of dragging its feet on the Kurdish issue and how such a distortion of facts could serve predicting economic demise due to shift to authoritarianism as purported in the PS piece is beyond us.

Regarding his prospective stars of the future vs. doomed to fail authoritarian regimes, Rodrik puts Brazil, India, and South Africa in the first basket and Russia, China, and Turkey in the second one. In his own words,

“For the true up-and-coming economic superpowers, we should turn instead to countries like Brazil, India, and South Africa, which have already accomplished their democratic transitions and are unlikely to regress. None of these countries is without problems, of course. Brazil has yet to recover fully its economic dynamism and find a path to rapid growth. India’s democracy can be maddening in its resistance to economic change. And South Africa suffers from a shockingly high level of unemployment. Yet these challenges are nothing compared to the momentous tasks of institutional transformation that await authoritarian countries. Don’t be surprised if Brazil leaves Turkey in the dust, South Africa eventually surpasses Russia, and India outdoes China.”

It goes without saying that all these countries have immense social problems. Yet we find it extremely difficult to rank them in order of severity as that would be extremely subjective. As someone who covers mainly the Turkish economy but is by default interested in EM economies, I try to develop some sense into the social fabric of these economies as much as I can. It helps a lot to have colleagues residing in these countries, but when you do not, you have to rely on written material which naturally is not exhaustive but gives you an idea nevertheless. I had known that since the end of the Apartheid regime South Africa has indeed the most single party dominant democracy in the world with the ANC having secured 65.9% of the votes in the last election, but there are no concerns of authoritarian

tendencies on the part of the author in this case. Yet a tenuous 40% support for the AKP is more than enough by assumption to derail the country into authoritarian territory; that seems to be stretching it a bit. As a fairly novice follower of South Africa, I took a glance at Wikipedia, and here are some references and pieces of data that would be shocking for any country:

“According to a survey for the period 1998–2000 compiled by the United Nations, South Africa was ranked second for murder and first for assaults and rapes per capita.[122] Official statistics show that 52 people are murdered every day in South Africa.[123] The reported number of rapes per year is 55,000,[124] and it is estimated that 500,000 rapes are committed annually in South Africa.[125] Total crime per capita is 10th out of the 60 countries in the data set.

Rape is a common problem in South Africa, in a 2009 survey one in four South African men admitted to raping someone.[126] One in three of the 4,000 women questioned by the Community of Information, Empowerment and Transparency said they had been raped in the past year.[127] South Africa has some of the highest incidences of child and baby rape in the world.[128] In a related survey conducted among 1,500 schoolchildren in the Soweto township, a quarter of all the boys interviewed said that 'jackrolling', a term for gang rape, was fun.[127]

Middle-class South Africans seek security in gated communities. Many emigrants from South Africa also state that crime was a big motivator for them to leave. Crime against the farming community has continued to be a major problem.[129]

Along with many African nations, South Africa has been experiencing a "brain drain" in the past 20 years. This is believed to be potentially damaging for the regional economy,[130] and is almost certainly detrimental for the well-being of the majority of people reliant on the healthcare infrastructure, given the HIV/AIDS epidemic.[131] The skills drain in South Africa tends to demonstrate racial contours (naturally given the skills distribution legacy of South Africa) and has thus resulted in large white South African communities abroad.[132]

In May 2008 societal hostility to African migrants exploded in a series of pogroms that left up to 100 people dead and 100,000 displaced.[133]”

We have no intentions of demeaning South Africa, and we in the first place are not in a position to do that as members of a nation that saw 40,000 of its own citizens killed in what has been called low-intensity warfare.⁴ Yet Turkey has been trying to make a move in the right direction under the AKP Government and will continue to do so regardless of who ever come to power next. Our take is that the genie is out of the bottle for Turkey regarding the normalization process which the Kurdish issue stands out as a very significant ingredient of. So it is in different contexts for all the countries mentioned above in Rodrik's piece, we believe. These countries willingly or semi-reluctantly have been annexed to the world global system and there is only one route to be taken by all. That is more democracy and not less.

⁴ We are also not aware of the infamous cast system in India having come to an end any time in recent past.

Regarding his final prediction in his piece in Project Syndicate, here is a humble prediction by us which we think is not a prediction per se by definition just like no other including his.

“Don’t be surprised if Turkey leaves Brazil in the dust, South Africa never surpasses Russia, and China consistently outdoes India.”

No offense intended to any country; indeed, any coupling is as good as the other we believe. You are totally entitled to mix and match as you wish with hardly any risk of being ridiculed.

Is it really that hard to say anything definitive on growth dynamics that will stand the test of time as a stylized fact? Probably yes, but let us seek refuge in superior minds and not risk being ridiculed. William Easterly cites Nobel Laureate Robert Solow’s following remarks in his brilliant piece in the New York Review of Books:⁵

“In real life it is very hard to move the permanent growth rate; and when it happens.....the source can be a bit mysterious even after the fact.”

In extreme respect for the founder of growth theory, Easterly goes on to make the following remarks which we find to be extremely illuminating as they illustrate the predicament economists find themselves in quite frequently.

“In view of this acknowledged ignorance, how can there be still so many writers who claim to know how to promote growth? The Drunkard’s Walk by Leonard Mlodinow offers a crucial insight. Humans are suckers for finding patterns where none really exist, like seeing the shapes of lions and giraffes in the clouds. It wasn’t that economists had no explanations of what causes growth. On the contrary, we had too many. One survey of the field counted no fewer than 145 separate factors that had been found to be associated with growth. But most of these patterns were spurious, because they failed to hold up when other researchers tried to replicate them. Economists can say something useful about economic success, but we have to clear away a lot of false overconfidence before we get to that point.”

If you have endured the pain we have inflicted on you through these explorations of the mind, you may well be asking why bother to explore at all. Well, public opinion formation is of utmost importance in any political decision making process and in this world of speedy internet dissemination of knowledge, it is impossible to filter all the info and come up with your version of reality which may very well be another piece of well told lies. Some are not even worth reading or spending any time dissecting after reading, but prominent figures’ views in frequently visited sites in media deserve special attention. Our effort to comment on Rodrik’s remarks strictly emerges from the impact coefficient his views carry.

An issue with much less academic content but entailing similar public opinion formation tricks came up a few weeks ago in a prominent journalist’s column here. His piece was

⁵ William Easterly is indeed no stranger to Prof. Rodrik as he makes one specific reference to a paper co-authored by Easterly which was one of the sources of inspiration for his piece, and Prof. Easterly was also a recipient of acknowledgement in the very same Rodrik article.

about late historian Tony Judt who passed away very recently. Clearly in awe of the personal integrity and academic achievements of Prof. Judt, the journalist praised Judt for all the right reasons. He also cited from one of his latest pieces prior to his death, *Israel without Cliches*, published in NY Times on June 9, 2010. It was a quotation which Judt himself had cited from Arthur Koestler. Yet nowhere in the journalist's piece we are provided any info about the piece where this quotation is coming from, and that despite the fact that the journalist already has provided us with the info that this extra ordinary historian of immense personal integrity had written one of the harshest critiques ever about Israel in 2003. However, the piece which the journalist borrowed the quotation from was also extremely critical of Israel, yet none of that was slightly mentioned at this time and day when Turkey-Israel relationship deteriorated beyond most people's imaginations and had become a hotly debated issue in all circles domestic and international alike. Let us end with us also quoting from the very same piece the late great historian wrote shortly before he passed away. We choose to let the reader determine his stance as to where this selective filtering of quotations (selective perception in the larger scheme of things) fits in the art of public opinion formation.

"Along with the oil sheikdoms, Israel is now America's greatest strategic liability in the Middle East and Central Asia. Thanks to Israel, we are in serious danger of "losing" Turkey: a Muslim democracy, offended at its treatment by the European Union, that is the pivotal actor in Near-Eastern and Central Asian affairs. Without Turkey, the United States will achieve few of its regional objectives — whether in Iran, Afghanistan or the Arab world. The time has come to cut through the clichés surrounding it, treat Israel like a "normal" state and sever the umbilical cord."

Israel Without Cliches, New York Times Op-Ed Section, June 9, 2010, Tony Robert Judt (1948-2010)

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