

Turkey 2014



Total: 57.92

Quick facts

Population:	76.9 million
Unemployment rate:	9.92 %
GDP:	806.11 billion \$
GDP growth rate:	2.9 %
GDP per capita:	10480 \$

Political Freedom

Free and Fair Elections : 7.5

Turkey has a semi-presidential system. While the Prime Minister wields most executive authority the President's power lies in his legislative veto and ability to appoint judges. Elections for the 550-seat parliament are generally free and fair, with notable exceptions such as when representatives of a Kurdish party were barred from standing as candidates in the 2011 parliamentary elections. Gradual improvements have taken place in some areas – 2011 was the first time that campaigning in the Kurdish language was officially permitted. The country has a 10% threshold for parties to enter parliament, a condition that originates in efforts to prevent Kurds and other minorities from being represented. This is the highest threshold in any European country and undermines democracy by making it extremely difficult for smaller parties to be elected to parliament. Restrictive laws prevent new political parties to emerge. The registration process for new political parties is highly complicated and hardly to administer for any young organisation. Thus, the law prevents political alternatives to enter the political arena. President Erdoğan has also made worrying attempts to consolidate presidential power and strengthen his position.

Absence of Unconstitutional Veto Players : 5.83

There are no considerable unconstitutional veto players in Turkey. The military's role as a "state within a state" has diminished since the election of President Erdoğan in 2002 and the ascendance of mainstream moderate Islamic politics. It is now firmly under the government's control. While President Erdogan labels this transfer of power as "democratic", he now uses the National Secret

Service (MIT) or the tax authorities in order to crack down on his political opponents. His vision of a strong state with a clearly authoritarian profile encourages unconstitutional veto players not to play along the rules of a democracy. In December 2013, the country was shaken by a corruption scandal. I.a., government contracts were awarded to AKP officials in an intransparent and illegal manner.

Freedom of Press : 3.8

The press is not free in Turkey. The government exerts pressure on media owners to prevent reporting critical of the ruling AKP. This was especially evident during protests in Istanbul's Gezi Park – many Turkish news sources failed to report events and others were hesitant to do so. Self-censorship is widespread, as Reporters Without Borders highlights in its index. The extensive use of the Turkish penal code to crack down on journalists covering the Gezi Park incident resulted in numerous arrests and harassments. Authorities created an atmosphere of hysteria, labelling journalists as terrorists, a move which Freedom House strongly condemned.

Rule of Law

Independence of the Judiciary : 4.42

Despite the constitutional guarantees of the independence of judiciary, the government can still exercise a lot of influence through appointment and promotion of judges or through financing. Pressures on the courts occur, including on defense lawyers, particularly in cases against alleged coup plotters or against journalists. Average duration of detention preceding the final verdict is excessive. Prison conditions are poor. Preventive government measures against torture proved inadequate. In September 2013, judiciary has launched an investigation against more than 30 police officers accused of torture or other abuse during the Gezi Park protests earlier that year. The role of military courts was reduced in 2010 to jurisdiction over army personnel. The immunity of the highest ranking officers was thus limited, which enabled prosecution against participants in military coups in the past. However, there are concerns about fairness of those, as well as of other trials against people perceived as anti-government.

Corruption : 5

Anti-corruption struggle is on, both in the government and in daily life. But, according to Transparency International, as compared to 2012, Turkey stagnated in 2013 (with the CPI held at 49 points, ranking it as 53 of 177 countries, with a downward trend. The reform package as of 2012 focused on curbing bribery and illicit financing in politics. Due to various findings, including FNF's, implementation is still lagging behind and the results are meager. Moreover, the public has widely regarded the-then PM (and current President) Erdogan as involved in cronyism and nepotism. Global Corruption Barometer 2013 identified political parties as the most corrupt (by 66% of respondents), followed by media (56%) and the legislative branch of power (55%). Investigations and trials into illegal financing of political parties, or into secret ties between corrupt politicians, businessmen and media, or into corruption in major metropolitan local councils (such as in Izmir or Eskisehir) went on with variable success. As the EU suggested, recent de facto lowering of an average length of sentences was not favourable for anti-corruption struggle.

Corruption in major infrastructure projects is also a very sensitive issue and civil society is often on alert in such cases. Mass riots during the Gezi Park protests in Istanbul were not least driven by possible societal or environmental impact but also by compromised transparency of that particular urban development project.

Protection of Human Rights : 3.87

Poor record in the field of human rights is, aside of some purely political concerns, a major factor of distrust between the EU and its candidate country Turkey and a reason for the reluctance of the former. In spring and summer of 2013, situation has seriously worsened, with the very status of Turkey as a relatively free and democratic country put in question. Mass civic protests in Istanbul and other big cities against the authoritarian ways of the ruling AKP party, triggered by a communal dispute over the planned removal of a park in Istanbul, lasted for several months, including hundreds of thousands people. To suppress the protests, the government used various means: excessive police force, arbitrary arrests, ill treatment and torture in custody (even though the courts later acquitted the arrested), flaming rhetoric and hate speech, inciting confrontation between various parts of society, hardened nationalism, pressure on media and business community, reducing online freedom, etc. Even aside of that event, there are plenty of challenges. Freedom of association and gathering is anyway restricted. Worse to it, there is no consistency in application of the rules, which especially affects religious, ethnic or sexual minorities, but often also NGOs or trade unions. Although several legislative and institutional steps were taken to improve the protection of women against violence, domestic violence, honour killings or other crimes against women do not retreat, partly encouraged by traditionalist, anti-equality rhetoric of the highest government officials. Reproductive rights, not least to abortion but to any family planning, are little by little limited by various subtle measures by central or local authorities. Secular character of the state is every little while also in doubt, in spite of the official declarations. Respect for the official nationalist vision of history is mandatory for all intellectuals if going out to public. Possible “verbal offenses” are many. That hinders public debate and limits academic freedom, especially in sensitive issues such as the 1915 genocide against ethnic Armenians.

Economic Freedom

Security of Property Rights : 5.76

Property rights overall are not well protected in Turkey. The main problems are the lack of judicial independence from the executive power. The military had strong unofficial connections to the courts, which has been undermined by the growing influence of the executive power – both of which undermine the integrity of the Turkish judicial system. Legal enforcement of contracts is slow and expensive, with a high number of legal procedures to be taken, all of which increase the risk of doing business in the country. Resolving insolvency is another weak point, with a lengthy process and high incurring costs, which minimize the recovery ratio. Police is not always professional and it can be influenced by political factors.

Size of Government: Expenditures, Taxes, and Enterprises : 7.05

General government total expenditure stood at 37.5% in 2014, which is on the same level as in the Central and East Europe (CEE) countries of the similar development level. Government revenues are slightly below that point, leading to medium size budget deficits, which are sustainable due to higher economy growth rates. Since 2010 the levels of public debt have been constantly in decline at medium 33.5% of GDP. Low public consumption leads to lower tax rates: VAT at 18% or 8%, and corporate tax of only 20%. However, labour taxes are much higher, with higher progressive rates ranging between 15% and 35% which alongside social security contributions make a relatively high tax wedge of 38% when compared to other developed OECD countries. State owned enterprises (SOE) are still present in Turkey, even dominant in some sectors, mostly infrastructure and traffic. However, a somewhat massive privatization of SOEs was recently introduced, among other areas, in banking and telecommunications. The level of transfers in total government expenditures remains as high as 50%, which is comparable to France.

Regulation of Credit, Labour, and Business : 6.24

Business regulation is not completely oriented towards entrepreneurial activities: administrative requirements lower the competition by imposing unnecessary red tape while bureaucracy costs are also high. These factors, as well as some licensing requirements, contribute to the level of corruption and favouritism among state officials in the country. Obtaining construction permits is a particularly slow process, while getting electricity although not slow is very expensive and both of these processes are prone to corrupt practices. Tax administration is complicated, although with a low number of annual payments they incur high cost on business, especially from the SMEs. However, starting a business is not difficult and expensive. Rigid labour law is another weak point of the business environment in Turkey – high severance pay connection to the worker's tenure make more seasoned workers very costly to fire, which makes them also very unattractive in the labour market (for example, a severance pay for a worker with 10 years of experience is up to 80% of his annual salary). Furthermore, obligatory military service also fuels the labour cost. The minimum wage is very high when compared to the average wage, reaching almost 60% ratio, which leads to high unemployment among the unskilled and uneducated, as well as high shadow economy participation which stood at 27.7% in 2012. Centralized collective bargaining is usually present only among employees of the public sector and not in the private sector.

Freedom to Trade Internationally : 8.45

Since the opening of the economy through reforms and liberalization, Turkey has pursued international trade as one of its development instruments. It has become a full member of the World Trade Organization (WTO) in 1995, and it signed customs union with the EU during the same year. However, some restrictions remain and hinder free movement of goods, services and labour. Obtaining residence permits involve long procedures with many necessary documents and are issued only for a one year period (only after 8 years is a long term permit issued). Tariffs are low for most products – mean applied tariff being only 2.8% but the tariff rate can be high for certain products facing international competition, most notably from the agricultural sector (the only sector not covered by the existing customs union with the EU). Regulatory burdens such as different types of certification are still dominant, which makes importing more difficult.