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Neo-Liberal Globalization and Turkey

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Abstract

This study evaluates the ongoing process of neoliberal transformation within Turkish economy during the last three decades. Instead of arguing the positive and negative effects of neo-liberal globalization, how Turkey can get maximum profit from this transformation process is researched. Descriptive research method is applied in the study. In this direction, recent literature on neoliberal transformation and economic developments in the world and Turkey is reviewed. Neoliberal process has firstly appeared in the economic area in Turkey, but there is still need to establish new liberal reforms within the political and social areas. In order to avoid this deficit, democracy and its institutions should be embedded in the political and social areas so long-term economic sustainability can be achieved. The first part of the study deals with interaction between globalization and conservatism. To understand reasons and results of neoliberal transformation in Turkey, the periodical analysis of economic and political developments in the world and Turkey is reviewed in the second part of the study. In this part, it is also argued that economic performance of Turkey is higher due to political stability during the single-party rule. In the last part, it is concluded that neoliberal transformation in Turkey is a requisite due to conditions in Turkey and world; however, this liberal policies in the political and social areas have not fully applied as in the developed countries. Therefore, the long-term sustainability of Turkey's economic progress will always be under risk.

Keywords: *neo-liberalism, globalization, sustainability, democratization, Turkish economy, conservatism*

1. INTRODUCTION

The most popular systems in the 20th century are capitalism and communism. Controversies and tensions between these systems had continued parallel to the struggle between the USA and the Soviet Union until 1990s. In 1991, the Soviet Union collapsed and this struggle ended.

After that time, communism supporting socialist ideas also collapsed, and capitalism locating liberal ideas as fundamental has become the dominant system in the world (Yayla, 2011). Without any other opponent, capitalism influenced the nation states by focusing on the ideas of liberalism and globalization. Although liberalism gained social-democrat elements until 1980s, it lost all these elements after 1980s and gained new elements like conservatism and authoritarianism (Özkazanç, 2005). Because, liberalism has been reshaped and turned into neoliberalism by the 'New Right' governments which raised their powers since 1980s. Similarly, Turkey went into neoliberal storm by Turgut Özal's government which ruled the country between 1981 and 1989.

This study evaluates the neoliberal transformation in Turkey since 1980s in the context of neoliberal globalization. Instead of arguing the positive and negative effects of neo-liberal globalization, how Turkey can get maximum profit from this transformation process is researched. Turkey's position within the tension between globalization/liberalism and nation state/authoritarianism is periodically changing (Özkazanç, 2005). This controversy results a liberal transformation within the economic area, so this transformation has not been fully achieved in the political and social areas. Therefore, democratization processes in the political and social areas are not sufficient to establish sustainable economic development and social welfare (Öniş, 2010). In other words, if democracy and its institutions are not fully embedded in the political and social areas in a country, this country cannot sustain its economic development based on neoliberal transformation.

In the first part of the study, the terms of neoliberal globalization and conservatism are defined, and then interaction between them is evaluated. After quoting the positive and negative opinions about the neoliberal globalization, it is argued that we need to focus on how Turkey can get maximum benefit from this inevitable transformation process. Moreover, the study argues reasons and results of neoliberal transformation in the conservative societies like Turkey. In the second part, stages of neoliberal transformation in Turkey are periodically analyzed to find out reasons and results of this transformation. In this direction, different dynamics in Turkey and world are reviewed to create an objective perspective. In the last part, evaluations, argumentations and opinions in the previous parts are summarized and concluded.

2. NEOLIBERAL GLOBALIZATION AND CONSERVATISM

Liberalism and globalization share some major ideas such as free market, limited state, justice, freedom, free movement of goods and services. These ideas are also essential for the continuity of the capitalist system. Many political theorists from different ideological camps argue that liberal ideas are dominant in capitalist societies. For instance, Marx asserts that liberalism is the dominant ideology in capitalist societies, because it serves for the interests of capitalists. On the other hand, Hayek claims that liberal values like property rights, economic freedom, individual and political rights are inevitable for capitalist societies (Heywood, 2013). Liberalism as a political term appeared during the Age of Enlightenment and it became very essential ideology after that time. During the 20th century, the significance of liberalism was questioned due to an

increasing ideology of socialism. However, a new liberal thinking consisting conservative and authoritarian elements appeared in the western world during 1970s, and it became very significant until today. The globalization process accelerated the spread of this new type of liberal thinking called as neoliberalism in the literature. Neoliberalism was defended by important liberal thinkers like Friedrich August von Hayek and Milton Friedman during the 1970s, and their ideas became very significant in the western world. These ideas were taken as a tool by 'New Right' governments like Reagan (USA) and Thatcher (UK) governments, and neoliberalism was embedded in the economic areas by new policies and reforms. In addition, global institutions like OECD, IMF and World Bank have also been using the neoliberalism as an impression on the economies of developing countries. In Turkey, for example, new neoliberal reforms were put into practice during Turgut Özal's period as Prime Minister; therefore, neoliberal transformation of Turkish economy has begun in 1980s (Ayhan, 2016).

There are three reasons that neoliberalism is so significant after 1980s (Heywood, 20013). Firstly, Keynesian economy was criticized due to economic crisis and increasing public debt during 1970s, so political theorists started to look for alternatives. Secondly, the New Right Parties having conservative and authoritarian elements have used neoliberal policies in order to integrate their national economies into global economy. Thirdly, the global organisations such as IMF, World Bank and OECD have become more influential after the acceleration of global economic integration, and they have used neoliberal policies as an impression tool on the developing economies (Heywood, 2013). In addition, capitalist production has become transnational, so it became necessary for capital to flow across the national borders. As a result of these developments, national economies turned into market economies (Ayhan et.al. 2016).

Known also as economic globalization, there are many different explanations of neoliberal globalization. Some of the thinkers argues that we can talk about globalization because foreign trade have significantly increased compared to other periods; national finance is controlled by the global finance; and foreign direct investment increased due to increasing number of multinational companies acting in global scale (Perraton et al, 2000). However, global skeptics such as Paul Hirst and Grahame Thomson (2000) argue that the evidences of the globalization we face today can be found in the past, and the number of multi-national companies is not very high in reality as it is thought. They think that capital movements are not directed from developed countries to developing ones as it is believed. In contrast, world economy is not global because it is focused on three major regions: Europe, North America and Japan. The world economy is directed and control by these regions, but a global economy should include all other parts of the world.

Peter Dicken (2000) criticizes arguments of Hirst and Thomson because he claims that there is a new geo-economy if we look at the economic developments before and after 1913 in the world. He agrees that the internationalization today is not something new, but recent world trade caused a deeper integration between national economies today. Dicken (2000) explains his geo-economy term as consisting spaces which are bounded to each other by production chains, economic areas and capital flows. These spaces are part of a network which is irregular,

complex and dynamic because there are different scales for the actors acting within the global economic system. Although there are different understandings of the current globalization process, both proponents and opponents of the term globalization accepts that there is an increase in international trade, global finance, the number of multi-national companies and foreign direct investment. We all know that a globalization dominated by neoliberalism is inevitable; therefore, nation states need to find out how to maximize their benefit from this process, and how they can control the results of it. In this direction, Turkey needs to create legal basis and implement new reforms to establish an economy integrated to global economy, and these activities should be supported by liberal democratization in the political and social areas as in the developed countries.

Countries like Turkey, the implementation of new reforms are limited to economic area due to excessive focus of neoliberalism on market economy. Therefore, this process is something different than a comprehensive liberal transformation. The liberal values such as justice, equality, freedom and constitutional system have changed with the increase of neoliberal ideas. Many political theorists criticize neoliberalism, because previous understanding of liberalism has become major ideology after it has constituted itself within the borders of nation states with the constitutional system (Özkazanç, 2005). In addition, nation states guaranteed individual rights and freedom by constitutional system, so values like justice, equality and freedom became very significant for liberals. However, neoliberal theorists like Hayek and Friedman objected the role of Keynesian welfare states in economy (Erdoğan, 2006). Moreover, neoliberals gave a significant place to market economy, because they reorganized all kinds of social relations (political, legal, institutional and cultural etc.) around the neoliberal model. In this model, values like freedom and justice became insignificant because freedom, for instance, became only the freedom of the ones who has power (Özkazanç, 2005: 2).

According to neoliberals, markets are justice for all because each individual has chance to mobilize himself up or down, because they born with different skills and qualifications (Erdoğan, 2006). For instance, an individual who started his life as poor has chances to increase his status by his skills within the markets. Similar to this idea, M. Indur Goklany (2000) argues that some countries are poor because they are not able to profit from the benefits of globalization process. He claims that rich countries are not rich due to stealing from poor countries; on the contrary, poor countries are poor because they could not benefit from developing technologies in the world (Goklany, 2000:84). Another neoliberal idea is about civil servants who cannot deal with the complexity and extent of markets, so Hayek and Friedman argues that state should not intervene with markets and rights of entrepreneurial individuals (Erdoğan, 2006; Heywood, 2013). As a result, although there are different explanations of neo-liberal globalization, it seems that this process is inevitable especially for the developing countries.

The neoliberal transformation in the countries like Turkey where majority of the society is conservative is unwilling and requisite (Heywood, 2013). Firstly, social and political values of these societies are different from neoliberal values. In these societies, social traditions and customs are very essential so they are skeptic about change, reformation or transformation.

Conservative thinkers assert that change and reformation in the society must be achieved without harming the unity and balance of the society. In addition, the objectives and interest of the society should lead the self-interest and objectives of the individual. In contrast, neoliberal thinkers argue that each individual in a society is entrepreneurial, so entrepreneurship should lead self-interest and objectives of the all individuals in the market (Heelas ve Morris, 1992). An entrepreneurial individual give rational decisions and increases his/her living standards by the market economy. Actually, even Adam Smith did not describe such a brutal market economy where individuals only seek for their self-interest and objectives (Heywood, 2013). Nevertheless, neoliberals argue that the self-interest and objectives of individuals in micro scale can result development of the whole society in macro scale so entrepreneurship and competition is very essential. However, conservative thinkers argue that society is solid and integral entity which acts as one piece, and competition between individual can harm this integrity.

It is interesting that liberalism gained elements like authoritarianism and conservatism, and it became neo-liberalism which integrated two different ideological camps: liberalism and conservatism. The tensions between conservatism and liberalism still continue in this new form of liberalism, because the liberalization process in the economic areas cannot influence political and social areas. If we review the political history of Turkey, it is evident that the parties, which ruled the country as single party in power since 1950s, have always been liberal in economic areas while they had more tendencies of authoritarianism and conservatism in the social and political areas. These parties followed liberal reforms during the first years after they are elected; however, they always turned to their conservative and nationalist background in order to sustain their support from the voters. Although there are different reasons of less support for the Liberal Democrat Party in Turkey, there is a significant factor that conservative parties following liberal policies in economic area get more vote, because they can integrate liberal values with conservative ones (Erdoğan, 2006).

It is important to note that Turkish economic performance has always been high during single party periods after 1950s. However, the sustainability of this performance has always been interrupted due to some reasons such as military interventions, political and economic crises, and lack of liberal reform in the political and social areas. **Table 1** indicates the sustainability of the economic performance during the single party governments by comparing first years and later periods of these parties. It proves that during the first years of the single parties, the development of Turkish economy is achieved; however, later the economic performance of the country decreased due to domestic and international problems. These parties implemented liberalization and democratization reforms during the first years parallel to developments and changes in the world. Especially, Motherland Party (ANAP) under the leadership of Turgut Özal implemented reforms to establish market economy, and these reforms started the neoliberal transformation of the Turkish economy(Ayhan, 2016). As it is argued before, the lack of significant liberal reforms in the political and social areas caused unsustainability of the economic development in Turkey. In addition, domestic and international problems became

deeper and more severe after ANAP headed to nationalism and conservatism in order to sustain support for vote.

Table 1: Comparison of Single Party Rule and Coalitions Periods in terms of Economic Stability

Single Party Governments (Central-Right)			
Party	Period	Economic Performance	Sustainability
Democrat Party (DP)	1950-1960	High Economic growth in the first years of the party.	The party lost his support for vote after 1958. Political and economic crises weakened the growth, and inflation increased which followed by military intervention...
Justice Party (AP)	1965-1971	Satisfactory growth	Unsustainable growth. The period ended with a military intervention.
Motherland Party (ANAP)	1983-1991	Reasonably good growth based on the increase in export.	Toward the end of 1980s economic performance and stability decreased and weakened. After the part lost its support for vote, the period of coalition government began.
Justice and Development Party (AKP)	2002-2010	Good growth coupled with single digit inflation for the first time several decades.	Weakening of economic performance during the second phase of the government; signs of weakening popularity. However, the support base is still robust; It appears to be more durable than previous center-right governments, but may lose its electoral edge in the force of continuing economic and political challenge.
Coalitions Governments			
Party	Period	Economic Performance	Sustainability
Four governments, the duration of the longest two years	1973-1980	Weak performance; low growth; rising instability	Short-duration of governments.
Seven governments, the duration of the longest three and a half years	1991-2002	Weak performance; significant instability	Short-duration of governments.

Source: (Öniş, 2010: 55).

Although there are negative developments during the later phases of single party periods, Turkish economy has integrated with the international economy, and necessary infrastructure for this has been established. Especially, there have been developments in the political and social areas in addition to economic development during the AKP period with the effect of

membership negotiations with the European Union (Bulut et.al. 2015). In this period, democratization and liberalization reforms have been implemented and this accelerated its integration to Europe. After 2010 there have been many debates about the sustainability of the achievement of AKP.

3. THE PHASES OF NEOLIBERAL TRANSFORMATION IN TURKEY

The first phase of neoliberal transformation in Turkey is between 1980s and the first years of 1990. Although Democrat Party (DP) implemented some liberal reforms during 1950s, radical changes in Turkish economy have been established with the Motherland Party (ANAP) with the leadership of Turgut Özal during 1980s. Due to economic, social and political problems before 1980s made it necessary for Özal to implement neoliberal reforms especially in the economic area. The positive and negative results of these reforms started in 1990s; therefore, the second phase is between 1990s and first years of 2000s. During this phase, neoliberal transformation is deepened within the Turkish economy, because there were many social, political and economic problems in Turkey and world. The third phase is after 2001 economic crisis, because AKP came into power in 2002 after this crisis. AKP as single party in the government designed the third phase by new reforms not only in economic are, but also in political and social areas this time. Especially, after the beginning of membership negotiations with European Union in 2005, AKP implemented many liberal democratic reforms to establish democratization and civilization. In order to better understand these three phases, it is necessary to go into details of social, economic and political events not only in Turkey but also in the world.

3.1. Radical Changes between 1980s and First Years of 1990s

Turkey experienced aggravated political, social and economic problems from 1970s until 1980s. First of all, there was political instability period due to multi-party coalitions, because there was not a clear dialog between these parties, and minority parties could not find solutions for the existing problems. In the social area, many people died or injured due to tensions and controversies between leftist and rightist groups, and social coherence was heavily eroded. On the other hand, economic and political crises in the world affected Turkish economy negatively. International oil crisis in 1974 deepened the economic problems of Turkish economy, because its balance of payment was broken down after international financial institutions dropped providing financial help (Karabıçak, 2000). As a result, Turkey borrowed financial sources from the private sector but Turkey had the highest debt level in its history after it could not pay its debt back to the private sector in 1977 (Seyidoğlu, 2013). To overcome this problem, Turkey tried to implement stability policies, and Turkey made a stand-by agreement with IMF in order to provide international support. IMF provided support with the conditions of devaluation, decreasing interest rate of State Economic Enterprises and the number of civil servants in the public sector (Karabıçak, 2000: 55). However, majority of these attempts failed due to political and social instability.

In Turkish economy, 24 January 1980 reforms prepared by Turgut Özal and his team opened a new era (Akcan et.al. 2015). These reforms is mostly considered as the most radical decision in the Republican history of Turkey, because the basis of free market economy was established; neoliberal paradigm appeared; the integration with the international economy was accelerated; and the role of the state in economy was decreased. Due to heavy conditions in economical, political and social areas; these reforms was thought as necessary by national and international decision-makers. It is interesting to note that Özal was also supported by the secular military elites in Turkey, although he has a conservative background (Ayhan, 2016). It is because Özal's background was not only based on conservatism but also experiences in private and public sectors, reformist approach, and negotiation skills with international institutions such as IMF and World Bank (Öniş, 2004). Due to his unique background, Turkey was supported by international institution after the implementation of reform in 24 January 1980. After his successful attempts to heal Turkish economy, ANAP under his leadership won the 1983 elections and it established the single party government.

Some economic problems appeared in 1980s due to increase of interest rate which was established by 24 January reforms. Many bankers collected the savings of people by promising profit due to increasing interest rates (Öniş, 2004). As a result, Banker crisis appeared after one of the biggest Bankers, Kastelli, went into bankruptcy in 1982, because Turgut Özal had to quit his office (Barlas, 2000). Çavdar (2013) criticizes Özal and his reforms because increasing interest rates to liberalize economy failed and caused a deep economic crisis. However, Özal argued that the reason of Banker crisis is due to Kastelli's inaccurate investment, because it invested his revenues on construction sector instead of other sectors. Financial return in construction is long-term while other sectors offer short-term financial returns (Barlas, 2000: 33-34). As a result, Kastelli went into bankruptcy after it could not get its revenues and assets from the investments.

Despite to the problems occurred in the first years of 1980s, Turgut Özal became very influential on economic and political areas until his sudden death in 1993. His decisive reforms accelerated the liberalization process of Turkish economy, and his attempts resulted in positive opinions about the future of the economy. During his ruling period, Turkish economy integrated to international economy; the trade turned from import-oriented to export-oriented; new incentives were implemented to increase the role of private sector and entrepreneurship. For instance, amendments on 'Encouragement of Foreign Investment Law' (No. 6224) provided necessary atmosphere in the banking sector to attract foreign investment (Kepenek ve Yentürk, 1996). Thus the rate of manufactured production in export increased 97% between 1980 and 1982. Furthermore, foreign investment, revenues from tourism and worker's remittances increased, and the problem of current deficit was solved (Karabıçak, 2000: 56). The economic developments from the mid 1980s until first years of 1990s is essential; however, these developments could not become sustainable due to lack of liberal democratic reforms in political and social areas because democracy and its institutions should be embedded in the political and social areas so long-term economic sustainability can be achieved (Öniş, 2010).

Özal had two different approaches during his political life: authoritarian approach and reformist approach (Öniş, 2004). Although Özal implemented successful reforms for the sake of Turkish economy, he had an authoritarian and conservative attitude within the political and social areas. For example, freedom of thought was damaged due to Article 8 of the law concerning fight against terrorism, because many intellectual were arrested due to this article (Çavdar, 2013: 281). Moreover, freedom of media and press were questioned due to law concerning protection of children from obscene and harmful publications, because many publications were prohibited. Özal claims that his conservative background directed him during the preparation of this law, because majority of his voters have conservative background so he approved the law (Barlas, 2000: 99).

Özal was favor of 'presidential system' during his presidency, because he claimed that presidential system functions better in the societies with different ethnic groups like Turkey (Barlas, 2000: 144). His main aim might be acceleration of radical reforms in Turkey, so he was favor of limiting parliamentary procedures, and top-down decision-making mechanisms. For instance, his party privatized some of State Economic Enterprises in 1986 despite to objections of parties in opposition, but the privatization legislation had not fully been established at that time. Therefore, opposition parties appealed to the Constitutional Court so some of these privatizations were cancelled (Ercan ve Öniş, 2001). We can argue that these privatizations were very essential at that time in order to strengthen economic infrastructure of the country. However, Özal's party tried to privatize these enterprises without the consent of majority of the parties in the parliament. On the other hand, after he became the President, Özal gave a special attention on political and social freedoms such as freedom of thought, freedom of enterprise, freedom of religion and faith (Barlas, 2000; Öniş, 2004; Özkazanç, 2005). During his last years as president before his sudden death in 1993, Özal had a special interest on the Kurdish issue which had increasingly become essential in 1990s.

3.2. The Second Phase of Neoliberal Transformation Between 1990s and 2000s

There were positive developments in the Turkish economy until the end of 1980s due to neoliberal policies implemented by Turgut Özal. However, these developments were interrupted and could not be sustained due to problems such as low level of privatization, increasing import, Kurdish problem related to terrorist activities, ineffective structure of the state, and economic crises appeared in the world. For instance, import increased from 7.909 billion dollar in 1980s to 22.0302 billion dollar in 1990 (Karabıçak, 2000: 56). In addition, deadlock between parties in the coalitions became an important matter in the politics after Motherland Party (ANAP) lost his dominance as single party in rule in 1989 elections (Çavdar, 2013). Close to this event; Soviet Union collapsed, and terror related to Kurdish issue became an essential issue in Turkey. Parallel to these developments, public debt sharply increased and the government tried to finance it by foreign financial resources. However, this type of financing caused an increase in foreign debt from 41.751 billion dollar in 1989 to 67.356 billion dollar in 1993 (Gökçe, 1995). As a result of these negative events, Turkey experienced 1994 crisis when four big banks and one small bank went into bankruptcy due to expectancy of devaluation

(Karabıçak, 2000: 58). Later on Turkish currency lost its value, and foreign exchange market was negatively influenced after international credit-rating agencies like Standard & Poor's and Moody's decreased credit-rating of Turkey (Seyidođlu, 2013).

The second half of the 1990s was harder than the first half because inflation increased, 28 February military intervention happened, terror problem became a more essential issue, crises in Asia and Russia influenced world trade and economy negatively, an earthquake happened on 17 August 1999, and seven coalitions government with the duration of the longest three and a half years ruled the country. These problems hindered the solutions proposed by the Turkish government. For instance, the government aimed to achieve: decreasing public spending, increasing tax revenue, and controlling inflation by currency arrangements. However, expected achievement could not be provided due to South Eastern Asia crisis started in 1997, and Russian crisis in 1999 (Karabıçak, 2000). As a result of these negative events in Turkey and world, Turgut Özal signed a stand-by agreement with IMF at the end of 1990s (Ayhan, 2016). This deepened and accelerated the existing neoliberal transformation because the agreement aimed to achieve the following targets; increasing privatization, economic constriction, decreasing social spending, and controlling exchange rate. These attempts failed because export decreased while import, current operations deficit and unemployment increased (Karabıçak, 2000: 60-61). The agreement of 'customs union' between Turkey and the European Union was one of the most important reasons for these negative developments, because the entrance of customs free goods in the Turkish market caused an increase in import. After revenues from domestic production could not meet the consumption, national economy was deteriorated, and this caused crises in 2000 and 2001.

In summary, Turkey could not achieve economic developments due to domestic and international economic crises in 1990s. Some researchers argue that economic problems in 1990s are due to reforms implemented by Turgut Özal and his party but this is not an objective perspective. It might be possible that Özal's reforms created some problems for Turkish economy in conditions where economic infrastructure was not fully ready for these reforms. However, other domestic and international developments were also very influential on Turkish economy. Furthermore, it could not be expected from Turkish economy to complete its transformation as quick as in developed countries where economic infrastructure is strong.

As it is argued before, neo-liberal transformation in Turkey is a requisite because Turkey needed to establish neoliberal reforms in order to overcome its problems by taking the support of international financial organizations. Although it was a requisite for Turkey, Turkish economy has developed by implementation of new reforms during the single party ruling periods. In addition, coalition governments between 1989 (when ANAP lost its electoral support) and 2002 have continued similar reforms so neoliberal paradigm has been embedded in Turkish politics. However, these coalitions could not be as successful as single party governments due to political divisions, national and international economic crises.

3.3. The new phase of NeoLiberal Transformation in 2000s

Turkish economy was very weak in 2000s due to political and economic crisis in 1990s. In addition, economic crises in 2000 and 2001 caused a big trouble in the economy. Thus, radical decisions had to be taken in order to get national and international support. In this direction, the Prime Minister Bülent Ecevit appointed Kemal Derviş as Minister responsible for the economy. Derviş created an economic program to overcome 2001 crisis and get national and international support (Öniş, 2004). Parties in coalition accepted the program as requisite because they did not have any other choice. Decisions in the program were quickly implemented but Derviş could not sustain its national support in the country (Kaplan, 2002). Due to its negotiation abilities with international financial organization, some people in the public thought that he is an agent of IMF. On the contrary, his abilities resulted in an agreement with IMF so Turkey received the vital financial support. In the same direction, radical decisions have been implemented to increase competitiveness and privatization in the economy. In this period, revenues from tourism and export increased while import, current account deficit and trade balance deficit decreased (Seyidoğlu, 2013). Nevertheless, Turkey needed to have early elections due to some problems like 2001 economic crises, political divisions between the parties in the coalition and denial of support for the USA by Turkish National Assembly during the Iraq war.

2001 economic crisis was the most influential crisis within the neoliberal transformation history of Turkey. Parties in coalitions were punished by the voter, and Justice and Development Party (AKP) became the single party in the government. In the first years of its ruling period, AKP had to decide to continue existing transformation and politics started in previously or not. Neoliberal transformation was deepened, and relation with the European Union was in a progressive path before AKP came into power. For instance, Turkey signed the agreement of 'Customs Union' with the European Union in the middle of 1990s, and Turkey was accepted as a candidate country for the European Union in 1999. Thus, AKP decided to continue previous politics on neoliberal transformation and European Union membership.

During the period between 2002 and 2010, Turkey achieved good growth coupled with single digit inflation for the first time several decades, and political stability was established. Although economic performance was weakened during the second phase of the government, the support for AKP is still robust (Öniş, 2010). In addition, the party is more durable than previous center-right governments because it has been ruling the country as the single party in the government until today. By reforms and policies which were implemented during the first phase of the party, Turkey started membership negotiations with the European Union in 2005. The membership process accelerated reform not only in the economic areas but also in political and social areas. For instance, AKP government enlarged individual rights by democratization and changing some articles of the constitution of 1982 which was a product of a military rule after 1980 military intervention. Thus we can argue that liberalization process in the economic area spreaded to political and social areas.

New reforms and policies resulted 7% economic growth each year between 2002 and 2007; GDP increased from 3.492 dollar in 2002 to 10.469 dollar in 2011; inflation decreased from 54.4% in 2001 to 9.4% in 2004 for the first time several decades in the history of Turkish Republic (Karagöl, 2013). Moreover, value and image of Turkish currency increased as a result of removing six units (zeros) from the currency. On the other hand, military attempted to make a new type of intervention called 'e-intervention' due to political struggle in the elections of President in the National Assembly in 2007, and skepticism about the secularism. Military published an online declaration about the concerns about secularism and political struggle in the parliament; however, AKP government took the support of public and the European Union, and resisted against the military. After one year in 2008, global financial crisis occurred, and affected firstly the USA, Europe and then all over the world. Today, when an economic problem occurs somewhere in the world, it causes negative effects all over the world because national economies are now more integrated compared to the past. Thus, Turkey faced serious economic problems after foreign direct investment and EU demand decreased after the global financial crisis.

We cannot claim that there was a serious economic crisis in Turkey due to 2008 global financial crisis, because Turkey did not have the problem of deficit balance as in the past, and its economy was stronger and more durable due to preventive measures in the banking and financial sectors (Öniş, 2010). Furthermore, AKP government refused to make a new stand-by agreement with IMF, because Turkish economy was strong due to reforms and new policies before the crisis. AKP has firmly continued to implement these reforms and policies, and became very successful compared to previous coalitions and center-right governments. Turkey's search for new markets in the Middle East and North Africa has also played an important role in the development of Turkish economy.

Although AKP government minimized the effects of 2008 financial crisis by its successful implementations of reforms and policies, Turkey still faces possible problems which might occur in the long run. After 2010, for example, economic growth has slow down, unemployment and young population increased. In addition, word economy has not fully recovered, and Turkish economy was damaged due to political and economic problems in the neighboring regions such as Middle East and North. AKP won the elections again in 2011 as single party in the government, but some problems occurred in the social and political areas despite the fact that economic development slow down but continued. First of all, economic growth has continued until the third quarter of 2012; GDP per capita increased from 10.469 dollar in 2011 to 12.859 dollar 2013; inflation decreased to 6.16 for the first time since 1968 as a result of strict monetary policies; and gold reserve and foreign exchange reserve increased from 28 billion dollar in 2002 to 122.1 billion dollar in 2011 (Karagöl, 2013: 13-14). However, there have been many political and social problems after 2011. For instance, democratization efforts to solve Kurdish issue finished due to increasing terrorist activities in 2010. Moreover, reforms and policies in direction of adaptation process to the European Union slow down and the relations between Turkey and European Union worsened. Foreign policy concerning the fall of Bashar Al-Assad in Syria failed due to support of Iran and Russia for him, and political struggle in Syria was

brought to Turkey through Syrian refugees and immigrants because a lot of Turkish citizens died due to terrorist attacks of Islamic State of Iraq and the Levant (ISIL). On the other hand, earthquake in Van and mining disaster in Soma happened, and the government was hold as responsible for the death of people due to lack of control and scrutiny on construction and mining firms. In addition to that a social division occurred because of the Gezi Park protests in 2013 concerning green area in Taksim, İstanbul. However, these protests turned into a civil unrest with the attending thousands of protester regarding the issues of freedom of expression, free media and secularism due to harsh response of the government. These protest could hardly been handled by the government but then another problem concerning bribery happened in 17-25 December in 2013. As a result of these events, some of the ministers had to resign due to court investigation on bribery.

Political, economic and social struggles between 2010 and 2015 weakened the support for AKP, thus, AKP lost its single party position in the government for the first time in June 2015 elections. However, major parties in Turkey could not achieve to establish a coalition government so a political uncertainty appeared. AKP established a temporary single party government including only few ministers from opposition, but breakdown of stability and increasing terrorist activities and attacks turned voters to AKP again. Therefore, AKP became the single party in the government by increasing its support from the voters in early elections of November 2015. Despite the decreasing support for the party, many people elected AKP for the continuity of economic developments and political stability; because it was believed that Turkish politics and economy would not improve in the lack of durability and stability.

According to 2014 OECD report; the unemployment rate has fluctuated after 2008 economic crisis between 13.4% in 2009 and 9.6% in 2015 (OECD, 2014: 9). It is stated the development of the Turkish economy is under its potentials, and this situation can be solved to achieve long-term economic development and sustainability by some reforms and policies. In this direction, Turkish government needs to achieve inflation targets by following strict monetary policies; increasing competitiveness of Turkish economy; implementing urgent structural reforms in the 10th Development Plan (2014-2018) in order to increase productivity and economic growth (OECD, 2014). The report show us that Turkey need to continue neoliberal reforms and policies in order to establish continue economic development within the global economy. However, this development should still be based on the liberal democratic transformation within the political and social areas, because economic sustainability can be guaranteed if the majority of the population compromise on these reforms and policies. Thus the AKP government should necessarily enlarge democratic rights such as freedom of speech, freedom of press and freedom of belief.

4. CONCLUSION

Neoliberal transformation in Turkish economy is a requisite due to developments in the world and Turkey. This kind of a transformation brought many benefits for Turkey especially during the single party government periods. The political stability eased the implementation of new

reforms and policies in economy. However, long-term sustainability of economic development and social welfare is based on liberal democratic reforms and policies. Recent studies show that Turkey achieved fast growth during the single party rule in the government, but these center-parties have a chronic deficiency in common. During the first phase of the ruling period, all these parties implemented radical liberal reforms in political, social and economic areas. However, they followed authoritarian and conservative policies in the social and political areas to sustain the support from the voters in the later phases. Within a conservative and nationalist society, these parties feel themselves to follow these policies when they face national and international struggles covering political, social and economic matters. As a result, liberal transformation in the economic areas cannot be spreaded to the political and social areas due to this controversy.

Actually, the liberalization attempts in the social and political areas have been increased during the AKP ruling period, because AKP has continued the reforms and policies which have been started to be implemented before the AKP ruling period in direction with the European Union. As a result of these policies and reforms, Turkey started membership negotiations with the European Union in 2005. At that time civil politics has fully been established, democratic and social rights of the individuals have been enlarged. However, AKP followed conservative and authoritarian policies in the political and social areas after 2010 in order to sustain support of the voters with conservative backgrounds. In contrast, these policies decreased the support from voters because they caused social and political divisions between political parties and individuals in the society. In addition to these tensions and controversies, AKP politicians struggled due to problems such as increasing terrorist attacks within the borders of Turkey, lack of political stability due to June 2015 elections when AKP has lost its single ruling position, and deterioration of economic development. Although, AKP gained its single party position in the government in November 2015 election again, majority of the voters expect AKP to continue liberal democratic reforms and policies within the political and social areas. They demand for more democratic and social rights such as freedom of religion, freedom of thought, freedom of expression, and free press; thus, economic development can be sustained and guaranteed.

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