



Commentary

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*“He is a weak ruler who needs religion to uphold his government;
it is as if he would catch his people in a trap.”*
Mustafa Kemal Atatürk

In recent years, Türkiye’s¹ political and economic landscape has undergone a significant transformation. This transformation marks a shift away from “Western neoliberalism” and towards a system increasingly characterized by “authoritarian state capitalism.”

Prior to the rise of power of the Justice and Development Party (hereafter, the AK Party) in 2002, Türkiye existed as a flawed democracy, grappling with issues like military influence, ethnic discrimination, and suppression of certain religious groups. While democratic institutions enjoyed some trust from the public, concerns persisted. Under the leadership of Recep Tayyip Erdogan (co-founder of the AK Party and President of the country since 2014), the AK Party embarked on a path of consolidating power, culminating in the transformation of the political system from a parliamentary democracy to a presidential one. Türkiye is constitutionally “secular,” but the AK Party has pursued an “Islamist” agenda and eroded democracy.

Following a failed coup attempt in 2016, a period of profound distrust towards the West emerged in Türkiye. This sentiment coincided with the rise of alternative economic models and a changing global order, leading Türkiye to shift its political and economic alliances towards the East, particularly the Shanghai Five nations led by China and Russia, non-Western “great powers.”

or, as Erol puts it, “the recent economic turmoil in Türkiye since the summer of 2018 is somewhat resultant of these state capitalist practices, not of neoliberalism *per se*.”⁵

While some neoliberal elements exist, authoritarian state capitalist practices are more prominent in shaping the late political economy under the AK Party government. An idealized image of Western free-market capitalism, where the liberal democratic state does not interfere with the economy (or this intervention is quite limited), is portrayed in contrast to the authoritarian state capitalism, which is characterized by the state’s heavy economic intervention, “strongman regimes,” and “weak checks and balances.” Less democratic regimes/authoritarian regimes might achieve “short-term economic growth”; however, the long-term sustainability of such growth can be debatable.

As measured by The Heritage Foundation,⁶ economic freedom depends upon four main pillars: (1) the rule of law (i.e., property rights, government integrity, judicial effectiveness

Figure 1: Economic Freedom Score¹⁰

Figure 2: Economic Freedom Overall Score¹¹

Erdogan further consolidated his power after the 2018 elections. Following this election, an AK Party coalition with the Nationalist Action Party retained control of Türkiye's unicameral national assembly¹² and Erdogan managed to win a second term as President. Between 2018 and 2023, Türkiye's EFS plummeted from 65.4 to 56.9. The country's misery index has reached 32.7 (a result of 13.1% unemployment and inflation (CPI) of 19.6%). Further, with public debt equaling 41.8% of GDP, legitimate concerns about the country's financial sustainability are raised. The high misery index and weak economic performance could lead to further deterioration in living standards for many Turkish citizens. Both the judicial effectiveness score (24.2) and government integrity score (37.1) are below the world average (48.5; 44.5), suggesting a weakening of institutional safeguards against corruption and arbitrary decision-making (See Figure 3 and Figure

¹⁰ https://www.heritage.org/index/pdf/2023/countries/2023_IndexofEconomicFreedom-T%C3%BCrkiye.pdf.

¹¹ <https://www.heritage.org/index/visualize>.

¹² A legislature is unicameral if it consists of only one house.

4). The consolidation of power and potential democratic backsliding will likely deter foreign investment and dampen economic prospects.

Figure 3: Judicial Effectiveness Score¹³

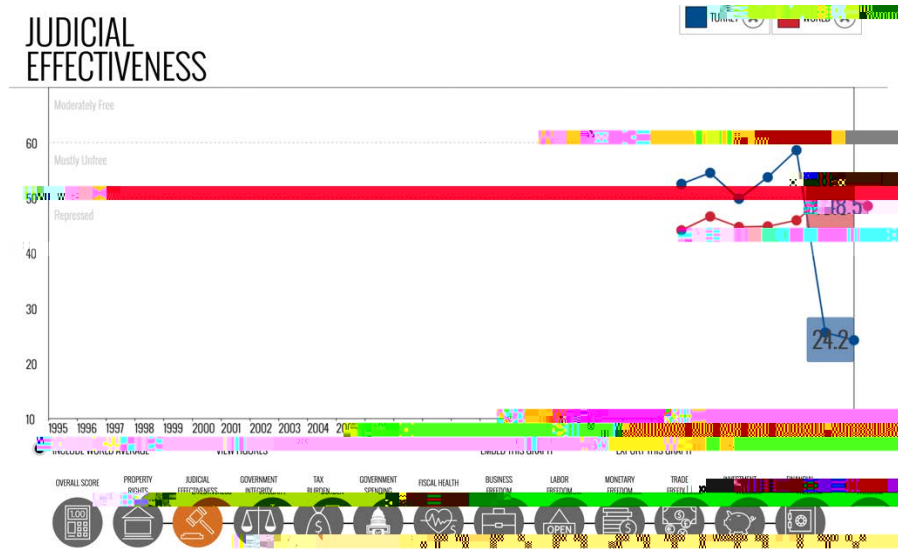
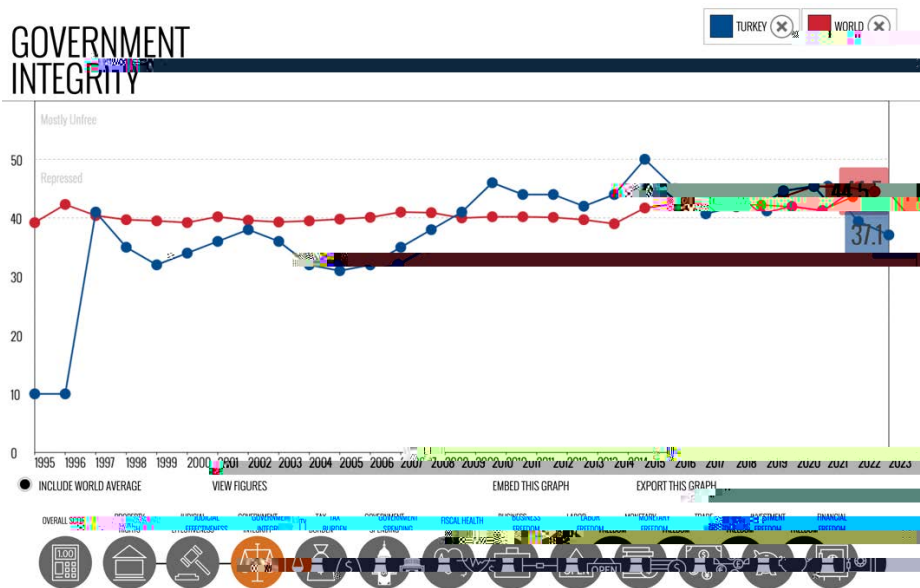


Figure 4: Government Integrity Score¹⁴



¹³ <https://www.heritage.org/index/visualize>.

¹⁴ *Ibid.*

Türkiye's shift towards authoritarian state capitalism has significantly impacted its economic landscape and raised significant concerns about its long-term economic freedom and prosperity. While the short-term outlook remains mixed, addressing these challenges through increased transparency, accountability, and a more "rule-based economic framework" will be crucial for restoring economic freedom and achieving sustainable prosperity for all Turkish citizens.

"Authority, without any condition and reservation, belongs to the nation."

Mustafa Kemal Atatürk