

THE IMPACT OF TÜSİAD ON THE EUROPEAN UNION
RELATIONS OF TURKEY
(1995-2005)

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Title: The Impact of TÜSİAD on the European Relations of Turkey (1995-2005)

This thesis examines TÜSİAD and its impact on Turkey-EU relations as a civil society organization, which is an actor of foreign policy for a decade starting from the mid 90s. The changing foreign political issues in the context of the changing international system after the collapse of the Cold War system is analyzed together with the changing and increasing roles of the civil society organizations during the period. The thesis also presents a historical background for the development of the relations between the Turkish state and businessmen.

Based on the theoretical and historical background summarized above, the thesis analyzes the organizational characteristics of TÜSİAD, its membership policy and its foundation principles. With the explained organizational structure, the activities of TÜSİAD, on the path to the EU are described in detail and its impacts both abroad and inside the country are presented within the text. Moreover, the text includes economic data that has given the motive to TÜSİAD to be so active for the membership of Turkey to the EU, based on the growth and foreign trade data.

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Başlık: TÜSİAD’ın Türkiye-Avrupa Birliği İlişkilerine Etkisi (1995-2005)

Bu tez, Türk dış politikasının aktörlerinden olan bir sivil toplum örgütü olarak TÜSİAD’ın 90’lı yılların ortalarından itibaren Türkiye ile Avrupa Birliği arasındaki ilişkilere etkisini incelemeyi amaçlamaktadır. Soğuk savaş sisteminin dağılmasının ardından değişen uluslararası sistem bağlamında dönüşüm geçiren dış politika meseleleri, sivil toplum örgütlerinin aynı süreçte değişen ve artan rolleriyle birlikte ele alınmıştır. Tez aynı zamanda Türkiye’de devlet ve işadamları arasındaki ilişkinin gelişimiyle ilgili bir tarihsel arka plan sunmaktadır.

Yukarıda özetlenen teorik ve tarihsel arka plana dayanarak, tez TÜSİAD’ın örgütsel özelliklerini, üyelik politikalarını ve kuruluş ilkelerini analiz etmektedir. Açığa çıkarılan örgütsel yapıyla birlikte TÜSİAD’ın Avrupa Birliği yolundaki faaliyetleri ayrıntılarıyla anlatılmakta ve örgütün sürece ülke içindeki ve ülke dışındaki etkileri tezin içinde sunulmaktadır. Ayrıca tez TÜSİAD’ın Türkiye’nin Avrupa Birliği’ne üyeliği için bu denli etkin şekilde faaliyet göstermesinin arkasında yatan ekonomik nedenleri de büyüme ve dış ticaret verilerini baz alarak içermiştir.

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CONTENTS

PREFACE.....	ix
CHAPTER 1: INTRODUCTION.....	1
CHAPTER 2: NEW ISSUES IN FOREIGN POLICY IN THE CONTEXT OF CIVIL SOCIETY.....	6
CHAPTER 3: A BRIEF HISTORY OF THE DEVELOPMENT OF THE TURKISH BUSINESSMAN.....	15
CHAPTER 4: THE HISTORY AND DEVELOPMENT OF TÜSİAD.....	32
Foundation and Development.....	32
Membership Policy and the Mission of TÜSİAD.....	34
The Economic Background and Dynamics that Motivate TÜSİAD to Pursue Turkey's EU Membership.....	37
Economic Transformations That Made Turkish Businessmen Deal with Foreign Policy Issues.....	37
The Economic Relations with Europe comparatively.....	50
CHAPTER 5: THE VIEWS OF TÜSİAD ABOUT TURISH FOREIGN POLICY AND ITS IMPACTS ON THE FOREIGN POLICY PROCESSES IN THE CONTEXT OF THE EUROPEAN UNION.....	58
The Opinions and Activities of TUSIAD about the Customs Union and European Union membership.....	62
Activities of TÜSİAD on the Path to the EU: 1997-2000.....	65
The EU Landing of the TUSIAD before the Helsinki Summit.....	81
Period after the Helsinki Summit.....	89
CHAPTER 6: CONCLUSION.....	109
BIBLIOGRAPHY.....	114

TABLES

Table	Page
1. Gross National Product in the Republican Era	39
2. Private and Public Sector Investments	40-41
3. The Development of Exports and Imports (1963-1980)	44-45
4. The Development of Exports and Imports (1980-1990)	47
5. The Development of Foreign Trade According to Periods	49
6. Exports According to the Country Groups (million dollars)	51
7. Number of the News about TÜSİAD in <i>Hürriyet</i>	107

FIGURES

Figure	Page
1. The number of exporter Firms in Turkey	42
2. The change in the exports of Turkey to European Union countries	53
3. Breakdown of Capital Export of Turkey by country group	53

PREFACE

After the collapse of the Socialist Block, the international political system of the Cold War collapsed as well. Both the former socialist block and the former western capitalist block which had defined themselves through the anti-thesis of one another found themselves in a problematic world order in which all the old traditional concepts and definitions were inefficient and unusable. They could no longer survive with the traditional foreign policy processes. The balance of the Cold War system no longer existed and a new balance was needed in the international system.

However, it was also clear that the state-centered foreign policy processes that were mostly formal, central and unchangeable could no longer be continued. The increase in the number and the power of non-governmental organizations and the increase in their desire to be active in foreign policy processes began to change the traditional foreign policy approaches.

The business organizations are one of the most important actors among those non-governmental organizations. The concepts of “trade diplomacy” and “economic diplomacy” are increasingly becoming important in the last decade especially together with the increasing desire of the businessmen about being active in the foreign policy processes. Moreover, the increasing activity of the businessmen has brought about their increasing activity of them also in domestic policy processes. This is mainly because of the changing international system that eliminates the borders throughout the world and eliminates the borders between the concepts and processes of foreign policy and domestic policy day by day.

Although today it would not be completely right to argue that the state has lost its position as the most important actor in the foreign political processes, it is becoming clear that the state has to share its power in the political arena increasingly with the non-governmental organizations among whom the businessmen are becoming the most important actors. Therefore, it is clear that to be able to understand and analyze the foreign policy processes in the new world order, the traditional analysis of diplomacy processes is inefficient.

In this context, my thesis aims to clarify the activities and to some degree the impacts of TÜSİAD, which is one of the most important non-governmental organizations in Turkey as a businessmen organization, on the European Union relations of Turkey. The thesis starts by defining the new type of relation between the non-governmental organizations and the foreign policy, and aims to understand their increasing importance after the Cold War. Then a short history of businessmen in Turkey and their relations with the state in the modernization process is given to be able to clarify their present positions and the differences of those positions when compared with their history. After this historical background, the thesis evaluates the organizational structure of TÜSİAD, its foundational bases, its membership policies, its mission and the change observed in its mission in the recent years. After the description of the organizational structure of TÜSİAD, the probable economical reasons for its desire to pursue the membership process are given by explaining the historical economic development of the Turkish economy and the trade relations with European countries. In the fifth chapter of the thesis, the activities of TÜSİAD in its pursuit of the EU membership process of Turkey from 1995 to 2005 are described and analyzed to be able to clarify its position in the foreign policy processes in the area of the EU.

Since the relations of the non-governmental organizations including the businessmen's organizations with foreign policy can be deemed as a new area of research, this thesis is among a small numbers of studies that seek to understand the impacts of a non-governmental organization on an area of foreign policy in Turkey. Before, there have been serious studies on the businessmen organizations like Ayşe Buğra's research titled *State and Business in Modern Turkey* or Karin Vorhoff's research on business organizations. Also there has been many studies on the foreign policy processes in Turkey. However, it is not easy to find a study that combines the foreign policy and the civil society organizations among the published ones. The issue has been brought onto the agenda during some conferences about the civil society organizations in the past. However, as far as my research on the sources about this issue shows, the conferences that are directly based on the effects of civil society on foreign policy have been held after the 2000s and their numbers are very limited. Therefore, this research is conducted with a hope that it will contribute to a new research area of international relations by combining a non-governmental organization with foreign policy, which for the most part has been mostly analyzed separately in the past.

However, since the subject of the thesis is a relatively new area of research, it was hard to find directly related secondary resources. For this reason, I mostly had to construct a tie between foreign policy and civil society organizations by using both types of secondary resources separately. I should add that the study of Buğra was very useful for me to be able to understand the structure of Turkish businessmen's activities. To be able to conduct my research on the activities of TÜSİAD about the EU membership process, I mainly used TÜSİAD bulletins, reports and journals which, were easily reachable but very hard to deal with as it necessitated the analysis

of thousands of pages. Moreover, while studying the economical reasons that made TÜSİAD pursue the EU membership of Turkey, I had some difficulties with finding the related data. For this reason, the economical analysis had to be limited to the economical growth, foreign trade and capital exports of Turkish businessmen. Although I knew that the data about the joint ventures founded with the western businessmen have a special importance in the economical sphere, it was difficult to find statistical data about these kinds of investments. The data about joint ventures were mostly related to their theoretical bases, which would not be sufficient for me. Since this hardship was combined with the deadlines, I decided to leave it to another research project.

However, I believe that the quality of the research is mainly based on its interdisciplinary character. The research both includes the foreign political issues that have their bases in the international relations theory, economic data related to this foreign policy analysis and the historical perspective that is used to clarify the developments about the subject in the last decade.

To conclude, despite its weaknesses mostly based on the newness of the issue, I hope that the thesis will contribute to the research area that considers the new problems and new actors in the international system to be able to understand the present new world system and to be able to light the way for the future.

CHAPTER 1

INTRODUCTION

From the nineteenth century, Turkish history has been structured by movements of modernization, which can also be defined as movements of westernization. Especially with the movement of the Young Turks, and after that the power of the Committee of Union and Progress, this modernization movement gained acceleration by adapting the western types of political and economic systems in the country. The Turkish Republic continues this tradition to the present day.

During the westernization history of Turkey, one of the most important attempts was the desire for the country to be a member of the European Economic Community that was the premise of today's European Union. Turkey made its first application for full membership in 1959. The formal process in the way to full membership in the EU started with the Ankara Agreement in 1963.¹ The target defined in the agreement was full membership after the stages of preparation process, transition process and customs union.²

In 1963, when Turkey signed the Ankara Agreement with the European Economic Community, Turkey was to be the second member after Greece.³ According to the planned period, Turkey could have been a member of the community at the beginning of the 1980s. However, Turkey was only able to

¹ İdris Bal, *Türk Dış Politikası* (Ankara: Nobel Yayıncılık, 2004), p. 209.

² Ibid., p. 209.

³ Ziya Müezzinoğlu, *Avrupa Birliği Devlet ve STK'lar* (İstanbul: Türkiye Ekonomik ve Toplumsal Tarih Vakfı, 2001), p. 158.

achieve application for full membership in 1987, and the community declared that Turkey had fulfilled the requirements of the community only in 1989.⁴ Moreover, Turkey was only able to achieve entrance to the Customs Union in 1995.

As seen from this short summary of the historical process of Turkey and membership to the EU, the process could not be executed efficiently. Among the reasons for this inefficiency, the attitudes of the governments play an important role. However, the objective conditions in this process must also be considered. For instance, in the transition process, in the mid 1970s the worldwide economic crisis known as the petroleum crisis had a considerable effect on the process.⁵ Moreover, from time to time mostly because of the conjectural situation and because of the attitudes of the governments the process started to be seen from the economic perspective.⁶ Yet, from the very beginning of the process, the main aim was to integrate with Europe, not with an economic organization.

However, one of the most important reasons that has created the problematic relation process between Turkey and the European Union, which is the absence of civil society organizations in the process for decades, is generally overlooked.⁷ The absence of these organizations in this process is not only because of the insufficient democratic structure of Turkey, but also because of the international conjecture in which the real development and interest of civil society organizations in foreign policy issues occurred generally after the end of the Cold War. This of course does not mean that before the Cold War the civil society

⁴ İdris Bal, *Türk Dış Politikası* (Ankara: Nobel Yayıncılık, 2004), p. 209.

⁵ Ziya Müezzinoğlu, *Avrupa Birliği Devlet ve STK'lar* (İstanbul: Türkiye Ekonomik ve Toplumsal Tarih Vakfı, 2001) p. 159.

⁶ Ibid., p. 159.

⁷ Ibid., p. 160.

organizations did not occur. They existed but were relatively ineffective. Moreover, in the developed countries they relatively were more powerful than they were in other regions of the world.

The most well known civil society organization that has worked towards the relations of Turkey with the European Community is the Economic Development Foundation (*İktisadi Kalkınma Vakfı*), which was founded in the 1960s. This organization was the first one to deal with issues that had been seen completely as government matters until that time. However, the works of the foundation could not be socialized because of its structure.⁸

The second civil society organization that worked on the relations of Turkey with Europe was the Association of Turkey European Union (*Türkiye Avrupa Birliği Derneği*) until the end of the 1980s. The aim of the association was defined as to introduce Turkey to the EU and to introduce the EU to Turkey. However, the activities of the association were limited to conferences.⁹ This is also an understandable issue, as to be able to widen its activities, it needed a legal base. Yet in Turkey, it was restricted to associations to deal with politics.

However, the foundation of TÜSİAD in the 1970s was a turning point from the perspective of the intervention of the associations into politics. From the beginning until the 1980s, TÜSİAD focused on its activities in the economic sphere. In this decade, the main targets of TÜSİAD can be summarized as to give businessmen an organized structure and to explain the importance of the private sector both to the public and to the state.¹⁰

⁸ Ibid., p.160.

⁹ Ibid., p.161.

¹⁰ Semra Cerit Mazlum, Erhan Doğan, *Sivil Toplum ve Dış Politika* (İstanbul: Bağlam Yayıncılık, 2006), p. 235.

Together with the liberalization policies and opening to the international system of the 1980s, TÜSİAD started to become interested in the political issues of Turkey more and more. In this decade, Turkey also applied for membership to the European Community. The main reason for the change in the attitude of TÜSİAD towards political issues can be defined as their search for economic growth and stability that could be achieved only by strong politics. The aim of integrating with the EU was completely harmonious with the desire of this organization.

The time interval when the efforts of TÜSİAD both in the domestic and gradually in foreign policy started to increase was the last decade of the twentieth century. This decade was characterized by the changing international conditions after the collapse of the Cold War system. From the side of Turkey, it was a process that it encountered new and hard conflicts in the international politics.

In this period, TÜSİAD tried to develop foreign policy perspectives and strategies that could overcome both political and economic uncertainties.¹¹ In the activation process of TÜSİAD, especially the membership of Turkey to the Customs Union was a critical turning point. From this date TÜSİAD members started to be very active, especially in foreign policy processes where they mostly acted as diplomats in the international institutions with the aim of creating a Turkey that was integrated into the international system starting with the EU membership.

This thesis, seeks to clarify the activities of TÜSİAD on the path to the EU from the mid-1990s to the mid-2000s. To be able to clarify the activities and aims of TÜSİAD about the EU membership of Turkey, the thesis also examines the

¹¹ Semra Cerit Mazlum, Erhan Doğan, *Sivil Toplum ve Dış Politika* (İstanbul: Bağlam Yayıncılık, 2006), p. 235.

economic motives behind the activities of TÜSİAD. Although the thesis mainly focuses on the activities of TÜSİAD, the change in the international political system in the context of civil society organizations and the historical development of businessmen will also be discussed to be able to understand TÜSİAD's organizational attitudes.

CHAPTER 2

NEW ISSUES IN FOREIGN POLICY IN THE CONTEXT OF CIVIL SOCIETY

Civil society organizations and their relations with foreign policy is an analysis area that has not been studied sufficiently in Turkey. The general approaches about this subject are still based on a clear distinction between domestic and foreign policy. Therefore, generally issues about foreign policy are taken as an analysis of diplomacy. For this reason, the problems of domestic policy occurring outside the country like the Cyprus problem and the problems of foreign policy occurring inside the country like the Kurdish problem are becoming more and more problematic as a matter of international relations and politics.

However, foreign policy is in fact born in the hands of domestic policy¹² and it cannot be understood without considering the relations between states, societies, and civil society organizations. In this complexity, it is generally very hard to understand where the foreign policy starts and where it ends.¹³

Especially since the Cold War years, the world has been experiencing “the era of globalization”, which increasingly eliminates the borders between domestic policy and foreign policy more and more. Globalization is generally defined as “the state of the world involving networks of interdependence at multi-continental distances”.¹⁴ It has been eliminating almost all of the clear distinctions among the historically known

¹² İdris Bal, *Türk Dış Politikası* (İstanbul, Nobel Yayın Dağıtım, 2004) p. 4.

¹³ Ibid., p. 7.

¹⁴ Joseph S. Nye Jr, Robert O. Keohane, “Globalization,” in Joseph S. Nye Jr, *Power in the Global Information Age. From Realism to Globalization* (New York: n.p.) 2004, p. 192.

facts, including concepts. In this period, the borders between foreign policy and domestic policy were also being erased. Therefore, to be able to understand and solve the contemporary political problems, an analysis that is only based on the foreign policy departments of the governments and on the diplomacy activities is insufficient.

Especially since the end of Cold War, the decision-making process in foreign policy has undergone a serious transformation.¹⁵ Now foreign policy cannot be understood as an area that is only under the control of state instruments. Together with the reality of globalization, the transformation of the world economy has brought the elimination of the borders between world markets. Because of globalizing capital it is observed increasingly both that diplomats act like businessmen and businessmen like diplomats¹⁶. Just because of those transformations, the effects of the civil society organizations should be a matter of close analysis in the context of foreign policy issues.

One of the basic features of globalization is the neo-liberal ideology that was born together with globalization and that has gained power together with it. Perhaps the basic characteristic of this ideology is to limit the social duties of the state and to decrease its expenditures in this era.¹⁷ Therefore, it would not be wrong to argue that the state also wants to transfer some of its duties, especially in the era of social issues, to civil society organization, which makes them gain more power day by day.

¹⁵ R. P. Barston, "The Changing Nature of Diplomacy" in R. P. Barston, *Modern Diplomacy*, 1997, p.7.

¹⁶ Semra Cerit Mazlum, Erhan Erdoğan, *Sivil Toplum ve Dış Politika* (İstanbul: Bağlam Yayıncılık, 2006), p. 9.

¹⁷ Türkiye Ekonomik ve Toplumsal Tarih Vakfı, *Avrupa Birliği Devlet ve STK'lar* (İstanbul: Türkiye Ekonomik ve Toplumsal Tarih Vakfı, 2001), p. 9.

Instead of the concept of “civil society organizations” the concept of non-governmental organizations has been used more often. As Burhan Şenatalar points out, this concept is an invention of the last quarter of the twentieth century.¹⁸ It is clear that those types of organizations existed before this period. However, they were neither important and popular nor very widespread.

It is generally accepted that the civil society organizations started to have much more importance and power after the 1990s. For instance, from 1995 the number of organizations supporting the work of the Economic and Social Council of the United Nations reached more than 1,500. Other important example supporting this fact is that the Nobel Peace Prize was given to anti-mine campaign in 1997 and to Doctors without Borders in 1999.¹⁹

There are several reasons why these organizations gained power and popularity. Burhan Şenatalar emphasizes the deficiencies of classical and representative democracy as one of the most important factors that gave way to the empowerment of civil society organizations. The people no longer want to be governed in the traditional way. Moreover, the arena of politics has broadened when compared to the Cold War years. The subjects of politics have increased.²⁰ These subjects now range from human rights organizations to business groups. People are now more eager to be active in political life. The attitude of waiting for things from the political elites to solve problems has been transformed into calling them to account. Therefore, the politics is no longer as state-centric as it was before the 1990s. Both the change in the structures of the civil society organizations and the

¹⁸ Ibid., p. 9.

¹⁹ Ibid., p. 10.

²⁰ Ibid., p. 11.

change in the political governing style have caused a transformation in the relations between non-governmental organizations and the state.

Before the 1990s, the relations between the state and those organizations were either like the relations among enemies or had a patronage characteristic where the state acted as the patron of those organizations. In the best situation, the state was very disinterested. Of course, this definition changed according to the country, especially according to its development and democratization level. However, in recent years, this relation has been changing into relations of governance as a general tendency.²¹ This tendency points out a serious transformation both in the structures of civil society organizations and in the central politics.

In this transformation, the increase in the involvement of civil society organizations in foreign policy is also an issue that deserves special attention. Of course, this involvement has many different reasons, different expectations and aims for different organizations. This increase in involvement in foreign policy issues has its roots partly in the transformation of those organizations and partly in the restructuring process that has been experienced in Turkey and in the world that also consists of foreign policy.

Today many issues that were overlooked or not seen in the Cold War period have both been politicized and internationalized and have become part of international politics. The most important issues among them can be listed as international trade, international migration, globalizing poverty, global diseases, human rights, climate changes, global ecological problems, international terrorism, trafficking and ethnic identity politics. The main common point of these problems is that from now on they cannot be solved under the nation-state alone or domestically.

²¹ Ibid., p. 13.

This makes those problems appear on a new scale in world politics in which national and the international issues appear together. Moreover, on this scale apart from nation-states, environmental organizations, human rights organizations and local groups are also acting effectively.²² Of course, the multi-national companies and the organizations that are formed by their representatives are also among the leading actors of this political scale.

As pointed out above, the main actor behind this transformation is globalization itself. Globalization forms a basis for capital, goods, knowledge and ideas and may be today more limitedly for the people to be able to move, organize and start a movement with a speed that has not been seen in history. One of the main results of this immovability is the addition of new actors besides the state-centered system.

One of the most apparent results of this global transformation is that the concepts of foreign policy and domestic policy are increasingly contradicting, especially when compared with the period of 20-25 years ago. On one side there are nation-states that form their domestic policies according to foreign policy (this is valid especially for developing and under-developed countries because of dependency relations). On the other hand, all of the states existing in the international system have to consider not only their own societies' preferences but also the preferences of the societies of the states with which they are in relation. Therefore, foreign policy is no longer a one-sided, one-actor process, but it is becoming increasingly a multi-actor process.²³

²² For a more detailed information about how the civil organizations act in the international politics see; R. P. Barston, "Diplomatic Styles and Methods" in R. P. Barston, *Modern Diplomacy*, pp. 103-129.

²³ Brian Hocking, "Privatizing Diplomacy?," *International Studies Perspectives*, no. 5, p. 148

The change in the structure of foreign policy affected Turkey especially with the collapse of the Soviet Union and Yugoslavia and the closure of the Cold War, like most countries in the world.

The ending of the Cold War era is seen as so important that many historians see this date as the end of the short twentieth century.²⁴ However, there are also historians that define the last decade of the twentieth century as the longest decade especially for Turkey.²⁵ This definition is based on the deep effects of the post-Cold War era on Turkey. In the 1990s, foreign policy issues were no longer limited by standard historical issues, and both international issues and foreign policy started to be discussed as never seen in the history of the Turkish Republic.²⁶

The collapse of the Cold War systems meant not only new neighbors for Turkey, but also the emergence of many different groups that call themselves relatives and that had expectations like economic aid and cultural support.²⁷ This situation even caused the usage of new concepts in foreign policy, like active foreign policy, in the 1990s. Some historians disagree with the usage of this concept by comparing it with active diplomacy, yet they agree that there has been a serious change in the applications of foreign political issues, at least by accepting that Turkey has started to apply a more active policy, relatively.²⁸

One of the strongest pieces of the change in the foreign policy issues of Turkey is that for the first time in the history of Turkey, the target of being a regional

²⁴ For more detailed knowledge about the “short 20th century” see Eric Hobsbawm, *Kısa 20. Yüzyıl* (İstanbul: Sarmal Yayınevi, 1996), pp. 13-33.

²⁵ Gencer Özkan, Şule Kut, *En Uzun Onyıl* (İstanbul: Buke yayınları, 2000), p. 9.

²⁶ Ibid., p. 44.

²⁷ Semra Cerit Mazlum, Erhan Erdoğan, *Sivil Toplum ve Dış Politika* (İstanbul: Bağlam Yayıncılık, 2006) p. 13.

²⁸ Özkan, Kut, pp. 44-45.

power has started to be emphasized often.²⁹ Of course, this does not mean that Turkey has become a regional power. However, the use of this concept can be seen as a symbol for the transforming foreign policy in Turkey.

As Şule Kut points out, after the Cold War, Turkish foreign policy for the first time became multi-sided, included the state and non-state actors and started to gain an active structure that aimed to act with international society about international problems. Moreover, for the first time, Turkish foreign policy started to use international platforms on which it had not been that active before, and gained an active diplomatic structure.³⁰

Moreover, the end of the Cold War and the collapse of the status quo in the international arena made the domestic conflicts clearer. One of those conflicts for Turkey is identity politics, which suddenly has become the issue of both domestic policy and foreign policy. In the international era, it has become one of the most important problems that Turkey has to solve before it is accepted as a member of the EU.

Apart from these, perhaps the most important process that has determined the transformation of the foreign policy processes in Turkey has been the new neo-liberal economic policies that started to be implemented after the import-substitution policies. Together with the export-oriented economic policies, the liberalization of the market and the economic implementations that aimed to open and direct the domestic big capital to the foreign markets and to integrate it to the world markets signaled a serious change in the arena of foreign policy.

²⁹ Ibid., p. 51.

³⁰ Ibid, p. 56.

To be able to empower the domestic capital, providing sufficient economic competition power for them is necessary but insufficient to be able to be actors of the international markets. To be able to realize this economic opening, foreign policy had to be restructured. And this brought new and important visions to foreign policy, namely economic and trade diplomacy. In this period, the foreign policy became almost synonymous with foreign trade strategy itself. And as the foreign policy and foreign trade came closer to each other, it was almost inevitable for the business world to be one of the main actors of the foreign policy.

With the effects of all those economic, social and political factors, the interest of society in foreign policy increased in the 1990s. In this period, both the international problems and the foreign policy started to be discussed with greater interest.³¹ It is possible to say that this deep interest became more organized activity, at least for a section of society.

Therefore, this period brought about a transformation in the conceptualization of foreign policy. Foreign policy was no longer an issue determined by a single hand, (the state), but it became an issue that was affected by different actors in the state and by different social groups. Although the state has not lost its central power in the foreign policy processes, the number of the social actors that sought to be active in foreign policy increased and they became more diversified. Business groups, ethnic groups, different social organizations with different ideological approaches were among those actors.

³¹ Özkan and Kut, p. 48.

Before the 1990s, civil society organizations defined themselves from the perspective of being the anti thesis of the military.³² This is, of course, directly related to the historical facts of the country where the military has had a deep influence on the political power and was seen as a direct political power during coup years. However, after the 1990s, simultaneously with the world trends the civil society organizations in Turkey became more varied, the base, and the content of the organizations diversified. Many civil society organizations with targets ranging from saving local agricultural products to supporting the nature, from spreading Islamic ideas to solving global problems like poverty were established.

Especially the Kurdish problem, which always has been an important domestic policy issue, can be redefined as the attempts of Kurdish groups in international institutions to effect and transform the domestic policy. There is no doubt that these attempts have internationalized the issue and affected the foreign policy seriously.

The developments experienced in the 1990s necessitate an evaluation of the attendance of the civil society to foreign policy without thinking of it as the effect of a small group or the elite strata. Governments have always considered the tendencies of the elites and society. However, the entrance of civil society organizations into the foreign policy as an area of profession or an area of struggle should be understood as a symbol for a serious transformation.

³² For a more detailed information, see Abdullah Gül, "Türk Siyasal Hayatında Sivilleşme, Yerlileşme, Demokratikleşme Hareketleri ve Türkiye'nin Geleceği," *Yeni Türkiye, Sivil Toplum Özel Sayısı*, no. 18 (November-December 1997), pp. 46-53.

CHAPTER 3

A BRIEF HISTORY OF THE DEVELOPMENT OF TURKISH BUSINESSMEN

In the history of Turkey, contrary to the experiences of the eighteenth and nineteenth centuries in Western societies, businessmen did not take on leading roles in the development and transformation of society as a class independent from the state, the self-confidence of which was thus high and which was autonomous.

In western societies, the businessmen gained power in the natural progression of history. Generally, the statesmen in these countries followed the actions of these groups and most of the time realized the economic and political implementations that were demanded by them. However, the Ottoman social system did not create such an interaction. Efforts to create a western type business sector by the state began at the beginning of the twentieth century. This lateness or the fact of beginning late caused both in the Ottoman Empire and in the Turkish Republic, which can be deemed as the continuation of it, the creation of a Turkish-Muslim businessmen class by the state and this made them dependent on state.³³ This dependence became a part of state policy. Yet, the state did not allow the businessmen to become westernized, which would mean independence from the state, and later might mean gain moves to control of the state policies by them.³⁴

The Ottoman economy was established upon the principle of meeting the needs of the cities which is defined as provisionalism. Especially after the Ottoman state lost its military and political advantages in the seventeenth and eighteenth centuries,

³³ Zafer Toprak, *Türkiye'de Milli İktisat 1908-1918* (Ankara: Yurt Yayınları, 1982), pp. 26-27.

³⁴ Ibid, pp. 59-62.

the Ottoman political system based on “nation” (*millet*), provided non-Muslim citizens the opportunity to become “businessmen” or the “wealth owner” classes of the Empire in cooperation with the Western business world.³⁵ However, it was not possible to establish a class of Muslim businessmen or a sufficient capital accumulation that could provide help for the under-developed position of the country.

The movement of the Young Turks, which was put forward in order to stop the receding of the Ottoman Empire, reversing the bad situation, and realizing a liberal transformation, expected in the beginning that everything would be better as a result of following the liberal policies in both the political and economic areas.³⁶ During this period, extensive opportunities were given to foreign capital. The Ottoman political powers still approached the economic situation from a classically liberal point of view.³⁷

After the revolution of 1908, a Deputy Assembly was opened in which both the non-Muslims and Muslims were represented and which focused on the concept of the “Ottoman People.” Since the concept of “Ottoman People” was a forced one that had been put forward for the aim of alleviating international pressures, it did not have any meaning for Ottoman society. Just as with the effect of the international ambience, the separatist movements in the Ottoman Empire increased. Moreover, liberalization of the economy increased the efficiency of the non-Muslims and the foreigners.³⁸ The Muslim artisans lost their work and became poorer day by day under the free competition conditions. The abolition of guilds with the second

³⁵ Çağlar Keyder, *Türkiye’de Devlet ve Sınıflar* (İstanbul: İletişim Yayınları, 2005), pp. 69-70.

³⁶ *ibid.*, p.83.

³⁷ Eric J. Zürcher, *Turkey a Modern History* (London: I.B. Tauris & Co Ltd Publishers, 1998), p. 127.

³⁸ *ibid.*, p. 128.

constitution provided the ambiance for free trade and free enterprise. However, small manufacturers and Muslim artisans that existed by organized solidarity took a great blow.³⁹

Economic and political liberalism could not rescue the country from economic and social backwardness. Economic liberalism caused the existing economic situation to worsen, and the liberal system which developed after served the profits of the non-Muslims, who realized big capital accumulations in their own regions, behaving as a part of a western business world within the Ottoman Empire. In addition to that, the separatist movements could not be stopped, and contrary to the suggestions and hopes of the ones defending liberalism, the non-Muslim nations preferred to be apart from the Ottoman Empire.⁴⁰ This situation gave birth to the reaction and response to economic and political liberalism among Ottoman society and intellectuals. This response gave rise to Turkish Nationalism.

As a result of the “national economy” understanding, which constituted the economic dimension of the Turkish nationalism within the First World War, the capitulations were abolished by the Ottoman government as a one-sided act⁴¹ and, the government introduced a protective foreign trade policy. Within this period, the state undertook foreign trade by means of an export committee. Foreign exchange procedures and foreign exchange transactions were given to the control of a Central Commission. In this period, similar developments were monitored in the arena of domestic trade and the state entered into all areas of economic life. During the war years, the nationalization of the market was the goal and it was thought to give trade

³⁹ Ibid., p. 128.

⁴⁰ Keyder, p. 85.

⁴¹ Zürcher, p. 130.

to the hands of Muslim Turk elements by means of cooperatives by taking the wealth and productive tools from the foreigners and non-Muslims.⁴²

The Committee of Union and Progress, which was yearning to direct the economic structure of the country that was becoming more independent day by day and to establish a system that would realize capital accumulation, always concentrated on the ethnic dimension of the matter while creating the Muslim-Turk notables, whom they had called a “middle class”, and cared for Muslims to the detriment of the non-Muslims. Dealing with trade and crafts, being entrepreneurs were offered to the Muslim elements instead of the state employing them. Just as the national economic policy that was carried out during the war years had provided this fortune to the Muslim-Turk elements, while the non-Muslims and foreigners were being eliminated from the market, ‘national’ corporate companies began to gain control of the economy day by day.⁴³

When the conditions of the First World War began to be felt together with the National economic policies, a new economic situation appeared in which the income distribution began to hurt the middle classes. The Muslims made use of the economy by means of speculation preventing measures and a new capitalist group was born out of the war, called the Rich of 1916.⁴⁴ In this situation the majority of society, primarily officers, soldiers, workers and similar sections with fixed incomes got poorer and lost their possessions. The middle and big land owners who manufactured products directed to the market, and the provincial merchants and organized

⁴² Zürcher, p. 130.

⁴³ Ibid., p. 131.

⁴⁴ Ibid., p. 131.

tradesmen that provisioned Istanbul and were close to the Committee of Union and Progress realized big profits in the First World War.⁴⁵

After the foundation of the Republic, the advanced determiner role of the State within the business world continued. It was during the period of the Committee of Union and Progress when the quality of the relations of the entrepreneur class with the power of the State became one of the most important parameters for their businesses and their growth. This relation between the State and the businessman was more than the form of taking care of a simple close friend. A businessman had to make the government believe that he was capable of serving the state by means of entrepreneurial activities. The entrepreneur was to have conceived of the development projects of the state well and was to provide the cutting out of a role for himself within this project. The source of an entrepreneur's legality was measured with the role he played in the development project.

In the Republican era, the struggle to create a national entrepreneurial community that would take the place of the minorities that had been started by the Committee of Union and Progress continued. According to Buğra, the existent tax applications within 1940s not only created wealth transfer from the non-Muslims and from converts to Islam, but also created corruption among Muslim businessmen.⁴⁶ The state also in the Republican era, as it had done during the era of the Committee of Union and Progress governments arranged the formation of capital accumulation by punishment and reward mechanisms that it had applied as selector. Buğra points out how this situation affected the relations with the business world and writes: "the government could not obtain the results that it expected from this unusual tax, but the

⁴⁵ *ibid.*, p. 131.

⁴⁶ Ayşe Buğra, *State and Business in Modern Turkey* (New York: State University of New York Press, 1994), p. 115.

whole episode undoubtedly had a great significance in affecting state-business relations in the country”.⁴⁷

This situation did not allow the businessmen to gain a free social position. According to a study that showed the financial dependence of the entrepreneurs on state sources in the 1980s the incentives that were given in the well-developed regions constitutes 67.6 % of the total investment expenses during investment and 58.2 % of current expenses. The ratios in the regions where the incentives were primarily given were 96.6 % and 95.2 %. These numbers show that during the term of the Republic, financial dependence was available that limited the social power of the business class. For this reason, the business community was not able to legitimize its social position depending upon the trading capabilities of its members, capital accumulation or social position.⁴⁸

The wealth and position of this group were viewed with suspicion by society. It was claimed that closeness to state and to politicians created unfair wealth acquisition and that the state encouraged illegal wealth acquisition by preparing ground for it through some covert operations. Similar claims were brought forward frequently.⁴⁹

As stated above, the staff that founded the Republic took the mission of creating a national enterprise community from the era of the Committee of Union and Progress. The existing national businessmen class, whose number and capital was expected to increase, was trusted with the economic development of the Republic. The principles that were determined at the Izmir Economy Congress, which was held

⁴⁷ ibid., p. 116

⁴⁸ For information that shows the ratio of incentives within the investments, see E.Koyunlu , *Investment and Export Encouragements in Turkey* (Istanbul : YASED, 1987), p. 22.

⁴⁹ Cemil Koçak, Hikmet Özdemir, Korkut Boratav, Selahattin Hilav, Murat Katoğlu, Ayla Ödekan, ed. *Sina Akşin, Yakınçağ Türkiye Tarihi 1* (İstanbul: Milliyet Yayınları, 2004), 1: 313.

in 1923 and which over 1,000 delegates attended from the trade, industry, worker and agricultural sectors, indicated that there was clear agreement on an economic system in which free enterprise was sovereign. These principles put forward the incentives that would cause the business groups pain and that would make the working of a modern market economy and ownership right possible. Within the economy congress, the decision of protecting the national industry with a customs wall and applying customs exemptions in order to facilitate the development of the national economy conflicted with the conditions that insisted on the perpetuation of the Ottoman State trade regime without change until the 1930s, and which would only be solved later.⁵⁰ Therefore, the national businessmen could not be protected at the level expected and were not encouraged.

The period between 1923 –1929 passed with struggles between creating a powerful class of national businessmen, and trying to form the conditions for a free market economy. Moreover, together with the matters of the Lausanne Treaty about a trade regime,⁵¹ the pressure of the large debts inherited from the Ottoman Empire and the lack of private enterprise, private capital and the accumulation of information that could make investments in all required areas, the effects of the 1929 Depression and entering into the inclined plane of the Second World War came together. The efforts for a free market economy were given up.⁵² Between 1930 and 1946, extreme nationalist trends strengthened the Republican People's Party, which governed the country with an authoritarian government understanding. The liberal

⁵⁰ Buğra, pp. 98-99.

⁵¹ Concerning the non- allowance of application of protectionist policies by the binding judgments of Lausanne agreement during the first years of Republic, see Dr Orhan Kurmuş, *Cumhuriyet'in İlk Yıllarında Sanayinin Korunması* (Protection of Industry within the first years of Republic) (Ankara: TMMOB, 1976) pp. 3-20.

⁵² Koçak, p. 1: 313.

economic policies were given up and an economic understanding called “etatism” was introduced.⁵³ After the termination of the war, parallel to the trends throughout the world between 1946-1960, the understanding of “liberal economy” was accepted by the last government of the single party power and then by the Menderes government. The main determining characteristic of the economy between 1960 and 1980 was its being “planned.” After the decisions of 24 January 1980, policies of liberalism began to be implemented for the third time.

The conduct of the RPP against the private sector between 1930 and 1946, in which it implemented a strict etatist understanding, was changeable. On one side the private sector, and the politicians who created policies based on the interests of private sector were the called as “enemy”, “traitors”, and “opportunists” by some of the RPP members.⁵⁴ On the other side were other members of RPP that believed in the economic policy understanding that state would make investments in the areas in which the private sector could not. Which of these beliefs in different doses would be efficient on the economic policies was determined by the international and national coalitions in which the social groups took place to the extent of individual activities.

The Wealth Tax (*Varlık Vergisi*) application that was promulgated in 1942 can be accepted as a product of the interaction of Republican government members that were effected by the sudden political comprehension of Germany, which was “anti-Semitic” and tried to “find out and punish the responsible” in the first years of the war.⁵⁵ The imposing tax policy belonged to the extraordinary terms that the state introduced for the aim of getting taxes from the war rich that had gained profits in

⁵³ Ibid., pp. 321-322.

⁵⁴ Keyder, p. 157.

⁵⁵ Ibid., pp. 158-159.

the war conditions, extracting capital and trying to prevent stockpiling by increasing the costs of stock were applied in a selective manner. In a great portion, non-Muslim businessmen and ordinary people were effected by this. The ones who were unable to pay their taxes were sent into exile to Erzurum Aşkale. Although this tax brought a wealth transfer from the non-Muslim businessmen and the rich people to the Muslim businessmen, it seriously damaged trust-based relations in the business world.⁵⁶

The effects of the end of the Second World War and demise of the excessive nationalist, racist, and etatist winds throughout the world were reflected in Turkey within a short time. The government of the Republic of Turkey accepted political and economic understandings which were closer to those of the USA in order to benefit from the Marshall Plan, which the USA introduced to help the European countries develop after the war with the aim of building a union against the spread of Soviet policies.⁵⁷

After the Democrat Party came to power in 1950, the vision of the state about businessmen changed dramatically. At a meeting that the Ministry of Economy and Commerce held with a group that represented the businessmen in 1950, it was declared that the Ministry would take all main economic decisions with the business world. This is a typical reflection of this policy. However, the DP government left the business world in a difficult position with the complex and in-depth pragmatic

⁵⁶ Ibid., p. 159.

⁵⁷ Ayşe Buğra pointed out that the developments realized during this term reflected the pragmatic point of view of Turkish politicians in the scope of economic policy. The part which Buğra quotes from reflects the dynamics of the period. Here it was said that “We had taken the decision of benefiting from private enterprise and capital, not giving opportunities to different transactions between the private and state enterprises, helping the studies and developments of their operating securely, providing cooperations between private capital and state enterprises, preventing the spreading of state administrations to the areas that should be achieved by private enterprises and removing the situations against these”. For detailed information, see Buğra, p. 174.

policies it applied. Buğra calls this the “Paradox of Turkish Liberalism.” She evaluates the situation also experienced in the 1980s as follows:

.... second experiment in liberalism in 1980s, consists of a particular type of economic policy process in which a pro market and probusiness government restricts the realm of the market through a series of extremely intricate mechanisms of intervention. By endless modifications of interventionist policy package, life became extremely difficult for the business community. In such a policy environment, the traditional love and hate relationship between the state and the business community reaches its most significant dimensions.⁵⁸

The Democrat Party government, in power between 1950 and 1960, followed policies that reflected opinions which were directed to stopping business, an interventionist understanding that was far from a “Strategic Planning”, far from “being systematic,” and that aimed at making more people rich quickly.⁵⁹ This situation caused the worsening of the existing economic problems due to speculation and profiteering. On account of those happenings the way to solve the problem by means of punishment and increasing supervision was chosen. As a result, the economy entered a kind of “Liberal Interventionism” period.⁶⁰

Besides this, a refreshing period was experienced in economy at the beginnings of the 1950s with the economic aid given as a return for the soldiers sent to Korea as part of the drive for Turkey to take its place with western world during the Cold War. This refreshing period left its place to uncertainty and stress after the appearance of liberal interventionist trends, which were explained shortly above.⁶¹ With the interventions in the economy, the government made many attempts to exit the crisis

⁵⁸ Buğra, p.120.

⁵⁹ Ibid., p.121.

⁶⁰ Ibid., pp. 176-177.

⁶¹ Keyder, p. 178.

that had become an inevitable outcome. Menderes combined a group of businessmen that supported the government in order to solve their political problems and provided several privileges, as long as these groups had good relations with the state. The government used state adjudications to train the private sector. Buğra has written that the biggest contracting companies of today (Enka, Tekfen, Doğuş, Alarko) realized significant gains by means of the state adjudications they received during this period.⁶²

The second liberal period, which was started by the DP, lasted until the 1960 military coup. The most important characteristics of this period from the point of view of businessmen was the uncertainty, lack of planning and instability created in the economy. During this term, the businessmen were connected to the state.

By the 1960 military coup, the period of planned economy had begun. The observed source squandering during the Menderes period, the policies of Menderes directed to the formation of fast wealth and capital accumulation, and which spoiled the income distribution and social justice in society developed into the response of the soldiers that had carried out the coup. The government withholding of the salaries of officers, especially the soldiers, and their becoming poor were considered the reasons for the coup.

The planned economy period that was realized after the 1960 military coup was a term in which the political and economic uncertainty of Turkey was very high.⁶³ Three military coups between 1960-1980, two military coup attempts, two reform governments, eight coalition governments with short lives, several ministry crises

⁶² Buğra, p. 123.

⁶³ Buğra, p. 131.

and the widespread political violence at the end of the 1970s greatly increased the level of uncertainty throughout the country.

However, between 1963 and 1972 Turkey experienced an average growth of 7.0 % a year. The biggest part of this growth belonged to industry with a rate of 9.7 %.⁶⁴ In the period of 1973-1977, when the third five-year development plan begun to be implemented, this growth gained acceleration despite the domestic political problems. However, the biggest importance of the plan was that it had a long-term perspective and target. The target was defined as “to provide Turkish capital to gain a structure that will give it the power to be able to compete in the international markets” by limiting the public sector with an incentive function that would lead to an increase in private capital accumulation.⁶⁵ This can be considered as the formation of the basis for the 24 January 1980 decisions, the main target of which was opening to the international markets by exportation and direct capital investments.

Between 1972 and 1980, and between 1980 and 1989 Turkey experienced a considerable growth rate despite the decrease in industrial profits in the second half of the 1970s. Especially the foreign trade data shows that after 1977, the foreign trade rates became worse.⁶⁶

However, after 1923-1986, which included the Great Depression and the Second World War, the average growth of the Gross National Product was 5.5

⁶⁴ Turkish Statistical Foundation, available online at <http://www.tuik.gov.tr> (10 October 2006).

⁶⁵ Koçak and Boratav, p. 359.

⁶⁶ Ibid., p. 368.

percent. This is deemed as a considerably fast rate of growth that most Western countries did not acquire.⁶⁷

In short, the sixties and seventies were years in which industrialization spread and deepened⁶⁸ and a structural change was realized with the “import substitution policies” implemented during this term. This policy aimed to create a national industry by making the importation of consumption goods difficult and providing the manufacture of these goods within the country, which was far from international competition. The policy gave its fruit despite all the uncertainties within the country, and the private sector continued to strengthen during this term. The private sector reached an important level of power in industry at the beginning of the 1980s.

From the seventies, big businessmen began to become interested in macro-economic issues besides their micro profits, and they began to focus on the constitution of long-term economic strategies, which they felt had been needed for a long time. Big businessmen began to think that their expectations and benefits were not being met by the Chamber of Commerce. They joined together with small businessmen who were bounded to legal liability and established the Association of Turkish Industrialists and Businessmen (*Türk Sanayici ve İşadamları Derneği*) in 1971.

After 1980 a free market economy began to be applied, the base of which was depended on the decisions of 24 January. With the 12 September military coup the social state applications began to be given up, and efforts were made to decrease the responsibility and intervention of the state in the economy. During this term, a free foreign exchange regime was started, the state tried to liberalize foreign trade regime and Turkish economy was opened to the foreign markets. These policies, although

⁶⁷ Ibid., p. 371.

⁶⁸ Ibid. p. 373.

they changed many things did not cause a complete transformation and the roles of state as entrepreneur, adjudication distributor, commissioner of low interest debts and rule maker continued. However, the amount of debts required by the companies that were being activated by means of these policies at the international level began manufacturing directed to export and established banks at the discretion of their holdings. These companies became independent from the internal market. Despite all these developments the program of the privatization of the public economic enterprises, which was a significant element of the liberalization movement started by Özal, who was the first president came to power through elections after the coup, decreased the responsibility of the state within the economy but failed to reach the expected levels of liberalization.⁶⁹

With all of these transformations that the Turkish economy had experienced, a significant common characteristic concerning the situation of businessmen was observed. This is that the quality of the relation between the state and businessmen had always been the determiner of the success, development and destiny of the businessman and their administration at all times. Korkut Boratav defines this process as follows:

It has become a rule that the cadres in the political power to build some special, one-to-one relations with important businessmen, company bosses and media bosses. The said businessmen gained an advantaged position in the decisions of source transfers that are under the control of the government and made use of this position became a normal dimension of the daily life.⁷⁰

⁶⁹ Alexander Toumarkine, Barbara Pusch, Gerard Groc, Gottfried Plageman, Günter Seufert, Harald Schöler, Karin Vorhoff, Kemal Can, Necmi Erdoğan, Nicolas Monceau, Nuray Mert, Stefanos Yerasimos, Tanıl Bora, *Türkiye’de Sivil Toplum ve Milliyetçilik* (İstanbul: İletişim Yayınları, 2002), pp. 313-314.

⁷⁰ Bülent Tanör, Korkut Boratav, *Yakınçağ Türkiye Tarihi 2*, ed. Sina Akşin (İstanbul: Milliyet Kitaplığı, 2004), 2: 201.

Siyasi iktidardaki kadroların, belli başlı işadamları, şirket ve medya patronları ile özel ve teke-teke ilişkiler kurması kural haline gelmiş; sözü geçen işadamlarının, hükümetin etki alanı içine giren

The political government presented the profitable sources of the public to the businessmen particularly closer to itself in order to reinforce their own governments and create focal points that would support them besides the requirements of the economic policies they had foreseen for the country. Businessmen on one side became very happy, but on the other hand they became confused by the chaos that this situation created and the characteristics sometimes turned against their favor.

Especially the big businessmen always pointed out the parts of the economy which were wrong according to them to the government and they were listened to by the government in a greater portion than the other pressure groups and civil society organizations. The businessmen in the country gained power and enlarged their positions during this term in which Özal sublimated richness and the rich people.

It would not be wrong to argue that Turkish capital owners could only function as the agents of the big foreign capital owners before 1980.⁷¹ However, after this economic development, from 1980s until the present day, they have increasingly built partnerships with European, American and Japan firms and they have increasingly been making direct capital investments in foreign countries. Perhaps, the most important task among those is the capital exportations of the Turkish business sector. This can be deemed as a transformation of the structure of Turkish capital.

This change can be observed increasingly in the period under discussion. According to the data taken from the State Statistics Institute, from 1998 until the end of 2005, the biggest pie in the capital exports and investments of Turkey went to

kaynak aktarımı kararlarında ayrıcalıklı konuma girmesi ve bu durumdan yararlanması siyasi hayatın normal bir boyutu olarak kabul edilmiştir.

⁷¹ This indication can be derived from the development experiences of the biggest companies of Turkey like Koç Holding that could mostly sell the industrial products of the western firms in Turkey as an intermediary actor. This issue has even been explained in some documentary novels like “İmparator” by Erol Toy. For further reading, see Erol Toy, *İmparator* (İstanbul: May Yayınları, 1977).

Western Europe, and immediately after Western Europe Central Asia and Caucasias and Eastern Europe and the Balkans followed.⁷²

From this data, we can conclude that the international markets at this time were more than trading markets especially for the big Turkish capital owners. They were now profitable areas to which some industrial and financial Turkish investments could be brought.

Therefore, especially from the mid-1990s, foreign relations and the foreign policy of Turkey became increasingly important for Turkish businesses.

On the website of TÜSİAD, in the part in which its activities are summarized, TÜSİAD defines one of its most important activity spheres as international integration. In this part, TÜSİAD points out that:

1. It will support export-oriented policies in the country.
2. It will open representative offices in the important foreign markets with the aim of introducing the Turkish business world to international platforms.
3. About the EU membership of Turkey, it will communicate with the related institutions inside and outside of the country to pursue the visions and the suggestions of the business world.⁷³

As mentioned before, Western Europe, Caucasian and Central Asia, Eastern Europe and the Balkans were the most important markets for Turkish capital owners both for trade and for direct capital investments. Moreover, Western Europe was the region with which Turkey had its biggest economic relations. In addition to that, Westernization and modernization were the main the main targets of the Turkish Republic from the time of its foundation. Therefore, it is logical that the big capital

⁷² Turkish Statistical Foundation, <http://www.tuik.gov.tr> (10 October 2006)

⁷³ TÜSİAD, <http://www.tusiad.org> (15 September 2006)

owners that needed the survival and improvement of the state to pursue the membership of Turkey to the EU.

CHAPTER 4

THE HISTORY AND DEVELOPMENT OF TÜSİAD

Foundation and Development

TÜSİAD is the representing association of the major industrialists and businessmen in Turkey. The industrialists and businessmen, who were confused from the problematic economic understanding by which they have acquired more profits within a market that had been arranged with an infant industry argument which was closed to foreign competition with the customs discounts that the Supplementary Protocol puts forward. Together with the establishment of customs discount calendars in the Supplementary Protocol without consulting to them in the 1970s, they began to be interested in the relations with the European Union (EU). It can be argued that, in the beginning, the members of TÜSİAD were against EU membership and were afraid of the competition it would bring. However, during the 1980s, a gradual transformation was realized in the thoughts and manners of members of TÜSİAD about EU membership simultaneously with the economic and political transformations experienced in Turkey.

From the 1980s, TÜSİAD dealt with the smashed structure of the political system and non-administrative democracy. The members of TÜSİAD, who thought that the obstacles in front of them and Turkey and the problems they faced would be able to be mostly solved by EU membership, founded an organization towards the path to the EU to make its priorities the country's political priorities and to lobby

with regard to the EU and Turkish politics, and opened offices in Brussels and Ankara in this context.

TÜSİAD claims that both Turkey was effective on the EU policy and the EU was effective on Turkish policy (both domestic and foreign) especially after the second half of nineties. This effectiveness rises from the institutional effectiveness of TÜSİAD with internal policy beginning from the 1970s and from its membership to European Industrialist and Businessmen Association (UNICE). In this section, TÜSİAD's view about Turkish foreign policy, its impacts on those policies and the limits of its effectiveness and the EU policies of TÜSİAD will be discussed.

In the history of Turkey, as summarized in chapter three, contrary to the experiences of the eighteenth and nineteenth centuries in western societies, businessmen did not have a forcible role in the development and transformation of society as a class independent from the state, the self-confidence of which was high and autonomous. As discussed above, Turkish businessmen were created and encouraged by the state from the First World War period. Therefore, as an historical fact, businessmen were mostly dependent on the state, and they did not have autonomy like western businessmen.

However, in the period of 1960-1980 a structural change was realized and “import substitution policies” that aimed to create and encourage a national industry by making the importation of consumption goods difficult and providing the manufacturing of these goods within the country, gave its fruit despite all the uncertainties within the country and the private sector continued to gain power during this term. The private sector reached an important level of power in industry at the beginnings of the 1980s. Big businessmen began to deal with macro economic issues and started a new era which can be summarized as “seeking for profits in the

international markets”, which necessitated the implementation of long-term economic strategies.

In this process some of the businessmen who thought that their expectations and benefits could not be met by the Chamber of Commerce and Industry (TOBB) where they had been together with small businessmen due to legal liability, established TÜSİAD in 1971.

The founders of TÜSİAD were mostly from Istanbul, although a few were from Izmir, which means that they were the representatives of the western big capital ownership of the Turkish economy. The founders were Necati Akçağlılar, Feyyaz Berker, Ahmet Binbir, Osman Boyner, Nejat F. Eczacıbaşı, Hikmet Erenyol, Muzaffer Gazioğlu, Demir Karamancı, Fahir İlkel, Can Kırar, Vehbi Koç, Sakıp Sabancı, Selçuk Yaşar, Raşit Özsaruhan, Melih Özkat, Ahmet Sapmaz, and İbrahim Bodur.

The Membership Policy and the Mission of TÜSİAD

As explained above, the leading businessmen who thought they were not represented sufficiently by the Chambers of Commerce and Industry (TOBB), of which they had been members due to legal obligations and confused of overshadowing of their profits by the TOBB under the small and middle sized members, established TÜSİAD, a voluntary civil society association.

TÜSİAD follows an extreme membership policy. The membership acceptance to the association is a fastidious process. The membership fees collected to cover the expenses of the association are very high. This closes or narrows the doors of membership to candidates who are not really powerful in economic sense. At the

beginning of 2006, the monthly fee was increased from 14,500 YTL to 15,000 YTL a year, with an increase of 3.45 percent.⁷⁴ The budget of 2007 was determined as 10 million 130 thousand YTL and the monthly fees were increased by 6.6 percent. In 2007, the fee income of TÜSİAD is expected to be 8.9 million YTL. Moreover, the number of members of TÜSİAD increased to 566 together with 56 new members in the same year.⁷⁵

While the economic power and size of the candidate is significant for candidacy, it is not enough to ensure acceptance. The candidate should accept the moral rules of TÜSİAD concerning the business world, should agree with the general opinions of TÜSİAD and should have a desire to contribute to the association.

The majority of the members of TÜSİAD are in the Istanbul Marmara Region and some of them are in Izmir and Ankara . TÜSİAD is an association which is indebted to the economic policies of the early Republican period and is based on the old established business world of Istanbul.⁷⁶

The founding members in the Founding Protocol of TÜSİAD in 1971 swore that they would make the investment commonly required for providing the continuation of the Union of Industrialists and Businessmen and carry out its missions on the bases agreed upon, which were established with the aim of supporting the improvement of Turkey through democratic and economic means and making it reach the level of western civilizations by appraising the information, experience and activities of professionals, scientists and businessmen that work in the industry and

⁷⁴Patronlar Dünyası, 26 January 2006, <http://www.patronlardunyasi.com> (10 March 2007).

⁷⁵ İhlas Haber Ajansı, 25 January 200, <http://www.ihlas.net.tr> (10 March 2007).

⁷⁶ Vorhoff, p. 317.

service areas pursuant to the principles of “mixed economy” that the Constitution foresaw and to Atatürk’s principles.⁷⁷

However, in 2001, the mission of TÜSİAD was changed seriously. According to the defined mission, TÜSİAD would maintain the development of the social structure loyal to the modern civilization target of Atatürk and his principles and the formation of a secular-lawful state understanding within Turkey, while continuing their enterprises loyal to the general principles of democracy and human rights and active state which is focused on only its real missions and respective of the right to free belief, ideas and speech. The association aims to follow the applications through this aim with the belief that the industrialists and businessmen of the association are the primary entrepreneurial group of Turkish society. Moreover, TÜSİAD would struggle for the formation of the juridical and institutional superstructure of a market economy and carrying out the activities of business world pursuant to universal business conducts and principles. TÜSİAD, through its international integration target, believes that the Turkish industrial and service sectors have to acquire a permanent place in the international economic system by increasing their competition power by working for this aim. TÜSİAD also aims to provide opinion and united action to realize the targets stated above by transmitting the opinions and offers structured within this frame directly to the parliament, government, foreign states, and international associations and to public opinion by means of the media.⁷⁸

When the founders’ protocol and mission of TÜSİAD in 1971 and in 2001 are compared, it is seen that TÜSİAD did not change its discourse regarding loyalty to Atatürk’s principles and democracy. However, the principles of “mixed economy” and “planned improvement”, which were stated in the founding protocol were given

⁷⁷ TÜSİAD, TUSİAD establishers protocol, 2 April 1971, <http://www.tusiad.org>, (12 February 2007)

⁷⁸ TÜSAİD, Mission of TÜSİAD, <http://www.tusiad.org>, (12 February 2007)

up and the market economy was accepted instead and the understanding of Turkey with an active state that is focused on its fundamental duties was chosen. Moreover, an increasing emphasis on international competition and integration can also be observed in the newly defined mission.

On the website of TÜSİAD, in the part in which its activities are summarized, TÜSİAD defines one of its most important activity spheres as international integration. With this target, TÜSİAD declares that it will support export-oriented policies in the country. With the aim of introducing the Turkish business world to international platforms, it promises to open representative offices in the important foreign markets. In addition, about the EU membership of Turkey, it promises to communicate with the related institutions inside and outside the country to pursue the visions and the suggestions of the business world.⁷⁹

The Economic Background and Dynamics that Motivated TÜSİAD to Pursue Turkey's EU Membership

Economic Transformations That Made Turkish Businessmen Deal with Foreign Policy Issues

In the 1960s, Turkey started to implement “economic development plans” simultaneously with the European Western countries. Between 1963 and 1972 Turkey experienced an average growth of 6.86 percent a year. And as the years

⁷⁹ TÜSİAD, *The Activities of TÜSİAD*, <http://www.tusiad.org/tuzuk.htm> (12 February 2007).

passed the piece of the industry in the economic pie increased while that of the agriculture decreased.⁸⁰

As seen from the Table 1 on the next page, from the beginning of the implementation of the development plans until 1977, a nearly steady increase in GNP was observed in the Turkish economy. The average increases above were calculated according to the GNP data below. The most interesting data about the GNP is the ratios of agriculture and industry. As seen from the table, the ratio of agriculture to GNP steadily decreased from 34.9 % in 1963 to levels of 21-22% on average at the end of the 1970s. The ratio of industry to GNP increased from 17.3 % to 25 % on average in the end of the 1970s. Moreover, if this data is considered together with the economical crisis occurred throughout the world, and the political crisis occurred in Turkey in the second half of the 1970s, the increase in the pie of the industry could be evaluated as more important. This increase in the industry is a basic data to understand the industrialization rate of Turkey in those years.

⁸⁰ Prime Ministry Undersecretariat of Treasury, <http://www.foreigntrade.gov.tr> (25 March 2007)

Table 1⁸¹ Gross National Product in the Republican Era (1963-1978)

Years	GNP Value	AGRICULTURE Value	INDUSTRY Value
1963	84 188.2	29 344.1	14 596.8
1964	87 619.4	29 223.7	16 225.2
1965	90 367.9	28 100.9	17 761.4
1966	101 204.3	31 128.0	20 469.2
1967	105 460.5	31 205.1	22 196.0
1968	112 493.4	31 699.8	24 676.8
1969	118 594.1	32 109.8	27 654.4
1970	125 425.2	32 870.0	28 032.5
1971	138 185.3	37 209.0	30 557.0
1972	148 476.5	37 072.5	33 661.5
1973	156 457.6	33 442.9	37 710.8
1974	168 012.9	36 887.5	40 628.4
1975	181 363.3	40 888.9	44 267.6
1976	197 750.8	44 025.1	43 386.9
1977	203 358.2	43 505.6	51 776.4
1978	209 182.6	44 744.5	53 546.0

Source: *A Part of the table Gross National Product in Republican Era*, <http://www.foreigntrade.gov.tr> (25 March 2007).

In the period of 1972-1977, when the third Five Year development plan was started to be implemented, these growth rates continued to show a bearable acceleration despite the domestic political problems and world-wide economical crisis. However, the biggest importance of the plan was that it had a long-term perspective and target. The target was defined as “to provide Turkish capital to gain a structure that will give the Turkish capital the power to be able to compete in the international markets”.⁸² This can be considered as the formation of the basis for 24

⁸¹ *A Part of the table Gross National Product in Republican Era*, <http://www.foreigntrade.gov.tr> (25 March 2007).

⁸² İbrahim Okçuoğlu, *Türkiye’de Kapitalizmin Gelişmesi* 3, (İstanbul: Ceylan Yayınları, 2001), 3: 312.

January decisions which had as a main target the opening to the international markets by exportation and direct capital investments.

Table 2⁸³ Private and Public Sector Investments

Years	Private (1)	Public (2)	Total (3)	The pie of private sector % (1/3)	The pie of Total investments in GNP %
1923	-	-	219	-	7.5
1924	-	-	294	-	8.7
1925	-	-	387	-	10.2
1926	-	-	402	-	9.0
1927	-	-	493	-	12.6
1928	-	-	546	-	12.6
1929	-	-	637	-	12.1
1930	-	-	648	-	12.0
1931	-	-	461	-	7.9
1932	-	-	461	-	8.8
1933	-	-	532	-	8.8
1934	-	-	653	-	10.2
1935	-	-	630	-	10.1
1936	-	-	708	-	9,2
1937	-	-	751	-	9.6
1938	-	-	961	-	11.3
1939	-	-	965	-	10,6
1940	-	-	870	-	10
1941	-	-	711	-	9.1
1942	-	-	628	-	7,6
1943	-	-	729	-	9,8
1944	-	-	679	-	9,6
1945	-	-	670	-	11,2
1946	-	-	762	-	9,7
1947	-	-	807	-	9,9
1948	560	330	890	62.9	9,3
1949	706	397	1103	64.0	12,2
1950	870	557	1427	61.0	14,4
1951	944	581	1525	61.9	13,6
1952	1156	779	1935	59.7	15,5
1953	1176	1026	2202	53.4	15,8
1954	1188	925	2113	52.2	15,7
1955	1260	925	2185	57.7	15
1956	1074	940	2014	53.3	13,4
1957	1087	1032	2119	51.3	13,1
1958	1211	905	2116	57.2	12,5
1959	1189	1013	2202	54.0	12,5
1960	1223	1222	2445	50.0	13,4

⁸³ *The Private and Public Investments (with constant prices of 1948-million TL),*
<http://www.foreigntrade.gov.tr> (25 March 2007).

1961	1295	1234	2529	51.2	13.6
1962	1480	1220	2700	54.8	13.7
1963	1404	1422	2826	49.7	13.1
1964	1317	1591	2908	45.3	12.9
1965	1302	1678	2998	43.4	12.9
1966	1681	1961	3642	46.2	14.0
1967	1742	2132	3874	45.0	14.3
1968	1854	2541	4395	42.2	15.2
1969	2081	2594	4675	44.5	15.3
1970	2578	2729	5307	48.6	16.5
1971	2500	2544	5044	49.6	14.2
1972	2691	3099	5790	46.5	15.2
1973	3586	3173	6759	53.1	16.8
1974	3975	3672	7647	52.0	17.7
1975	4680	4758	9438	49.6	20.2
1976	5212	5542	10 754	48.5	21.4
1977	5456	6443	11 899	45.9	22.8
1978	158	138	296	53.3	22.9
1979	231	228	459	50.3	20.8
1980	410	462	872	47.0	19.7
1981	519	723	1242	41.8	19.0
1982	701	869	1570	44.6	18.0
1983	956	1213	2169	44.0	18.8
1984	1510	1777	3287	45.9	17.9
1985	2326	3236	5562	41.8	20.0
1986	3856	5233	9089	42.4	23.2
1987	6547	7547	14 094	46.5	24.1
1988	12 656	11510	24 166	52.4	24.0
1989	21 188	17014	38 202	55.3	22.4
1990	35 270	27 739	63 010	56	21.6

Source: *The Private and Public Investments (with constant prices of 1948-million TL)*, <http://www.foreigntrade.gov.tr> (25 March 2007).

As seen from the Table 2, the ratio of total investments to GNP regularly increased from about 13% to about 22% between 1963 and the second half of the 1970s. However, it is also observed that state still head a considerable role as an entrepreneur in the economy. From 1963 to 1977, the number of the private sector investments increased together with the public investments and the pie of the private sector in the economy stayed more or less the same.

However, together with the data about the increase in GNP in the 1960s and 1970s, some economists claim that in the same period, as the domestic production increased, big capital ownership formed in the main branches of industry, the

industrial capital and the financial capital were combined, and because of those, the effects of the big capital on the political era increased.⁸⁴

In 1971, TÜSİAD was founded by 17 businessmen who thought that their expectations and benefits could not be met by the Chamber of Commerce and Industry where they had been together with small businessman.

The founders of TÜSİAD were mostly from Istanbul, and a few were from Izmir, which means that they were the representatives of the western big capital ownership of the Turkish economy. For Izmir and Istanbul, the representation of the big capital ownership can still be observed from the data that indicate the number of the exporters according to the regions in Turkey.

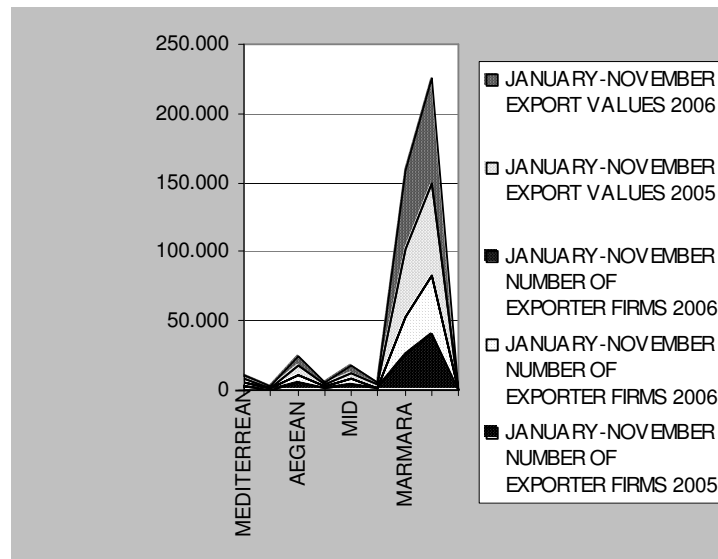


Figure 1. The number of the exporter firms in Turkey.⁸⁵

As seen from the Figure 1 above that indicates the number of the exporter firms according to the regions of Turkey, still the Marmora region has the greatest

⁸⁴ Okçuoğlu, 3: 313

⁸⁵ Prime Ministry Undersecretariat of Treasury, <http://www.foreigntrade.gov.tr> (25 March 2007).

share of the industry, and with a much smaller number, the Aegean region follows. TÜSİAD is composed of businessmen who are the basic actors of mainly the Marmara region and some of them are from the Aegean Region.

TÜSİAD followed an extreme membership policy. As pointed out in Chapter Three, acceptance as a member to the association was a difficult process. The membership fees were very high. This closed, or narrowed, the doors of membership to candidates who were not really powerful in the economic sense. However, economic power was not sufficient for acceptance a member of TÜSİAD. The candidate had to vow to accept the moral rules of TÜSİAD concerning the business world and to agree with the general opinions of the association.

As is pointed out above, just like the founder members, other members of TÜSİAD were also from the Istanbul Marmara region and a few of them were from Izmir and Ankara. Therefore, we can claim that TÜSİAD is an association that is mainly based on the old established business world of Istanbul that has its roots in the early Republican Era; which means that they obtained their economic power from the Turkish state.

As is known from the history of Turkey, contrary to the experiences of the eighteenth and nineteenth centuries Western societies' businessmen, Ottoman or Turkish businessmen didn't have a forcible role in the development and the transformation of the society. Turkish businessmen were not an independent class from the state. Moreover, it can be claimed that, the Turkish business class was created and nurtured by the state from the First World War period , i.e. from the period of the Committee of Union and Progress.

Therefore, as an historical fact, the businessmen in Turkey have mostly been dependent on the state and they not had an autonomy like Western businessmen. For

instance, as Buğra points out, today's biggest Turkish companies like Enka, Tekfen, Doğuş, Alarko realized their significant capital accumulation by means of the state adjudications.⁸⁶

In short, it can be said that, the Turkish business class, created and nurtured by the Turkish state, has been prevented from being independent from the state for decades.

However, in the period of 1960-1980, as mentioned before, a structural change occurred in Turkish economy. A part of the private sector acquired a considerable power in this period, and the difference between the big companies and the middle and small-scaled companies increased.

Table 3 The Development of Exports and Imports (1963-1980).⁸⁷

Years	Exports Value Million \$	Import Value Million \$
1963	568	688
1964	411	537
1965	464	572
1966	491	718
1967	522	685
1968	496	764
1969	537	801
1970	588	948
1971	677	1170
1972	885	1563
1973	1317	2086
1974	1532	3778
1975	1401	4739
1976	1960	5129
1977	1753	5796

⁸⁶ Buğra, p. 123

⁸⁷ Prime Ministry Undersecretariat of Foreign Trade, <http://www.foreigntrade.gov.tr> (25 March 2007).

1978	2288	4599
1979	2261	5069
1980	2910	7909

Source: *Prime Ministry Undersecretariat of Foreign Trade*,
<http://www.foreigntrade.gov.tr> (25 March 2007).

As seen from the data above, the amount of exports and imports has considerably increased because of economic policies that were implemented in this period. Exports increased by almost five times, from 568 million dollars in 1963 to 2288 million dollars in 1978, and the imports by nearly eleven times. Although this data can be taken as a foreign trade deficit, it can also be taken as the growth in the foreign trade. Moreover, this growth was realized despite the economic crisis that occurred in the mid-1970s. The numbers about the imports are more concrete. They increased almost 11 times during the 1960s and 1970s.⁸⁸ This data can be also taken as important evidence to explain the structural change in the Turkish economy towards internationalization in the economy.

Moreover, as summarized above, the growth in the Turkish economy in the sixties and seventies was a considerable and serious one. This growth and development affected its institutions, both those bounded to the state and to the civil society. The foundation of TÜSİAD occurred just in this period. In addition to that, the internationalization in the economy made the big businessmen begin to deal with macro economic issues. These issues are directly bounded to the political issues of the country. They started a new era, which can be summarized as seeking for profits in the international markets that necessitated the implementation of long-term economic and political strategies. TÜSİAD's mission was characterized by the futures of this policy.

⁸⁸ For more detailed data, see Boratav in Cemil Koçak, Hikmet Özdemir, Korkut Boratav, Selahattin Hilav, Murat Katoğlu, Ayla Ödekan, *Yakınçağ Türkiye Tarihi 1* (İstanbul: Milliyet Yayınları, 2004), 1: 312-316.

In 1971, the mission of TÜSİAD in its charter was declared as making investment commonly required for providing the continuity of the Union of Industrialists and Businessmen, and carrying out its missions upon the bases agreed upon which were established with the aim of supporting the improvement of Turkey through democratic and economic means and making it reach the level of Western Civilization. These would be done by appraising the information, experience and activities of professionals, scientists and businessmen that worked in the branches of industry and service areas pursuant to the principles of the mixed economy that Constitution foresaw and to Atatürk's principles.⁸⁹

Some economists argue that Turkish capital owners had only been able to function as agents of the big foreign capital owners before 1980.⁹⁰ However, after the economic development experienced in the 1960s and 1970s and the strictly new era that began in the 1980s and that has lasted till today, they increasingly were able to build partnerships with European, American and Japan firms and make direct capital investments in foreign countries, together with a geometrical increase in the number of exports and imports in the means of foreign trade.

Table 4 The Development of Exports and Imports 1980-1990⁹¹

Years	Exports value	Import Value
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⁸⁹ TÜSİAD, 2 April 1971, *Kurucular Protokolü*, <http://www.tusiad.org> (12 February 2007).

⁹⁰ Okçuoğlu, p. 320

⁹¹ Prime Ministry Undersecretariat of Foreign Trade, <http://www.foreigntrade.gov.tr> (25 March 2007).

	Milyon \$	Milyon \$
1980	2910	7909
1981	4703	8933
1982	5746	8843
1983	5728	9235
1984	7134	10 757
1985	7958	11 343
1986	7457	11 105
1987	10 190	14 158
1988	11 664	14 340
1989	11 627	15 763
1990	12 960	22 356

Source: Prime Ministry Undersecretariat of Foreign Trade, <http://www.foreigntrade.gov.tr> (25 March 2007)

The geometrical increase in the foreign trade numbers can be observed from the data given in Table 4. From 1980, the amount of exports increased from 2,910 million dollars to 12,960 million dollars in 1990, which means an increase of about four and a half times. Imports also increased from 7,909 million dollars to 22,356 million dollars, which means an increase of about three times. From this data two conclusions can be derived. One of them is that foreign trade geometrically increased in ten years, and the other is that the exports increased much more than imports when compared with the 1970s. This fact has a direct relation with the 24 January decisions, which are sometimes seen as one of the proceedings of the military coup in Turkey, which was the result of the need for both political and economic restructuring.⁹² The decisions of 24 January marked the first step of a program to

⁹² one of the economists that sees the 24 January decisions and the 12 September military coup as parts of the same puzzle is Korkut Boratav. See Bülent Tanör and Korkut Boratav, *Yakınçağ Türkiye Tarihi 2* (İstanbul: Milliyet Kitaplığı, 2004), p. 191.

build the economic basis for this restructuring in the system. Those developments, of course, were dependent on international developments. Similar plans were being implemented in various regions of the world like Latin America and South Korea. The main topics of those decisions were, liberalizing the prices except the wages, opening the national economy to the international competition, the encouragement of the exports, following an anti-inflationist monetary and expenditure policy (in other words limiting the domestic demand by decreasing the wages of the workers), and encouraging the entrance of foreign capital to the country.⁹³

Those decisions brought the Turkish economy to the level explained above by the foreign trade numbers. Moreover, in the table below, the foreign trade numbers of Turkey are listed according to the periods from the foundation of the Turkish Republic. As seen from the table, the biggest change in the total export values started to occur in the period between 1970-1979, which multiplied the export amounts of the term of 1960-1969 by about three and a half times. Moreover, in the period between 1980-1990, which is the period characterized by the decisions of 24 January and their implementation, the export values were multiplied by about six times. It can also be observed from the table that the values of imports also increased hugely. However, when the Z indexes are analyzed, it can be observed that the imports are decreasingly increasing when compared to the exports, which can be accepted as the result of the export-oriented economic policies that aimed to give the power of competition to the domestic capital owners.

Table 5. The Development of Foreign Trade According to Periods⁹⁴

⁹³ Ibid., pp. 190-199.

⁹⁴ Prime Ministry Undersecretariat of Foreign Trade, [http: www.foreigntrade.gov.tr](http://www.foreigntrade.gov.tr) (25 March 2007)

PERIODS	EXPORTS	Z index	IMPORTS	Z index
	Value		Value	
1923-1938 (15 yıl)	1280	100	1323	100
1939-1949 (11 yıl)	1824	143	1618	122
1950-1959 (10 yıl)	3235	177	4342	268
1960-1969 (10 yıl)	4338	134	6359	146
1970-1979 (10 yıl)	14 662	338	34 877	548
1980-1990 (11 yıl)	87 077	594	134 688	386

Source: Prime Ministry Undersecretariat of Foreign Trade, <http://www.foreigntrade.gov.tr> (25 March 2007)

Moreover, after 1980, the data of direct capital investment of Turkish capital owners in different regions of the world should be added to be able to complete the picture that shows the transformation of the Turkish economy in the direction of integrating to the international markets. Especially from the second half of the 1990s, Turkish capital owners made serious capital exports the different regions amounting totally 7,791,083,984 US dollars⁹⁵. From this data, we can conclude that the international markets from this time were more than trading markets especially for the big Turkish capital owners. They were now profitable areas to which some industrial and financial Turkish investments could brought.

Therefore, especially from the mid-1990s, foreign relations and the foreign policy of Turkey became increasingly important for Turkish businesses.

Economic Relations with Europe Comparatively

⁹⁵ Prime Ministry Undersecretariat of Foreign Trade, Breakdown of Capital Export by Country Groups, <http://www.foreigntrade.gov.tr> (25 March 2007), and the number has been calculated from 1980 to 31.10.2005.

As pointed out above the Turkish economy became increasingly integrated into the world markets from the 1980s after the provision of the necessary capital accumulation during the 1960s and the 1970s. This development created a structural change in the economy, which gained an export-oriented structure. Also, as pointed out above, capital exports were added to the foreign trade especially after the second half of the 1990s that can be observed more and more in recent years.

One of the most attractive conclusions that can be derived from the data about the foreign trade and the direct capital exports is that the biggest share among both trade and the capital exports belonged to Europe.

As seen from Table 6, the exports of Turkey to European countries from 1996 to 2005 were more than half of the total exports of Turkey for most of the years. And as the total exports of Turkey increased, the exports to the EU also increased by almost the same ratio. In 1996 the total exports of Turkey were 23,224 million dollars and it increased to 73,476 million dollars in 2005. Likewise, exports to the EU have also increased from 12,098 million dollars to 38,400 million dollars in the same time interval. In 2005, the total exports to the EU, 38,400 million dollars were more than the total exports of Turkey to other countries in the world that were 32,102 million dollars. Only from this data, it can be seen how important is economic relations with Europe are.

Table 6. Exports of Turkey According to the Country Groups (million dollars)⁹⁶

⁹⁶ Prime Ministry Undersecretariat of Foreign Trade, <http://www.foreigntrade.gov.tr> (25 March 2007).

TOTAL	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EXPORTS	23.224	26.261	26.974	26.587	27.775	31.334	36.059	47.253	63.167	73.476
A- EU (25)	12.098	12.900	14.132	14.922	15.086	16.854	19.468	25.899	34.451	38.400
1-EU (15)	11.556	12.248	13.504	14.352	14.510	16.118	18.459	24.484	32.589	35.872
2- EU (10)	542	652	628	571	575	736	1.010	1.415	1.862	2.528
B-TURKISH FREE ZONES	447	611	831	780	895	934	1.438	1.928	2.564	2.973
C-OTHER COUNTRIES	10.680	12.750	12.011	10.884	11.794	13.546	15.152	19.426	26.152	32.102
1-Other Europe	3.020	3.830	3.170	2.242	2.433	2.787	3.554	4.857	6.637	8.820
2-AFRICA	1.159	1.234	1.818	1.655	1.373	1.521	1.697	2.131	2.968	3.631
North Africa	986	980	1.502	1.344	1.087	1.150	1.267	1.577	2.203	2.544
Other Africa	174	253	316	311	285	371	430	554	765	1.087
3-AMERICA	1.898	2.376	2.657	2.869	3.596	3.685	3.914	4.269	5.733	5.960
North America	1.740	2.149	2.389	2.586	3.309	3.297	3.596	3.973	5.207	5.276
Central America and Caribbean	72	103	146	163	167	201	197	166	334	411
South America	86	124	122	120	120	186	121	131	193	274
4-ASIA	4.520	4.783	3.984	3.817	3.871	4.592	5.230	7.813	10.465	13.213
Near and Middle East	2.595	2.821	2.681	2.566	2.573	3.261	3.440	5.465	7.921	10.184
Other Asia	1.925	1.962	1.304	1.250	1.298	1.331	1.790	2.348	2.544	3.029
5-Australia and New Zeland	65	80	76	87	135	98	122	158	264	271
6-Other Countries and Regions	18	447	306	215	385	864	637	197	84	208

Source: Prime Ministry Undersecretariat of Foreign Trade,
<http://www.foreigntrade.gov.tr> (25 March 2007)

Moreover, as the Turkish Statistics Institution stated, in 2006, 51.6 % of the exports were still realized to the European Union. The weight of the EU in exports continued in 2006. As compared with the same period of the previous year, exports to the EU increased by 14.4 %. The proportion of the EU countries was 51.6 % while the proportion of Free Zones in Turkey was 3.5 % and the others were 44.9 %.⁹⁷

In January-December 2006, the main partner country for exports was Germany with 9,673 million dollars, increased of 2.3 %. In December 2006, exports to Germany were 931 million dollars and increased by 3 % in comparison with the same period of the previous year. For exports, Germany was followed by the UK (743 million dollars), Italy (638 million dollars), France (498 million dollars), the USA (404 million dollars) and Spain (336 million dollars).⁹⁸

It can also be seen from Figure 2 that the exports of Turkey to the EU countries had a general tendency to increase. The graph includes export data from 1993 to 2006. The general tendency to increase can be observed easily from the graph.

⁹⁷ Turkish Statistics Institute, <http://www.tuik.gov.tr> (30 March 2007)

⁹⁸ *EkoTürk News Agency*, “Turkish exports rise 15.9 pct in 2006”, Ankara, 01 February 2007.

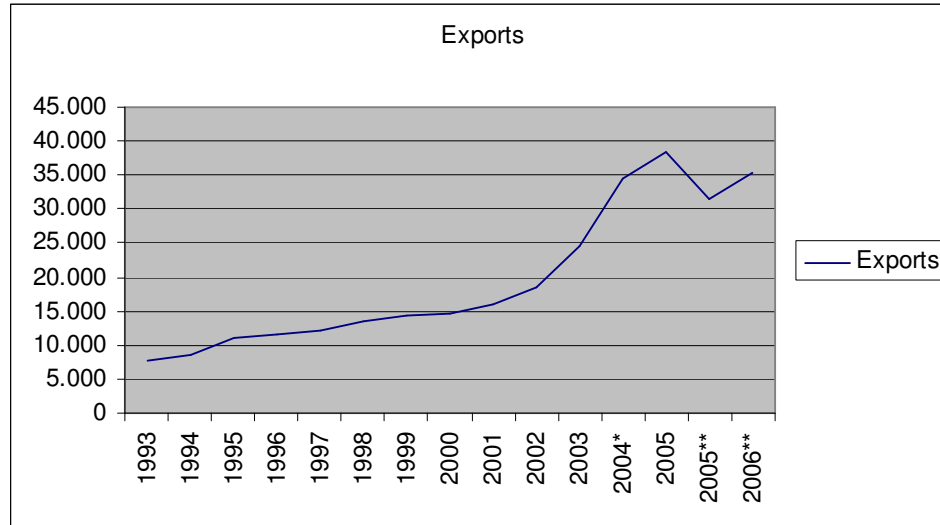


Figure 2: The change in the exports of Turkey to European Union countries⁹⁹

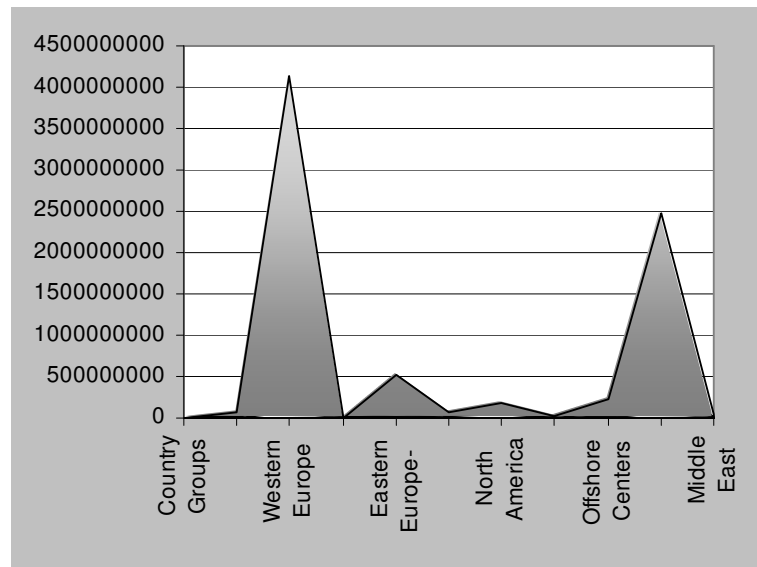


Figure 3: Breakdown of capital exports of Turkey by country group¹⁰⁰

⁹⁹ Prime Ministry Undersecretariat of Treasury, the graph is derived from the data taken from the numerical data called "the foreign trade of Turkey and the pie of EU", <http://www.foreigntrade.gov.tr> (25 March 2007).

¹⁰⁰ the table has been drawn from the data of capital exports of Turkey by country group that has been taken from <http://www.tuik.org.tr> (25 March 2007).

As seen from the Figure 3, which is derived from the numerical data of capital exports of Turkey from 1980 to the end of 2005, the biggest share in the capital exports and investments of Turkey was Western Europe, and immediately followed by Central Asia and Caucasus and Eastern Europe and the Balkans. This is good evidence that shows that Europe is not only important for Turkey because of exports and foreign trade, but also it is the most important target area for the big businessmen to make capital exports.

After the developments in the Turkish economy summarized above, today the Turkish economy is considered one of the largest economies in the world by most Western authorities. As quoted from the *Foreign Direct Investments Information Bulletin*, “Turkey has one of the largest economies in the world, and with a GDP over 299.5 billion US dollars, it is the largest economy in Eastern Europe, the Balkans and the Middle East.”¹⁰¹ And it has been changing and growing faster and faster especially since the 1980s.

This growth affected the strength of the big capital owners in Turkey as seen in the growing effects of TÜSİAD in both domestic and foreign policy. TÜSİAD transformed itself simultaneously with the transforming economy. This transformation can be most easily observed from its mission that was changed by the executive committee of TÜSİAD in 2001. Its mission was expressed:

“TÜSİAD helps the development of the social structure loyal to the modern civilization target of Atatürk and his principles and the formation of a secular-lawful state understanding within Turkey where doing business loyal to the general principles of democracy and human rights and an active state, which are focused on as its real missions and respective to the right to free belief, idea and speech.

¹⁰¹ Prime Ministry Undersecretariat of Treasury, *Foreign Direct Investments Information Bulletin*, May 2006

The association works towards these aims with the belief that the industrialists and businessmen of the association are the leading businessmen of Turkish society.

TÜSİAD struggles for the formation of the juridical and institutional infrastructure of the market economy and carries out the activities of the business world pursuant to universal business conduct and principles.

TÜSİAD through its international integration target, believes that Turkish industrial and service sector must acquire a permanent place in the international economic system by increasing its competition power and working towards this aim.

TÜSİAD provides unified opinion and movement to realize the targets stated above by transmitting the opinions and offers constituted with in this frame directly to the parliament, government, foreign states, international associations and to public opinion by means of the media.”¹⁰²

When the founders protocol and the mission of TÜSİAD in 1971 and 2001 are compared, it can easily be seen that TÜSİAD has not changed its discourse about loyalty to Atatürk’s principles and democracy. In addition, the emphasis on human rights and political rights and democracy increased. This increasing emphasis seems to have more to do with domestic policies. However, there is no reason not to think that, TÜSİAD’s attitude towards western-type democracy is closely related to the persuasion of the EU membership of Turkey. Therefore, all of TÜSİADS efforts for

¹⁰² <http://www.tusiad.org> (20 October 2006), <http://ataum.ankara.edu.tr/giris.html> (27 March 2007)
TÜSİAD, demokrasi ve insan hakları evrensel ilkelerine bağlı, girişim, inanç ve düşünce özgürlüklerine saygılı, yalnızca asli görevlerine odaklanmış etkin bir devletin var olduğu Türkiye’de, Atatürk’ün çağdaş uygarlık hedefine ve ilkelerine sadık toplumsal yapının gelişmesine ve demokratik sivil toplum ve laik hukuk devleti anlayışının yerleşmesine yardımcı olur. Dernek, sanayici ve işadamlarının Türk toplumunun öncü ve girişimci bir grubu olduğu inancı ile bu yöndeki uygulamaların takipçiliğini yapar. TÜSİAD, piyasa ekonomisinin hukuksal ve kurumsal altyapının yerleşmesine ve iş dünyasının evrensel iş ahlakı ilkelerine uygun bir biçimde faaliyette bulunmasına çalışır. TÜSİAD, uluslararası entegrasyon hedefi doğrultusunda Türk Sanayi ve Hizmet kesiminin rekabet gücünü artırarak, uluslararası ekonomik sistemde belirgin ve kalıcı bir yer edinmesi gerektiğine inanır ve bu yönde çalışır. TÜSİAD, Türkiye’de liberal ekonomi kurallarının yerleşmesinin yanı sıra, ülkenin insan ve doğal kaynaklarının teknolojik yeniliklerle desteklenerek en etkin biçimde kullanımını; verimlilik ve kalite yükselişini sürekli kılacak ortamın yaratılması yoluyla rekabet gücünün artırılmasını hedef alan politikaları destekler. TÜSİAD, bu çerçevede oluşan görüş ve önerileri, doğrudan parlamentoya, hükümete, yabancı devletlere, uluslararası kuruluşlara ve basın aracılığı ile de kamu oyuna ileterek yukarıdaki amaçlar doğrultusunda düşünce ve hareket birliği oluşur.

the democratization of Turkey like the “democracy reports” can be understood as a step towards being able to adopt the Turkish political system to the European one.

Another interesting change in the mission of TÜSİAD is that the principles of “mixed economy” and “planned improvement,” which were stated in the founding protocol were given up and the market economy was accepted instead. The understanding of Turkey with an active state focused on its fundamental duties was chosen. Moreover, the increasing emphasis on the international competition and integration can also be observed.

On the website of TÜSİAD, where its activities are summarized, TÜSİAD defines one of its most important activity spheres as international integration. In this part, TÜSİAD declares that it supports export-oriented policies in the country, will open representative offices in the important foreign markets with the aim of introducing the Turkish business world to international platforms, regarding EU membership, it will communicate with the related institutions inside and outside the country to pursue the visions and the suggestions of the business world.¹⁰³

These targets clearly show that the activities of the organization were formed according to the aim of acting in the international markets and pursuing the political and economic integration of the country to the international-global system.

As mentioned before, Western Europe, Caucasus, Central Asia, Eastern Europe and the Balkans are the most important markets for Turkish capital owners both for trade and for direct capital investments. Moreover, Western Europe is the region in which Turkey has its deepest economic relations. In addition to that, Westernization and modernization have been the main the main target of the Turkish Republic from the time of foundation. Therefore, it is understandable that the big

¹⁰³<http://www.tusiad.org.tr> (20 October 2006).

capital owners need the survival and improvement of the state to pursue the membership of Turkey to the EU.

As a general and common view, Turkey is considered as a dependent, developing economy, which has almost no chance to determine its own policies. The internal institutions and dynamics are generally overseen. In this sense it is similar to the Ottoman Empire in the nineteenth and the twentieth centuries about which it is generally claimed that the internal dynamics in the empire had nearly no effect on the modernization process, which was generally understood as a period that had its basic motives from the western powers.

However, today the inefficiency of the “decline” theories and the problems they inherit have been clarified by the social science. Nevertheless, the basic idea has mainly stayed the same for more than a century, and this false consciousness has made most of the people believe that Turkey is a completely dependent country, with almost no internal dynamics influence on its own policy, and especially on foreign policy.

However, today the economic development level of Turkey, which has a considerable business class with a big capital accumulation on a world scale, makes it a country that can determine its own policies. In addition to that, Turkey has formed its internal dynamics, which are much more affective on its policies than the international dynamics. One and probably the most important internal dynamic is the big capital owners, whose most important organization is TÜSİAD. Although there are many discussions about the character of the organization whether it is an interest group or a classical type civil society organization, almost every side of discussions accepts that the economic and political needs of this class has serious effects on determining the future of Turkey by affecting its foreign and domestic policy.

CHAPTER 5

THE VIEWS OF TÜSİAD ABOUT TURKISH FOREIGN POLICY AND ITS IMPACT ON THE FOREIGN POLICY PROCESSES IN THE CONTEXT OF THE EUROPEAN UNION

TÜSİAD deals with matters of internal and foreign policy follows the agenda and conveys its standing points and priorities to the concerned institutions or people or to the public if it sees necessary. Most of the members of TÜSİAD have business relations primarily with the companies of western countries and governments. Especially after the 1980s, the frequency and importance of these relations increased with the opening to abroad and the liberalizing process. Therefore, the manner and tendencies of the governments about foreign policy began to affect the members of TÜSİAD. For this reason, TÜSİAD has tried to develop a foreign policy understanding that is supported by all of its members at a certain distance from the expectations and short-term profit calculations of its members individually.

We can find the traces of TÜSİAD concerning the foreign policy that developed in 1990 in the “Multi Voiced Democracy (*Çok Sesli Demokrasi*)” titled article of Muharrem Kayhan, which was published in the *Görüş* magazine of TÜSİAD. According to Kayhan, the century in which they lived had created a new world system where political matters had slide to the axis of the economy. The conventional approaches based on the understanding of security and defense on policy had left its place to “economic diplomacy,” which mainly focuses on economic priorities. From that point on Turkey would not be contented with the foreign policy understanding that had been conducted according to geopolitical opportunities that gave shape to Turkey’s diplomacy through the twentieth century.

Monitoring international relations from a wider perspective, preventing harmful events, and directing developments instead of only watching them and giving responses to the developments are the basic requirements for becoming a world state. Kayhan also emphasized that in the international arena, economy and politics were connected to each other more than they had been in the past. It was the time to transform the political power of Turkey into economic profits and economical power into political profits. To realize these aims more duties were charged to businessmen who were the universal actors of international relations. To make Turkey reach the position it deserved, everyone, from civil society associations to private sector institutions had to mobilize the sources they possessed.¹⁰⁴

According to Kayhan, who emphasizes that civil society organizations have reached an effective position in foreign policy since they evaluate international relations with a different point of view rather than the official opinions of countries and accept a transparent, multi-voiced, positive understanding, TÜSİAD took on the mission of being the leader of this new trend that was developing in the world. TÜSİAD was aware that activities of economy and trade diplomacy would be important for the future of Turkey and for this reason, it believed that businessmen must turn their faces to the world.

In this context, TÜSİAD gave special importance to the concept of “economic and trade diplomacy”. Within this frame, Mehmet Ögütçü prepared a study titled “Through to a New Economic Strategy and Trade Diplomacy in Turkey” and published it from TÜSİAD publications. The introduction part of the study reflects the opinion of TÜSİAD about the subject. In this part, Ögütçü points out that the strengthening of neo-mercantilist trends in international relations had brought

¹⁰⁴ Muharrem Kayhan, “Çok Sesli Diplomasi,” *Görüş Dergisi*, no. 36 (July-August 1998), p.6.

economic profits to the centre of foreign relations. From that point on, the traditional diplomacy understanding left its place to a new economic diplomacy concept which connected the political, military and strategic opinions to economic profits.¹⁰⁵

Another document, in which the bases of TÜSİAD's foreign policy understanding can be found, is a text that explains the mission of TÜSİAD. The fourth paragraph of the text expresses that the association, through its international integration target believed that Turkish industry and service sectors had to acquire a permanent place in the international economic system by increasing their competitive power and working for this aim.¹⁰⁶

Actually, TÜSİAD began to deal with foreign policy issues in the period in which the 1994 economic crises appeared. According to TÜSİAD, the wrong applications of the government that was in power at that time and the Customs Union that would commence after a short time and the problems that Turkey experienced with its neighbors pushed TÜSİAD to organize around foreign policy issues.¹⁰⁷

According to TÜSİAD, the economic decisions that affected the destiny of Turkey were taken not only in Ankara, but also in Brussels. Since the Turkish economic world was lack of representation and activity in the capital city of Europe, TÜSİAD, which aimed to fill this space, aimed to realize this target by means of the Brussels office, which was opened officially in 1996.

Within the bulletins of TÜSİAD it was emphasized that, with the opening of Brussels Office which was a significant investment by TÜSİAD members, who believed in the importance of providing interactive communication and the active

¹⁰⁵ Mehmet Ögütçü, *Through to a New Strategy of Economy and Trade Diplomacy in Turkey* (İstanbul: TÜSİAD-T/98-6/230, 1998), p. 8.

¹⁰⁶ TÜSİAD, *Mission of TÜSİAD*, <http://www.tusiad.org>, (12 February 2007)

¹⁰⁷ Muharrem Kayhan, "Çok Sesli Diplomasi," *Görüş Dergisi*, no. 36 (July-August 1998), p.6.

flow of information with Europe, aimed to conduct promotional activities and to be the pursuers of political, economic and juridical profits. According to TÜSİAD, it was possible for Turkish Private sector to take its place as a powerful and organized actor in Europe through implementation of these targets.”¹⁰⁸

Turkish Republic was in close relations with the USA after the Second World War. Turkey was a member of NATO and an ally of the USA. Its relations with the USA effected the relations of Turkey with the EU and other world states. The world trade and financial system that the USA mostly controlled by means of the IMF and the World Bank, and the manners of these institutions towards Turkey and the opening to the American market, which was accepted as one of the biggest markets of the world in Turkey, were always important items on the agenda of TÜSİAD. For all of these reasons, TÜSİAD opened a second office in the USA in 1998. By means of these agencies, direct dual relationships were established with politicians of the USA and European governments and bureaucrats, as well as with the local business world.

Towards the end of 1999, TÜSİAD decided to open an agency in Ankara in order to support the activities in the path of the EU. The association aimed to exert political and economic pressure on the issue of democratization in the context of the EU.¹⁰⁹

The Opinions and Activities of TÜSİAD about the Customs Union and European Union membership

¹⁰⁸ TÜSİAD, *Bülten*, no. 3 (May 1996), page 8

¹⁰⁹ Eylem Türk, “TÜSİAD is opening Democracy Office”, *Milliyet Gazetesi*, 23 Ekim 1999.

After some public discussions about joining the EU and the Customs Union, which would create potential threats for some sectors, TÜSİAD began to support the Customs Union beginning from 1994. TÜSİAD was ready to accept the criticism that Europe directed to the democratic standards of Turkey and its adaptation process about the international standards. The association held many seminars and conducted studies about the matters that constituted problems with Europe. These studies are believed to have made serious contributions to Turkey being a serious candidate to the EU.

Besides these, a group of TÜSİAD businessmen made some attempts to develop relations with Greece. These attempts were more than a romantic peace movement, according to Karin Vorhoff. Moreover, it can be deemed as an attack by the Turkish business world opening to the European Parliament after Greece prevented the aid that the EU would have provided for the development of the Turkish Economy (MEDA Program) which was one of the conditions that made Turkey accept the Customs Union.¹¹⁰

TÜSİAD, which has shown sensitivity to matters like democracy, human rights and the Kurdish problem parallel with the European Union, has seen democracy and human rights as the problems that could isolate Turkey on the international platforms and decrease its competitive power within the rich Western markets.¹¹¹ Therefore, democratization was not seen as only about the internal political matters of Turkey but also as directly connected to the international political and economic position of Turkey by TÜSİAD.

¹¹⁰ Vorhoff, p. 323.

¹¹¹ Ibid, p. 322.

There is a department concerning foreign relations in the headquarters of TÜSİAD staffed by experts. The activities of this department are supported by the Foreign Affairs Commission, which creates opinion is made up of the elected members. The Foreign Relations Department of TÜSİAD requested that its members to contact the European companies with which they had relations through the Customs Union. TÜSİAD urged its members to use these companies to be able to contact with the members of European Parliament to conclude the Customs Union process in Turkey and in the EU in a way which Turkey wished in 1995.¹¹²

In addition, a letter was sent to the members of the European Parliament that explained the objections that would arise from the cancellation of the Customs Union decision by TÜSİAD.¹¹³ After the solution of the Customs Union problem, the Foreign Relations Department of TÜSİAD started an information process to provide the compliance of the Turkish business world with the Customs Union. The Foreign Affairs Commission, the main working scope of which was carrying out the relations of TÜSİAD with UNICE and the federations of industry and employers that were the members of this association, carried out activities towards the confirmation of the Customs Union decision, which was at the level of realization in the EU in 1995. For this purpose, the Board of Directors of TÜSİAD held more than a hundred meetings and negotiations during 1995 in Brussels, Strasburg and Turkey. In these meetings, the importance of the Customs Union and the problems that the postponing of it would cause were explained.¹¹⁴

¹¹² TÜSİAD, *Bülten*, no: 2, February 1996.

¹¹³ Ibid.

¹¹⁴ Ibid., p. 7.

One of the important events in 1996 for TÜSİAD was the appointment of Halis Komili, chairman of the Board of Directors of TÜSİAD as the assistant of the chairman of the Union of European Industrialists and Employers Confederations (UNICE). Komili was the only head assistant that came from the private sector of a country who was not from a member country of the EU in the “chairmanship committee” of UNICE, of which most of the European countries’ business sector were the members.

TÜSİAD to become a member of UNICE took its activity in UNICE seriously. UNICE became the sole official representative of the European private sector in the opinion of the European Union after the Maastricht Treaty. The EU Parliament and other institutions of the EU took decisions about the issues concerning the business world within the new corporatist structuring of Europe by consulting UNICE. Therefore, TÜSİAD and TISK (*Türkiye İşverenler Sendikası Konfederasyonu*) who were members of UNICE, gained the power of representation in the opinion processes of European Union institutions. TÜSİAD claims that it provides complete membership of the private sector of Turkey in Europe by means of UNICE. The appointment of Komili as the assistant chairman of UNICE was evaluated as an indicator of the prestige of the Turkish private sector in Europe.¹¹⁵

TÜSİAD tried to increase its role in and activity about relations with the European institutions and countries by means of its Brussels office, which started its activity in 1996. The Brussels office of TÜSİAD was discussed with the ambassador of Ireland in Europe, O’Leary, who carried out the term chairmanship of Ireland starting from June 1996 about the recent developments in Turkey and the relations with Turkey and Turkey-EU. It held meetings with the competent of the Turkey

¹¹⁵TÜSİAD, *Bülten*, no: 4, September 1996.

department of the European Commission and the Commission Members of the European Parliament Foreign Economic Relations and experts on the same subjects and provided written information regularly about Turkey and TÜSİAD activities to the EU institutions located in Brussels, third party official representatives and private sector representatives and international media members.

In addition to these activities, it followed the process of the Customs Union and of the EU's internal political and economic agenda and sent the activity reports to Istanbul. The TÜSİAD Bulletin stated that they could transfer the information of the problems which companies faced in the Customs Union not only to the Foreign Trade Counsellorship in Ankara and the Permanent Representativeness of Turkish Republic to the European Union in Brussels, but also to the Brussels agency of TÜSİAD so they could follow matters from there.¹¹⁶

Activities of TUSİAD on the Path to the EU: 1997-2000

The activities of TÜSİAD in 1997 concerning the European Union became more intensive and systematic after the opening of the Brussels office. A report titled “Package Raising the Democratic Standards” that was prepared by the Parliament Studies Commission of TÜSİAD was presented to the attention of the EU institutions, governments, civil society organizations and the media. The report in question was mainly about accessing the significant portion of the Copenhagen criteria and political, juridical and institutional criteria that the EU had foreseen

¹¹⁶ TÜSİAD, *Bülten*, no: 4, September 1996.

for the candidate countries. The report, showed that TÜSİAD accepted the political and juridical criteria of the EU in addition to the economic criteria.¹¹⁷

The “Package of Raising the Democratic Standards”, which was prepared by TÜSİAD parliamentary studies commission consisted of five different studies. The most detailed report among these reports was the one titled “Perspectives of Democratization in Turkey” (*Türkiye’de Demokratikleşme Perspektifleri*), which was prepared by Bülent Tanör. The report scans the subjects under the discussion on the juridical obstacles that block democracy and offers some solutions. In this report, democracy was defined as not only a regime in which the government finds its source among society, but also a system limited by human rights. The report consists of three parts: “Political Dimension,” “Human Rights,” and “Juridical Dimension”.¹¹⁸

This package seems to have been directly related to the domestic policy of Turkey. However, it must not be forgotten that the main collocutor of this text was the European Union, as mentioned above. This domestic policy issue was related directly to the external foreign political issue of Turkey in this period, which gave Europe the message of democratization in a way that Europe determined.

TÜSİAD had a developed organizational structure. As expressed before, it fought to monitor and effect the EU institutions, the governments of countries that were the members of the EU, and the media and activities of civil society organizations.

The leaders of the German Christian Democrat Party who gathered in Brussels in 4 March 1997 took a negative decision depending on the cultural and religious factors against the membership of Turkey. The words of German President Helmut

¹¹⁷ TÜSİAD, *Bülten*, no: 6, April 1997.

¹¹⁸ Ibid., p. 4.

Kohl in his speech that “Turkey can’t be a European country” activated TÜSİAD. The media declaration that was sent to Klaus Kinkel, the Minister of Foreign Affairs of Germany, turned into a position paper by enlarging upon the demands of the Ministry of Foreign Affairs of the Turkish Republic before the European Committee of Foreign Affairs Ministries meeting that was held in Apeldoorn in Holland.¹¹⁹ In addition to that, according to the media declaration TÜSİAD and Turkish Businessmen Association of Europe (ATAİD) (a kind of TÜSİAD of the Turkish Businessmen in Europe) made, they decided to bombard German Prime Minister Helmut Kohl through the political and business world of Europe with letters in order to protest the result of the meeting and the words of the Kohl.¹²⁰

The management of TÜSİAD went to Brussels between 16 and 18 April 1997 and had technical and high level contacts with the representatives of the EU institutions and the representatives of the European business world. TÜSİAD Bulletin described this visit as a “Brussels landing” and defined it as the most extensive “contact program” that had been realized by a civil society organization in Turkey on the account of the EU until the present day.¹²¹ During the visit, meetings were held with Foreign Affairs Super Intending Police Hans Van Der Brock and Helana Hoff who was the vice-chair of the European Parliament. These interviews, according to TÜSİAD *Bulletin*, constituted an important step for the removal of the coldness of the relationships between Turkey and the EU through the contributions of the business world. During these interviews, the opinions of TÜSİAD in the frame of TÜSİAD declaration concerning the Turkey-EU relations that had been published

¹¹⁹ Ibid., p. 5.

¹²⁰ *Sabah*, 12 March 1997.

¹²¹ TÜSİAD, *Bülten*, no. 7, July 1997, p. 1.

on 2 April and the approaches of the EU members were analyzed and the existence and role of Turkish civil society about EU- Turkey relations were discussed. On the last day of the “Brussels Landing”, the Board of Directors of TÜSİAD gathered in the Brussels office of TÜSİAD and a press conference was held after the meeting of the Board of Directors.¹²²

The Brussels office stepped up its contacts with EU institutions before the 29 April 1997 dated meeting of the Turkey and EU Committee, which was held for the first time in two years. The official opinion certificate concerning the EU and Turkey relations was sent to representatives of official and private organizations and to the media members to which the publications of TÜSİAD were also being sent in Brussels. The publications of TÜSİAD were transmitted to approximately 1,500 people. Also in this context, a meeting was held with Ambassador Kasel, who took charge of the mission of term chairmanship of the Europe Union in the second half of 1997 and carried out the mission in question actively in Brussels. Discussions were carried out about last developments in the EU and about the mutual relations.¹²³

The summary of the declaration of TÜSİAD about the relations of Turkey-EU was as follows: The association of Turkish Industrialists and Businessmen supported Turkey on the path of becoming a complete member of the European Union gradually. Turkey was an inseparable part of the European process of becoming a united whole by means of the dynamism of its private sector and civil society. TÜSİAD invited the EU institutions and governments to declare clearly that Turkey had to take its place in the enlarging perspective of Europe. Also it invited them to give complete political support to the application of the Customs Union actively pursuant to the soul of the 1962 Ankara Treaty; keeping the balance in their relations

¹²² Ibid., p. 2.

¹²³ Ibid., p. 2.

with Turkey by financial support and developing the political cooperation, contributing to the wide spread discussions concerning the democratization and reformation process of Turkey with a positive approach. TÜSAİD also demanded from them not to create the image of “they were profiting from the problems of Turkey” in public opinion and to prevent the existing false information flow about Turkey in European public opinion and institutions. According to TÜSİAD, Turkey had to reshape its democratic regime and judgment system, show a decisive approach to solve the problems of foreign policy and prepare a new foreign trade strategy and provide the participation of civil society organizations in active politics by redefining the mechanisms of policymaking. Moreover, Turkey had to apply a radical middle term economic stability program and rearrange the financial regulations, restructure the social security program, decrease the social and regional inequality, rearrange the education system in order to train human capital that the society and fast technologic advancement arena required and fulfill the requirements of the Customs Union established with the EU by being loyal to the rules of the common market. As a result, from the point of view of TÜSİAD the integration of Turkey with the EU required both parties to act with foresight that was more political, economically rational and with a sense of historical responsibility.¹²⁴

TÜSİAD foreign affairs department followed the developments on the issue of membership of Turkey to the EU as it entered into a critical phase with the EU Amsterdam Summit that was held on 16-17 June 1997. The Foreign Affairs Department of TÜSİAD prepared an information note after the summit titled “Expanding of EU and Amsterdam Summit” (*AB’nin Genişlemesi ve Amsterdam Zirvesi*).¹²⁵

¹²⁴ Ibid., p. 3.

The evaluation of the Chairman of the Board of Directors Muharrem Kayhan concerning the way that should be followed for achieving membership into the EU in the meeting of TÜSİAD High Consulting Council that was held on 20 September 1997 is important to understand the approach of the association. Kayhan emphasized that both the EU and Turkey had to carry out the obligations with which they were charged and stated that the economic, social and political reforms Turkey required should not be the subject of bargaining with the EU. This evaluation depended on the thesis that the reforms concerning the political and public lives had to be implemented as quickly as possible. According to Kayhan, the need for the reforms was urgent. He was anxious that the reforms would be delayed, incomplete or would be faced with more than one kind of resistance if they were the subject of negotiations. Ambassador of England David Logan and Ambassador of Holland Nikolas Van Dam participated in a high consulting council meeting of TÜSİAD in Antalya and made speeches, which mainly stated that Turkey was important for the EU and TÜSİAD contributed positively to the relationships between the EU and Turkey.¹²⁶

It can be said that there was an increase in the activities of TÜSİAD towards the EU from September 1997. The chairman of the board of directors of TÜSİAD, Muharrem Kayhan joined a panel the title of which was “The Future of Democracy in Turkey,” that was held with the invitation of Turkey –EU Mixed Parliament Commission Chairman Piet Dankert. Muharrem Kayhan made a speech as part of the panel, which the chairmen of Turk-İş, DISK, TESK, and TISK joined. He expressed that the vast majority of the attendees conformed to the endeavors of integrating with

¹²⁵ Ibid., p. 4.

¹²⁶ TÜSİAD, *Bülten*, no. 8, October 1997, p. 1.

the EU. For this reason, through the strengthening of democracy the preference of society would affect the official policies of the country.¹²⁷ These ideas, depended on the pre-acceptance that democracy was not settled with its institutions in Turkey. For this reason, there were some problems about the representation of society in the political area. The social demands and priorities would be more easily reflected to politics by the solution of the democracy problem and many of the issues would be solved by means of democracy. This liberal opinion in the concept of politics was inspired by the economic liberalism that TÜSİAD particularly defended. According to TÜSİAD, if the powers except for the state within politics could reflect their will power to the political area by removing obstacles, a new balance would appear for society that included less conflicts and contradictions. This new balance would produce solutions to the problems as a result of the rational profit calculations that are similar both for the country, society, and the economy.

A month before the Luxemburg Summit of the EU, TÜSİAD, together with the Centre of European Policy Searches in Brussels, held a meeting about the relationships of Turkey and the EU. Significant bureaucrats of EU institutions, representatives of the multi-national companies of the EU, UNICE experts, academics and members of the media attended this meeting. The Chairman of TÜSİAD, who made a speech in the meeting, turned the attention to the effects of the Customs Union in Turkey and the role of the Turkish private sector investing for the success of this process. Kayhan emphasized that the expectations of the EU from Turkey could be realized only with the more consistent and positive policies applied towards Turkey.¹²⁸

¹²⁷ Ibid., p. 2.

¹²⁸ TÜSİAD, *Bülten*, no. 9, January 1998, p. 11.

In the beginning of December, TÜSİAD made attempts to join the EU by means of UNICE, which provided the support of the European private sector for the full membership of Turkey to the EU. As a result of these attempts of TÜSİAD, Chairman Council of UNICE made declarations to the governments of the EU about this issue on 5 December 1997. In addition to this, interviews were made with the representatives of significant companies in the EU that had investments and relations in Turkey and efforts were made to secure their support.¹²⁹ The expectation of TÜSİAD was to use the powers of the companies that carried out activities and had connections in Turkey against their governments and contributing to the declaration of the acceptance of the EU membership of Turkey.

Despite all of the endeavors of TÜSİAD, a decision was not taken at the Luxemburg Summit of the EU Commission, which declared that the candidacy of Turkey would only be accepted if a series of pre-qualifications and demands were realized by Turkey. Decisions of Luxemburg affected TÜSİAD as they affected the government. TÜSİAD became confused by the uncertainty and tension that arose after the Summit of Luxemburg and suggested that the government behave in temperance. TÜSİAD Foreign Affairs gathered after the Summit and held an evaluation meeting about the issue.

The Chairman of TÜSİAD, in an essay evaluated the results of the Luxemburg Summit and stated that the EU had taken the decisions under the pressure of three or four countries that were against the full membership of Turkey. The decision did not define the desire of the fifteens that constituted the countries for the EU membership of Turkey. According to Kayhan, the decision offended Turkey. The EU had made itself a party to the relations of Turkey and Greece after the declaration of the

¹²⁹ Ibid., p. 12.

For other news about this subject, see *Sabah*, 09 December 1997.

Luxemburg Summit and so, by not being aware of it, carried out the problems, which it wanted to have solved at its own discretion. Kayhan expressed that stopping of dialogues by Turkish government with the EU and insisted on it as provisions and declaration of that it would not join the European Conference as only a solution to prevent giving harm to the infirmity that had appeared in the decision mechanisms of the EU to Turkey. However, Kayhan attracted attention to the points that the power of the response that would be shown was directly related to the calmness and logic of the response and for this reason if it was desired that the responses would be taken seriously by Europe and give the desirable results, the government should not leave the rational line. According to Kayhan, Western culture had a structure, which would be effected by calm and calculated responses but not hasty and unconscious responses. For this reason, Kayhan and TÜSİAD were strictly against approaches like “economic embargo” or “ceasing from Customs Union” or “considering the Customs Union again”.¹³⁰

According to Kayhan, the Customs Union was an acquisition, from which Turkey should not cease. The Customs Union would be a gun if it was operated well and deepened. The mechanisms must have worked which were foreseen for the development of institutional cooperation stated in the agreements. Kayhan also emphasized that one or two summits should not determine the destiny of the relations of Turkey and the EU. The relations has a history of 30 and for this reason, Turkey should have a long term point of view and wide perspectives. He stated that the EU was required considering the endeavors of the most of the EU countries shown to soften the response of Turkey after the summit of Luxemburg with the logic that can be summarized, as Europe would not cease from Europe. He also emphasized that

¹³⁰ Muharrem Kayhan, “Zirvenin Ardından,” *Görüş Dergisi*, no. 33 (November-December 1997), pp. 6-7

the first step of this period should be the complete providing of committed aid within the frame of the Customs Union without being exposed to a Greek veto.¹³¹

After the Luxemburg Summit, TÜSİAD's Foreign Policy Department prepared a report titled "Evaluations of the Issues of Turkey's Main Foreign Policies" and this report was presented to the Minister of Foreign Affairs during the visit of the TÜSİAD Foreign Policies Commission to the Ministry of Foreign Affairs on 16 January 1998. During the visit in question, Minister of Foreign Affairs Ismail Cem negotiated with the temporary representative of Turkey for the EU, Nihat Akyol and assistant of counselor.¹³²

As seen, in the period under study, TÜSİAD monitored the foreign policy of Turkey by means of the expert staff it employed. The reports, which this staff prepared pursuant to the foreign approaches of TÜSİAD, were presented to the concerned authorities, including the Ministry of Foreign Affairs. Therefore, TÜSİAD expressed its priorities to the organs of legislation and execution. It can be said that both the organs of legislation and execution listened to TÜSİAD and considered and took them seriously although it did not enjoy them sometimes.

The TÜSİAD Foreign Affairs Commission from time to time carried out common activities with the Ministry of Foreign Affairs. In this context, on 2 February 1998, the daily program of 70 trainees of the Commission of European Union who were going to visit Turkey was arranged by TÜSİAD. In addition, the Brussels office of TÜSİAD attended to this trip. The Assistant of the Chairmanship of Foreign Affairs of TÜSİAD, Sadi Gomen, also joined the meeting that was held with the trainees and information was given to them about the Turkish economy and

¹³¹ Ibid, p. 7.

¹³² TÜSİAD, *Bülten*, no. 10, April 1998, p. 7

foreign policy.¹³³ The meeting that TÜSİAD held with the Ministry of Foreign Affairs is a characteristic example of the cooperation methods of Turkish bureaucracy with the private sector. The arrangement of a trip to present Turkey to the trainees and partly financing it were undertaken by TÜSİAD whose power and speed to make the sources move was high since sources could not have been set aside from the budget of the Ministry. Therefore, TÜSİAD and the Ministry of Foreign Affairs cooperated to meet a common target.

The Brussels office of TÜSİAD in the first quarter of 1998 had many interviews with the representatives of the EU Commission about the report on Turkey, and by having contacts with Turkey for the visit of a member of Commission Bangemann prepared a program. The agency that prepared the program of TÜSİAD Foreign Affairs Commission's Brussels visit had the members of Commission meet with the Turkish representatives of the EU Commission. In addition to that, the assistant of Chairman of Aldo Kalsowski had a meeting with the chairman of the EU Commission Jacques Santer. The Brussels office prepared a report in English about the Turkish Competition Laws and delivered the report to the concerned people in Brussels.¹³⁴

TÜSİAD called the visits that the members of the board of directors of TÜSİAD arranged for the aim of the development and improvement of economic relationships in the first half of 1998 "Economic Diplomacy Attack" (*Ekonomik Diplomasi Atağı*). The Chairman of the Board of Directors of TÜSİAD, Muharrem Kayhan and the Chairman of the High Consulting Council, Bülent Eczacıbaşı made speeches when they attended at the annual meeting of American Business Council during their visits

¹³³ Ibid., p. 8.

¹³⁴ Ibid., p. 11.

to Washington DC on 27 February. Eczacıbaşı, in his speech, emphasized that he supported the government about its policies that gave special importance to private enterprises, tax and social security and that the main problem of Turkey was inflation. He added that the main cause of all these problems was political instability. Muharrem Kayhan, in his speech, brought forward his wishes about the USA to give the same rights to Turkey equivalent to the ones provided to EU and to keep the quotas. Muharrem Kayhan travelled to Spain from the USA and carried out his attempts in the scope of “economic diplomacy” there between the 1-3 March 1998.¹³⁵ Visiting Madrid and Valencia as the guest of the Spain Employer Associations Federation, he had dual contacts about developing the relations between Spain and Turkey, and Turkey – EU relations. The committee had also an interview with the Foreign Affairs Counselor of Spain responsible for EU relations in this context.

After the Luxemburg Summit, the level of tension between the government, the EU Commission, and other EU institutions increased considerably, and the general opinion that began to formulate in society was “EU membership was no longer possible” and that Turkey had to determine a new way. This made the members of TÜSİAD seriously anxious. Eczacıbaşı, explained his anxieties and opinions about the measures that could be taken in the first meeting of YİK (*Yüksek İstişare Kurulu*) in 1998 that was held at Sabancı Center on 18 June 1998. Eczacıbaşı who pointed out the fact that the external and internal dimensions of economy were connected to each other, expressed that Turkey was developing on the way of being a powerful country within the framework of its historical inheritance and the realities its geography dictated. He stated that in the event of being able to stop the tension that had arisen in the relations between the EU, the danger of spoiling economic relations

¹³⁵ TÜSİAD, *Bülten*, no. 10, April 1998, p. 12.

would appear. He added that if Turkey realized an improvement in his relations with Europe, it had succeeded at this despite Europe. For this reason, by responding to the fanaticism of Europe with a quarrel policy which was no longer useful in international relations today, Turkey would present the result that some of the groups wished by its own hands. Turkey had been unable to obtain the result from the Cardiff Summit it had wished. However, some positive results had been acquired from the summit. For instance, when the report that would be prepared about Turkey at the end of the year within the framework of the expansion process in the scope of the 28th clause of the Ankara Agreement concerning full membership is considered, the confirmation of the draft titled “A EU Strategy for Turkey” which was presented by the EU Commission were positive steps. At point, it was time to put an end to conducting the quarrel policy. Eczacıbaşı stated it must be accepted that always complaining about politics made no contribution to the solution of the problem. He also argued that the business sector should stop to consider politicians and consider the system itself. According to him if society could fix the failures in the Turkish political system, public pressure could be exerted on politicians to recover them. Eczacıbaşı added that the problem was not the people, but it was in the system. To overcome the narrowness of the political system, to activate the principle of separation of powers in politics efficiently, to increase the transparency, to be able to reflect the preferences of society to parliament and to increase the participation, the deficiencies should be removed and the political system should be discussed day and night.¹³⁶

This speech reflected the views of Eczacıbaşı and TÜSİAD about social and political events. Eczacıbaşı thought that structure was more important than

¹³⁶ TÜSİAD, *Bülten*, no. 14, July 1998, p. 1.

individuals in the political processes. The problems of Turkish politics were structural. The most important ones of these structural problems was enabling the establishment of the mechanisms that would provide reflection of the demands of society and public opinion to political arena and facilitating the contribution of society to politics, which would increase the efficiency of society in the political sphere.¹³⁷

The evaluation of Eczacıbaşı about politics is similar to that of TÜSİAD's in general about the economy. TÜSİAD thought that the problem in the economy was structural. Once, a free market economy based on competition was established with all its institutions, the ones which were most active, profitable and productive would catch an optimum balance situation among the actors that competed in the market. In politics as in the economy, the arrangement of the activating conditions was the most significant tool. For this reason, TÜSİAD seriously focused on the election system and political party laws with the aim of realization of the competition conditions in politics. Within this context, TÜSİAD conducted a study on the election systems in Turkey and then offered a new alternative election system model. According to this study, it was difficult to establish a stable coalition government between the political parties that the voters elect for the parliament by their primary preferences in the reality of Turkey. For this reason, an election system was recommended in which the second preference of the electors that were looking for stability was used.¹³⁸

¹³⁷ for an evaluation that have been made by Muharrem Kayhan, who was elected chairman of the TÜSİAD Board of Directors in 1997 about the relations between political parties, state ,society see Muharrem Kayhan , “Demokrasi ve Siyasal Partiler,” *Görüş Dergisi*, no. 30 (April-May 1997), pp. 6-7.

¹³⁸ TÜSİAD had the first report concerning the election systems prepared by Murat Sertel and Ersin Kalaycıoğlu . This report considers the existing election systems in a comparative way. Second and third reports have been prepared by Pr Dr Seyfettin Gürsel . Second report analyses the two step-election systems in the world and the third report reaches to the results concerning what kinds of results will be taken in the event that two-step election system has been applied in Turkey by using

Before the Cardiff Summit of the EU Council that was held in June 1998, an increase occurred in the number of contacts of the Brussels office of TÜSİAD with the EU authorities. TÜSİAD *Bulletin*, published to explain the activities before the Cardiff Summit stated that the newly starting formation process of result declaration of the summit provided a positive approach that placed the EU- Turkey relations on a ground which was more reasonable than the Luxemburg decisions.

The Brussels office of TÜSİAD declared that the relations with the Austria Term Chairmanship, European Parliament and EU Commission after the summit of Cardiff were focused on the reports about Turkey. The Brussels office was also concerned with the preparations of the Istanbul visit of Martin Langeman, the responsible chief of the EU from industry in the same process.¹³⁹ Martin Langeman came together with members of the TÜSİAD Board of Directors on 16 April 1998. The TÜSİAD members expressed their offense at the approach of the EU to Turkey created after the Luxemburg Summit. In addition to this, the Chairman of Board of Directors of TÜSİAD, Muharrem Kayhan, who gave a declaration to the media members pointed out that they had discussed with Langemen about the issues that affected the daily trade, which were on the agenda of the Customs Union Permanent Committee in the context of deficiencies and problems concerning the Customs Union. Kayhan pointed out that there were some problems that Turkey faced about full membership in the EU and added that Turkey should be a country that had completed its economic and democratic reforms and should not leave any excuses for the rejection of its membership.”¹⁴⁰

1995 election results and public opinion research results. For detailed information, see TÜSİAD, “Seçim Sistemleri Üzerine Çalışma,” *TÜSİAD Haberbülteni*, no. 1 (November 1998), p. 7.

¹³⁹ TÜSİAD, *Bülten*, no. 14 July 1998, p. 12.

¹⁴⁰ *Ibid.*, p. 12.

These were already on the agenda of Turkey. The Customs Union gave birth to results that concerned the members of TÜSİAD due to their activities and affected them. For this reason, it is seen that TÜSİAD followed the Customs Union applications closely and put onto the agenda frequently the results of the Customs Union that caused unfair competition and affected the Turkish economy.

The Turkish government after the capture of Abdullah Öcalan at Rome airport on 13 December 1998 demanded the return of Öcalan from the Italian government. In this period, the PKK and Kurdish problem had been part of Turkish foreign policy and created Turkey problems in the international arena. TÜSİAD was bounded by the troubles, which Turkey had in this period like the absence of a consistent Turkish approach to the EU, weakness of the EU policy and absence of a policy of international communication. According to TÜSİAD, while experiencing these kinds of troubles in the foreign relations, the economic profits were damaged seriously.¹⁴¹

TÜSİAD, on the axis of foreign policy, became active upon the capture of Öcalan and made attempts through the Italian Businessmen Confederation and UNICE to bring the issue onto the agenda . In the meeting of the TÜSİAD High Consulting Council that was held in December 1999, Muharrem Kayhan, who made a speech and evaluated the foreign relations of Turkey, declared that although the relations of Turkey with Italy entered a problematic phase in this process, Turkey was a part of Europe and thus must continue using European Platforms.¹⁴²

The EU Landing of TÜSİAD before the Helsinki Summit

¹⁴¹ TÜSİAD, *Bülten*, no. 18, April 1999, p. 12.

¹⁴² TÜSİAD, *Bülten*, no. 16, January 1999, p. 3.

TÜSİAD increasingly deepened its activities in the European countries after May 1998. The reason for this endeavor was to secure the support of the various governments in question, employer associations, press and general public at the Helsinki Summit of European Union Council. Members of the board of directors of TÜSİAD visited Germany (26-28 May), Belgium (11 October), Sweden (12-13 October), Finland (14-15 October), Italy (18-19 October), France (21-21 October) and Denmark (28 October), Holland (8-9 November) and Greece (22-23 November), and attended a meeting of the UNICE Chairmen Council. The members of the association demanded from their collocutors answer the question whether Turkey would be a benefit to the EU in the future or not. If their answers were yes, they called them for cooperation in order to solve the problems; if their answers were no that gave the message that there was nothing to discuss. The other messages given during the visits were that TÜSİAD sought the improvement of political standards, that three of the 28 offers of the association concerning the development of democratic standards were activated and most of them were on the agenda. The third message that was given during the EU travels of board of directors was that “Turkey would be a source of spherical power for the EU”. Since Turkey had a young population, the association wanted to provide a contribution in the European vision . The Members of Board of Directors of TÜSİAD emphasized that Turkey could contribute to the security and stability of Europe and it had already proved its economic competition power with the Customs Union process it had completed without taking any financial aids. Moreover, through this approach compliance with the political and institutional conditions of the EU membership would be the result of the natural evolution of the Turkish Republic.”¹⁴³

¹⁴³ TÜSİAD, *TÜSİAD Basın Bildirisi*, no. TS/BLX/99-046b, 24 December 1999, pp. 3-4

The Board of Directors of TÜSİAD secured the supports of the businessmen associations that were the members of UNICE by the end of the visits. Thus was viewed as critical and expected to obtain support for the declaration of the membership of Turkey to the EU at the Helsinki Summit. The German Industrialists Confederation (BDI), which has been one of the main representatives of the German Private sector, declared that the German business world was on the side of the EU candidacy and full membership of Turkey by a notification it issued jointly with TÜSİAD before the Köln summit of the EU Council. According to TÜSİAD, this support of the German private sector provided a significant contribution to the development of the Turkish policy of the Social Democrats-Greens coalition which came into power in the autumn of 1998. The TÜSİAD Committee received positive signals from the negotiation they held with German Prime Minister Gerard Schröder for the support of the candidacy of Turkey. The manner of the German government with the declaration of the candidacy of Turkey was pointing to a significant change in the German policy towards Turkey compared to that of the government of Helmut Kohl. At the summit in Köln on account of the veto of Greece and the hindering manner of Italy and Sweden, the candidacy of Turkey was not declared.¹⁴⁴

The Board of Directors of TÜSİAD realized its second visit to Belgium within the scope of European landing. The FEB, a private sector association in Belgium declared its complete support to the candidacy of Turkey to the EU and informed the public about this opinion by means of a declaration. The Flaman Socialist Party, one of the partners of the coalition in the Belgium government had some political reservations about Turkey. However, the Liberal Party, which had

¹⁴⁴ Ibid., p. 6.

control of the Prime Ministry and Ministry of Foreign Affairs, and the Francophone Socialist Party, supported Turkey's candidacy. Belgium, where cultural differences are considered an important matter, saw the solution of the Kurdish problem by Turkey as an obligation in the context of cultural rights. The Belgian governments generally acted together with France, Germany, Holland on all expansion issues.¹⁴⁵

SIF, a representative of the private sector of Sweden, which the Board of Directors of TÜSİAD visited on 12-13 November 1999, and the employer's association SAF understood the importance of the issue of candidacy of Turkey and committed to submitting messages to the public to this aim. The Board of Directors of TÜSİAD met with the Foreign Trade Minister, Leif Pagrotsky, in Sweden. According to the notes of TÜSİAD, Pagrotsky understood the potentials of the economic relations between the countries and was aware of the message that the acceptance of Turkey as a candidate would play an important role for the EU.¹⁴⁶

However, the general attitude of the Swedish government was shaped around the issues like "deficiency of democracy," "weaknesses about the issue of human rights" and "the Kurdish problem". Especially after the 12 September coup, the people and groups who demanded political shelter asylum and gained active position in Swedish society were significantly effective on the policies of Swedish government.¹⁴⁷

The Finnish private sector representative association TT supported TÜSİAD and declared it would convey its support to the highest political level, to the government of Finland. By means of this support, interviews were made with the president of Finland, Matti Ahtisari, who was carrying out the term presidency of the

¹⁴⁵ Ibid, p. 6.

¹⁴⁶ Ibid., p.7.

¹⁴⁷ Ibid, p.7.

EU and with the assistant of Prime Minister, Sauli Niinistö, the EU Affairs Minister and many other significant bureaucratic authorities. Finland shared the sensitivity of Sweden about human rights. However, it approached positively the granting formality to the candidacy of Turkey at the Helsinki Summit.¹⁴⁸

Board of Directors of TÜSİAD went to Italy on 18-19 November. Turkish-Italian relations, which had been strained by the capture of Abdullah Öcalan in Rome affected the Italian Companies that had trade relations with Turkey, negatively. For this reason, Italian companies criticized the Turkish policies like their government did. The representative business association of Italy, Confindustria published a press declaration with TÜSİAD, emphasized the importance of Turkey for Italy, and gave complete support to the candidacy of Turkey at the Helsinki Summit. The Board of Directors of TÜSİAD negotiated with the ministry of foreign trade and the counselors of prime ministry in Italy. TÜSİAD evaluated the attitude of Italian Government about the declaration of the candidacy of Turkey in Helsinki positively.¹⁴⁹

The Board of Directors of TÜSİAD went to France after the visit to Italy. There were good relations between the representative business association of France, MEDEF and TÜSİAD. MEDEF, published a declaration together with TÜSİAD and declared that it would use its power for the membership process of Turkey fitting with the expanding approach of Europe and for providing equal conditions for Turkey with the other candidate countries during its membership process. The TÜSİAD Committee met with Prime Minister Lionel Jospin, Minister of the EU Affairs Pierre Moscovici and other significant bureaucrats in France. In these

¹⁴⁸ Ibid., p. 7.

¹⁴⁹ Ibid., p. 9.

meetings, TÜSİAD expressed that it was glad of the support of France to Turkey for the EU, but emphasized that this support itself was not enough. To obtain a positive result other EU countries also had to be convinced in favor of Turkey. According to TÜSİAD, the degree of French support for Turkey would be measured by her efforts to convince other EU countries to take a positive decision at the Helsinki Summit.¹⁵⁰

The TÜSİAD Committee made its last visit in October to Denmark. Like the private sector of the other countries, the representative of the private sector of Denmark, DI, also gave its support to the EU membership of Turkey. DI published a declaration together with TÜSİAD, emphasized the importance of the reform process in Turkey, and demanded from the EU to include Turkey as a candidate in the expansion process. The TÜSİAD Committee met with Denmark Ministry of Foreign Affairs, Niels Herveg Petersen. Petersen stated that he saw the EU candidacy of Turkey necessary and expected that a positive result would be obtained from the Helsinki Summit. He emphasized that the possible positive developments on the issue of Cyprus would make the result certain.¹⁵¹

During December, TÜSİAD visited two other countries. First, the Netherlands was visited on 8-9 December. TÜSİAD published a common declaration after the negotiations it held with the Industrialists and Businessmen Association (VNO) of Netherlands. In the declaration issued commonly, the registration of candidacy of Turkey at the Helsinki Summit and taking a decision for the establishment of participation partnership were demanded. The TÜSİAD Committee negotiated with the Assistant of Prime Minister of the Netherlands and Economy Minister Anna Joristma. The Minister said that she supported the opinions of the EU Commission

¹⁵⁰ Ibid., p. 9.

¹⁵¹ Ibid., p.10.

about Turkey being a candidate. In the negotiation, the Minister stated that the deficiency of Turkey regarding the Copenhagen criteria affected the EU-Turkey relations negatively and expressed that beginning of negotiations for full membership should not be foreseen under these conditions. She called the attention to the fact that Turkey had to give more positive signals about the problems of Cyprus and Aegean to make the other countries put more pressure on Greece.¹⁵²

The last country visit of TÜSİAD before the Helsinki Summit was made to Greece, which always hindered the EU candidacy of Turkey and the development of the relations of Turkey with the EU by means of the veto. As the result of negotiation that was conducted with the Federation of Greek Industrialists, a declaration was published. In this declaration the positive effects that the development of economic relations would contribute to the solutions of the political problems and the acceptance of Turkey as a candidate would contribute to the solution of the problems were pointed out. The TÜSİAD Committee negotiated with Greece Minister of Foreign Affairs Yorgo Papandreou, Minister of the EU Affairs Rokofyllos and Minister of Economy Papandreou. During the negotiations, the Minister of Foreign Affairs of Greece, Papandreou expressed his annoyance that support from the people of Greece and inside the party to the policy like supporting the candidacy of Turkey was in compliance with the interests of Greece. Papandreou was afraid that a negative development that could occur in the relations with Turkey or a problem during the Cyprus negotiations would cause his party fail in the elections. TÜSİAD emphasized the importance of communication and continuous

¹⁵² Ibid., p.10.

relations between the nations in the context of the relations with Greece after the visit.¹⁵³

The last attack of TÜSİAD before the EU Helsinki Summit was at the UNICE Chairmen Council that gathered in Helsinki on 3 December. The chairmen council of UNICE, every six months, evaluates the reports, opinion studies that had been issued by over 60 study groups at the Brussels center of UNICE during the previous term. The decisions of the commissions to whom the groups were connected, were also evaluated and it publicized the opinions of European private sector concerning the issues in the agenda of institutions and governments of the EU. At the Helsinki meeting of the UNICE that was held on 3 December 1999 within the declaration that had been presented for the conformation of the private sector chairmen of Europe, as a consequence of TÜSİAD's attempts to establish the opinion of granting Turkey candidate country status and the offers that were in the report of European Commission were supported.¹⁵⁴

After the UNICE summit in Helsinki, the Europe marathon of TÜSİAD which it had started with the Germany visit ended. Now, the time for making an evaluation came. Three days before from the gathering of the Helsinki Summit of the EU Council, the TÜSİAD high consulting council held a meeting in Ankara. The chairman of board of directors, Yücaoğlu, who made a speech at the meeting, expressed the attitude of TÜSİAD about the EU issue. According to Yücaoğlu the studies, opinion and positions of TÜSİAD since 1970s were in compliance with the main lines of the Copenhagen criterions that were put forward for the membership of Turkey to the EU. According to Yücaoğlu; the economic and social reforms in the Copenhagen criterions included the required arrangements for Turkey to take its

¹⁵³ Ibid., p.11.

¹⁵⁴ Ibid., p.12.

place among the developed countries and to be a regional actor. For this reason, many years before the Copenhagen criteria, TÜSİAD had drawn a way that would carry Turkey to the twenty-first century. The chairman of TÜSİAD stated that when the economic-political reforms were considered, these reforms should be implemented not because the world demanded from Turkey but to play in the first league of world politics. According to Yücaoglu, the real difficult process lay on the juridical and political arrangements. As is known, the Copenhagen criteria, which explain the expanding principles of the EU foresaw that the democratic institutions would be stable, there would be an understanding of state of law and human rights and the rights of minorities would be protected.¹⁵⁵ The candidates needed to be able to carry out the requirements by the political, economic and monetary union. The process strictly necessitated the implementation of the required conditions for integration, transformation of European law to the local law and the realization of proper structures at execution and judgment.

The Minister of Foreign Affairs, Ismail Cem, was invited to a lunch at the YIK meeting that TÜSİAD held on 8 December 1999. As stated before, Minister of Foreign Affairs, Ismail Cem put an end to his visits to abroad one week before the Summit and began to give messages directed to the EU at the meetings he attended and with the speeches he made publicly. At the YIK luncheon, which also members of European Parliament attended, Cem declared that he wished the contribution of the EU “as an outsider dynamic” to the areas of human rights, democratization, economy and politics was acceptable. Besides, in the event that the EU drew its borders from the Balkans and eastern side of Greece, he emphasized that Turkey and

¹⁵⁵ TÜSİAD, *Bülten*, no. 21-22, January – April 2000, p. 2-3.

Greece would have problems and Turkey had done everything it had to about the full membership.¹⁵⁶

Period after the Helsinki Summit

Before the Helsinki Summit of the European Union Council in December 1999, members of the board of directors of TÜSİAD with the chairman of the board of directors visited the associations which were members of UNICE and had interviews with the press, politicians and businessmen of the countries of these associations. TÜSİAD *Bulletin* expressed that these visits and negotiations, which were conducted with the aim of providing support to the declaration of Turkey's membership at the Helsinki Summit, were conceived as "important lobbying efforts that provided important results in a critical period for Turkey". Also according to the *Bulletin* the true presentation and efficient use of international communication mechanisms was very important in the candidacy process. For this reason, the TÜSİAD Brussels office focused on the activities for the promotion of Turkey and giving information for Turkey in the passage through the candidacy process successfully.¹⁵⁷

After the acceptance of Turkey to the EU as a candidate without pre-qualifications and the declaration of that, it was declared that it would be subjected to the same treatment with the other candidate countries that were members of the Customs Union and the efforts for compliance to the EU laws would be accelerated. All the political, economic, social and legal changes required by the compliance process would affect the private sector directly. Since the private sector would be

¹⁵⁶ Ibid., p.3

¹⁵⁷ TÜSİAD, *Bülten*, no. 21-22 , January- April 2000, p. 6.

affected by this process and its support would be needed for the success of this process, TÜSİAD needed to re-arrange its mission and studies. Within this framework, to monitor the compliance process to the EU and convey the opinions of the private sector to government, it established the “Committee of Compliance to the EU” with the participation of the commissions that already existed in its discretion. In order to contribute to the studies of the new committee it expanded the study groups and directed its activities through the process of compliance to the EU. The purposes of restructuring of TÜSİAD towards the compliance process with the EU were first, to pursue the effects of the compliance studies on Turkish industry that were being carried out between the EU Commission and Turkey through the compliance calendar that would be determined in the light of the Participation Partnership Certificate and National Plan and creating opinions. Second it would direct the performance of TÜSİAD Commissions, study groups, agencies, and activities in compliance with the studies Turkey would carry out in the short and middle terms for compliance to the EU. Third to pursue compliance studies for the Copenhagen criteria conveying the opinions of TÜSİAD concerning this matter to primarily the EU General Secretary and bureaucracy. Finally it was to inform the public about the relations of the EU and Turkey¹⁵⁸

As pointed out in the previous sections, TÜSİAD had both domestic and foreign political aims besides its economic aims. Especially to be able to overcome its foreign political aims in the context of the EU it opened representative offices in the major capitals in Europe. The oldest of those offices was the Brussels office. The main aims of this office were described by TÜSİAD as to represent Turkish private sector in the European Union, to represent TÜSİAD and TİSK in the representative

¹⁵⁸ TÜSİAD, *Bülten*, no. 24, September 2000, p. 6.

organization of the European private sector that, UNICE, to attend meetings of the profession groups of UNICE, to inform the Turkish private sector about the developments in Europe and help their projects and investments in Europe, and to introduce the European private sector institutions to Turkey and the Turkish private sector.¹⁵⁹

In 2001, the basic points about the relations of Turkey with Europe were mainly the progress report of the EU about the candidate countries and the Laeken Summit. To be able to realize the targets listed above, the Brussels office of TÜSİAD held a series of meetings with both the representatives of the European private sector and the representatives of the EU. One of the most important meetings held by the office was with Gunter Verheugen, the commissar responsible for the enlargement of the EU in October before the Laeken Summit. Also a letter that included the ideas of TÜSİAD about the EU membership of Turkey was sent to the related people and institutions in EU.¹⁶⁰

In 21 December 2001, the last YIK meeting was organized by TÜSİAD. The president of YIK, Muharrem Kayhan, made the opening speech. Mesut Yılmaz and İsmail Cem were among the representatives of the Turkish government. One of the major issues of the meeting was again the process for acceptance to the European Union. Kayhan pointed out that Laeken Summit gave everyone a positive view of the process. However, the only country that was unable to start the negotiation process among the thirteen candidate countries was Turkey only because that it was not able to manage to realize the Copenhagen criterions. He added that if Turkey could manage to realize those political criterions, it would end up alone again at the end of

¹⁵⁹ TÜSİAD, *Bülten*, no. 28, April 2001.

¹⁶⁰ TÜSİAD, *Bülten*, no. 29, December 2001.

the Denmark Summit that would be held in 2002. At the same meeting, Mesut Yılmaz emphasized the same process in the way that Kayhan described.¹⁶¹

As pointed out at the YIK meeting both by the TÜSİAD members and the representatives of the government, TÜSİAD continued to move quickly as the path to the EU necessitated. As a general attitude of TÜSİAD, it did not wait for the foreign policy department of the government starting acting on the process, but itself started to act through its target.

On 26 November 2001, TÜSİAD organized a meeting with the EU Parliamentary members. The EU Turkey ambassador Karen Fogg also attended to the meeting. Tuncay Özilhan, who was the president of the executive committee of TÜSİAD, emphasized the importance of the EU membership for Turkey, which he described as having been part of the modernizing project of Turkey for two hundred years, and added that 2002 would be important year for Turkey for EU membership especially because of the Cyprus problem. In addition to that, he asked the EU parliamentary members not to combine the Cyprus problem with the membership of Turkey to the EU.¹⁶²

On 6-7 December 2001, TÜSİAD attended a European private sector meeting, where the views about the EU membership of TÜSİAD were explained by Tuncay Özilhan. In the report that was prepared afterwards by the UNICE, the open support of the European private sector for the membership of Turkey to the EU was declared again.¹⁶³

¹⁶¹ Ibid.

¹⁶² Ibid.

¹⁶³ Ibid.

Turkey entered 2002 in an optimistic atmosphere that was created by the upcoming Laeken Summit that would be held on 15 December 2002. TÜSİAD shared this optimism atmosphere. During 2002, as a businessmen organization TÜSİAD did more than expected to be able to alter the relations with the EU and its institutions both in the country and outside the country, in the main capitals of Europe.

On 25 January 2002, the thirty-second general council of TÜSİAD was gathered. Again, one of the main issues of the general council was the relations of Turkey with the EU. This main issue also appeared in the speeches of the authorities of TÜSİAD in the council. Tuncay İlhan mentioned that 2002 would be the year of the EU relations for Turkey. This was an inevitable fact, because of the developments made by Turkey to start negotiations with the EU and if this did not happen, the membership of Turkey to the EU would have to be postponed to an uncertain future.¹⁶⁴

After the general meeting, TÜSİAD published a declaration titled “2002 Should Be the Transformation Year of Turkey” (*2002 Türkiye İçin Değişim Yılı Olmalı*). There were three main headings in the report and one of them was again the issue of the EU. TÜSİAD once again was reminding the government that the issue of the EU was a national interest and was warning the government about the relations with the EU. According to TÜSİAD, the government was sometimes unwilling and indecisive, which made Turkey waste time on the path to membership. Moreover, TÜSİAD reminded the government that Turkey was the only country that had not completed the Copenhagen political criteria and had not started to the negotiations yet among the candidate countries. In addition to that, TÜSİAD pointed out that the

¹⁶⁴ TÜSİAD, *Bülten*, no. 30-31, January-June 2002.

government had to pass the adaptation laws without wasting time, and that the target of 2002 should be to start the membership negotiations with the EU immediately.¹⁶⁵

In accordance with the decisions taken in the general council of TÜSİAD, it started its activities that could push the process and help to start the negotiations with the EU. With this target, TÜSİAD renewed its diplomatic efforts in the major European countries.

On 21-22 February 2002, a committee from TÜSİAD under the presidency of Tuncay Özilhan visited Spain, which was the European Union term president. The committee met with the head of the Spanish government Jose Maria Aznar, the foreign minister Joseph Piqué, and foreign trade state secretary Costa. Özilhan explained TÜSİAD's views about the EU membership of Turkey and the power of the private sector in this process. The head of the government Aznar pointed out that Turkey had an important place in the EU vision of Spain. In addition, the Spanish private sector representatives emphasized the support of the Spanish private sector to the membership of Turkey to the EU.¹⁶⁶

The committee went to Berlin on 11-12 March 2002 with the same perspective of immediately starting membership negotiations. In 11 March, the committee met with the German businessmen. The next day, the committee met with the German politicians, among which were the German Parliament president deputy from the Christian Democrat Party, Rudolf Seiters and the general secretary of the German Social Democrat Party, Franz Müntefering. As a result of the meetings, the politicians declared their acceptance of Turkey as a member of the EU. After the meeting with the politicians, the TÜSİAD representatives met with the German

¹⁶⁵ Ibid.

¹⁶⁶ Ibid.

private sector representatives and obtained their support for the membership process.¹⁶⁷

On 19 June, TÜSİAD held its first YIK meeting at Sabancı Center. During this meeting, apart from the TÜSİAD members, Asaf Savaş Akat made a speech on the membership of Turkey in the EU, direct investments and economic growth. However, the meeting was not only about the economic targets and issues. As a general attitude of TÜSİAD, the weighted issues were more about political subjects. The YIK president Muharrem Kayhan emphasized that TÜSİAD did not determine economic growth or welfare as the only targets. More than that, he pointed out that the main target was the modern civilization level that Atatürk put forward that included the universal values, human rights, a pluralist democracy and a free market economy based on competition. He defined the target as membership in the EU. According to Kayhan for these reasons, the acceptance of Turkey to the EU should be at the top of the Turkish agenda. He declared that TÜSİAD would continue to work for the realization of this target and the maintenance of social compromise for this process.¹⁶⁸

In the same meeting, Özlhan focused on economic issues, but again linked them to the foreign political issue of the EU. According to Özlhan, foreign capital sought a determined economy, a proper investment climate and political stability. Those conditions could only be maintained by membership in the EU. He added that to be able to make 65 million of people live in welfare and peace, Turkey had to be a member of the EU.¹⁶⁹

¹⁶⁷ Ibid.

¹⁶⁸ Ibid.

¹⁶⁹ Ibid.

In 2002, with the target of being a member of the EU, TÜSİAD gathered its advice about the political criteria of Copenhagen in a report, which included the TÜSİAD's views on the death penalty, publishing in the parent language, and free education in the parent language.¹⁷⁰ Süheyl Batum prepared the report in coordination with the Parliament Group of TÜSİAD. In fact, this report included issues mostly about the domestic politics of Turkey. However, the reason for the preparation of the report was not the priority to solve the domestic political problems of Turkey, but to realize the target of the EU.

Another important development of 2002 was the Copenhagen Summit, toward which TÜSİAD had made a series of lobbying activities. As a coincidence, TÜSİAD held its YIK meeting on the same date as the Summit. Therefore, the most important issue at the meeting was the summit. Muharrem Kayhan, who was the head of the council of the YIK, built his opening speech on the Copenhagen Summit and the relations with the EU. According to Kayhan, after the summit, the process of the EU membership would enter a new stage and Turkey should prepare itself accordingly. He recalled that five years earlier, in 1997, Turkey had been almost thoroughly excluded from the EU process and they had worked hard to rebuild positive relations with the EU. Turkey in 2002 was a big state with the power to bargain with the European powers. Perhaps, the most important part of his speech was his emphasis on the role of TÜSİAD as a civil society organization in this process.¹⁷¹

As Kayhan has also pointed out in the YIK meeting, TÜSİAD had significant influence on the process of the EU membership of Turkey. This influence was

¹⁷⁰ TÜSİAD, *Türkiye'nin Demokratikleşme Perspektifleri ve AB Kopenhag Kriterleri-Görüşler ve Öncelikler*, no. 3-4 (İstanbul, TÜSİAD, 2002).

¹⁷¹ TÜSİAD, *Bülten*, no. 32-33, July-December 2002.

mostly maintained using the effective actors in the country through dialogue with the government and outside the country through lobbying activities in the European countries both with private sector representatives and with European government members. TÜSİAD continued its activities before the Copenhagen summit for the complete membership negotiations.

To be able to affect the result of the Copenhagen Summit positively, TÜSİAD embarked on a visiting schedule to the major European capital cities. The first stop of the TÜSİAD delegation was Athens from 30 September to 1 October. TÜSİAD first met with the major private sector representatives, namely the Greece Industry Federation (FGI), and received the support of them. On the same day, they met with the Greek Prime Minister Costas Simitis and summarized the steps that Turkey had achieved for the EU membership. Simitis declared that Greece would support the setting of a negotiation date for Turkey in Copenhagen. During the visit, TÜSİAD members also met with the foreign minister Yorgo Papandreu.¹⁷²

After the visit to Greece, the second stop for TÜSİAD was the capital city of Belgium, Brussels. A similar visit program was realized in Belgium at the 2-3 October. TÜSİAD representatives met with the important members of the Belgian business world and met with foreign minister Lois Michel, economy minister Didier Reynders and some European Union parliamentarians.¹⁷³

On 16-17 October, the TÜSİAD delegation was in Copenhagen. They visited the private sector representatives, economy minister Bendt Bendtsen and the minister responsible for EU relations. They all made a common press declaration by which the reforms applied on Turkey in the path to the EU had altered the economic

¹⁷² Ibid

¹⁷³ Ibid.

relations between both two countries and that especially the privatizations and the macroeconomic plan that was in application were trust increasing steps. In addition, they pointed out that if the negotiations started as a result of the Copenhagen Summit, this would alter Turkey's economic relations with the EU.¹⁷⁴

On 25-30 October, the TÜSİAD delegation was in Lisbon to continue their lobbying activities. They arranged meetings with businessmen, with prime minister Jose Manuel Durao Barroso, economy minister Carlos Tavares and foreign ministry bureaucrats.¹⁷⁵

The next stop for TÜSİAD was Rome on 6 November, where the delegation met with prime minister Silvio Berlusconi and obtained a promise for full support for the membership process of Turkey at the Copenhagen Summit. TÜSİAD also met with the Italian Industrialists Confederation. The representatives of the confederation claimed that the membership of Turkey in the EU would improve welfare and wealth both in north and south Europe.¹⁷⁶

The delegation continued to Brussels on 12-13 November. They met with the EU commissar responsible for enlargement of the EU, Günter Verheugen, and with the Belgian Businessmen's Confederation.¹⁷⁷

On 21-22 November, the TÜSİAD members were in Paris and they met with prime minister Jean Pierre Raffarin and some ministers in the government. They also arranged a meeting with important businessmen and received their support for the summit.¹⁷⁸

¹⁷⁴ Ibid.

¹⁷⁵ Ibid.

¹⁷⁶ Ibid.

¹⁷⁷ Ibid.

¹⁷⁸ Ibid.

TÜSİAD brought an end to its lobbying activities before the Copenhagen Summit with a visit to Berlin on 4 December 2002. They met with German Chancily Gerhard Schröder and explained the steps that Turkey had taken for the EU membership.¹⁷⁹

Before the Copenhagen Summit, TÜSİAD arranged an advertising campaign together with the TOBB (*Türkiye Odalar ve Borsalar Birliği*) in EU countries. The target was again to be able to realize a decision that would open negotiations with the EU. For this target, advertisings that included photos of each countries' prime ministers or presidents in every country's own language were published in the daily newspapers of fifteen EU member countries.¹⁸⁰ The advertisement was also published in *International Herald Tribune* on 10-11 December.¹⁸¹ The same add was published in the newspaper *European Voice* on 12 December in Brussels.¹⁸²

As seen from the activities of TÜSİAD, it worked like a group of diplomats devoted to a target for the sake of the country. Together with the diplomatic efforts of the Turkish government, the Copenhagen Summit resulted in the way Turkey desired and Turkey managed to get a starting date for EU membership negotiations. However, the foreign political efforts and targets of TÜSİAD were just beginning. After the decision to start negotiations with Turkey, TÜSİAD would try harder to make the country transform according to the EU criterions. The government and the society needed more pressure.

At the beginning of 2003, after the Copenhagen Summit, the 33rd General TÜSİAD Committee meeting was held in 23 January and the new prime minister,

¹⁷⁹ Ibid.

¹⁸⁰ *Hürriyet Gazetesi*, 9 December 2002.

¹⁸¹ *International Herald Tribune*, 11 December 2002.

¹⁸² TÜSİAD, *Bülten*, no. 32-33, July-December 2002.

Abdullah Gül, was the honor guest.¹⁸³ Now, it was time for TÜSİAD to push the new government for the coming process of negotiations. In the meeting, Özilhan reminded the government that TÜSİAD was one of the main actors in the country and that the criticisms of TÜSİAD had always been from the position of an insider not an outsider. He reminded the government that they had to take the views of TÜSİAD into consideration.¹⁸⁴

In the first quarter of 2003, TÜSİAD continued its activities in Turkey, on the path to the EU. TÜSİAD arranged many meetings with the members of the government to be able to maintain that the adaptation process to the EU had been executed. This adaptation process included a macro economic program, and changes to the constitution and the laws.¹⁸⁵ TÜSİAD continued to follow the activities of the government and also the agenda of the EU. In this period, the Brussels office of TÜSİAD held many meetings with the EU authorities about political criteria, and short-term and long-term economic priorities.¹⁸⁶

On 11 June 2003, the first YIK meeting of 2003 was held at Sabancı Center. In the meeting, Tuncay Özilhan's main issue was again the EU. He emphasized the importance of the membership process from the economic perspective and gave a picture that the government and TÜSİAD were working in coordination on the EU membership process.¹⁸⁷ At the same meeting, the new prime minister Recep Tayyip Erdoğan was a guest of TÜSİAD and he made a speech that was in the same

¹⁸³ TÜSİAD, *Bülten*, no. 34, January-March 2003.

¹⁸⁴ Ibid.

¹⁸⁵ Ibid.

¹⁸⁶ TÜSİAD, January-March 2003, *Brüksel Ofisinin Not Defterinden*, <http://www.tusiad.org> (10 March 2007)

¹⁸⁷ TÜSİAD, *Bülten*, no. 35, April-June 2003.

direction as the speech of Özlhan. He also described TÜSİAD as the most powerful civil society organization in Turkey.¹⁸⁸

In the same period, TÜSİAD gave some advice to the government about the independent arrangement institutions like the Central Bank in Turkey and about the necessary reforms needed for those institutions.¹⁸⁹

Apart from the advice and activities of TÜSİAD inside the country, the organization continued its diplomatic activities abroad, in Europe. TÜSİAD arranged a visit on Vienna in 1-2 April 2003. The delegation met with prime minister Wolfgang Schüssel and it criticized the attitude of some of the EU authorities against Turkey and demanded a more open approach to Turkey.¹⁹⁰

In the same period, on 8-10 June, a TÜSİAD delegation visited Poland according to its program that included lobbying in the countries that were candidates for membership in the EU.¹⁹¹

On 1 May 2003, the Berlin Office of TÜSİAD started new activities. The target of the office was defined as to inform the German public about Turkey, to form a public opinion for the membership of Turkey to the EU and to alter the business relations of Turkish firms in Germany.¹⁹² The office worked from the beginning till today in accordance with the Brussels office. The opening ceremony was held in 2 September 2003. Prime minister Erdoğan, members of the German government, and representatives from the Turkish and German business sector were

¹⁸⁸ Ibid.

¹⁸⁹ Ibid.

¹⁹⁰ Ibid.

¹⁹¹ Ibid.

¹⁹² Ibid.

in attendance.¹⁹³ Also in November 2003, the Paris Office of TÜSİAD started activities like the Berlin Office.¹⁹⁴

On 8-10 October, before the publication of the progress report on Turkey by the EU, TÜSİAD met with the Turkish ambassador and the EU Commission president Romano Prodi. TÜSİAD wanted from Prodi that not only political criteria but also economic criteria should be considered by the EU. Prodi explained the expectations of the EU about justice, the Kurdish language and religion freedom.¹⁹⁵

TÜSİAD continued its lobbying activities in England on 10-12 November. The delegation met both with businessmen and politicians. Among the politicians were parliamentarians that were against the membership of Turkey to the EU. TÜSİAD tried to explain the importance of Turkey for Europe and the reforms that had been applied in this period.¹⁹⁶

In the second half of 2003, TÜSİAD conducted many activities about the relations with the EU. The most determining issues in this period were democracy packages, the Cyprus issue, problems among the EU because of the Iraq occupation. TÜSİAD tried to take advantage of these developments and developed its diplomatic activities especially along the axis of Brussels-Berlin-Paris.¹⁹⁷

At the beginning of 2004, on 22 January, the 34th General Committee meeting of TÜSİAD was held. Still YİK president, Muharrem Kayhan made an evaluation about TÜSİAD. TÜSİAD was like a lighthouse in the sea for the country

¹⁹³ TÜSİAD, *Bülten*, no. 36-37, July-December 2003.

¹⁹⁴ TÜSİAD, *Bülten*, no. 38, January-March 2004.

¹⁹⁵ Ibid.

¹⁹⁶ Ibid.

¹⁹⁷ Ibid.

and it helped Turkey find its way in the most problematic periods.¹⁹⁸ He added that the ideological resource of the reforms that Turkey had been adapting in the recent days had been TÜSİAD itself.¹⁹⁹ From this speech, it is clear that TÜSİAD saw itself not only as a businessmen's association, but as a major actor in the policy formation processes in Turkey.

From the beginning of 2004, TÜSİAD increased its lobbying activities in Germany, to which it attributed great importance because of its determiner role in the negotiations of Turkey and the EU. For this reason, the president of the executive committee of TÜSİAD, Tuncay Özilhan, and a delegation went to Berlin on 8-9 January 2004 and they carried out lobbying activities among the political authorities and the business sector.²⁰⁰ One of the meetings held in Kreuzberg, was attended by prime minister Recep Tayyip Erdoğan. In the meeting, the issues of the political system of the EU and integration strategies were discussed.²⁰¹ TÜSİAD also met with the German Christian Democrat Party and the Social Union Party on 12-13 February and with the Social Democrat Party on 10 March.²⁰² From those meetings TÜSİAD planned to use the positive approach of the Social Democrat Party and to make a step towards changing the negative approach of the Christian Democrat Party. In the meetings, the organization emphasized the political and economic importance of Turkey's starting negotiations with the EU.²⁰³

¹⁹⁸ TÜSİAD, *Bülten*, no. 38, January-March 2004.

¹⁹⁹ Ibid

²⁰⁰ ibid.

²⁰¹ Ibid.

²⁰² Ibid.

²⁰³ Ibid.

In the first quarter of 2004, TÜSİAD also continued to its activities inside Turkey. On 19-20 February, Ömer Sabancı and a delegation with him had meetings with prime minister Recep Tayyip Erdoğan; the president of the Central Bank, Süreyya Serdengeçti; and with EU General Secretary ambassador Murat Sungur. The delegation demanded the immediate application of the structural reforms and reported on the lobbying activities of TÜSİAD. The delegation also demanded more efforts from the government about unemployment, foreign capital investments and continuous economic development.²⁰⁴

On 25 March 2004, representatives of UNICE attended the EU meeting in Brussels. TÜSİAD, which was a member of this organization, also attended the meeting through the representation of Ömer Sabancı, who was the head of the executive committee, and Bahadır Kaleağası, who was the EU representative of TÜSİAD. In the meeting, the main issue was the competition power of the European private sector in the world markets.²⁰⁵

Until the end of 2004, TÜSİAD continued its activities with the main target of the decision that would be taken by the EU Council about the starting of the membership negotiations of Turkey. TÜSİAD focused on the application of the Copenhagen political criteria and the issue of Cyprus. With those targets TÜSİAD held many meetings with European authorities that were mainly summarized above and pushed the process inside the country by closely following the reform process and being in a constant contact with the government.

At the beginning of 2005, the main issue about the EU for Turkey was the negotiations. And TÜSİAD, in its own words again, was like a “lighthouse” for the

²⁰⁴ Ibid.

²⁰⁵ Ibid.

questions about the negotiations. On 13 January 2005, during the 35th General Committee meeting of TÜSİAD, Ömer Sabancı put forward TÜSİAD's main views about this issue. First of those was how to prepare for the negotiations. This question included other questions, like how the negotiation institution would be formed, how the staff would be prepared, and how the civil society would be integrated to the process.²⁰⁶

In accordance with the views of TÜSİAD about the EU process, a delegation from TÜSİAD under the presidency of Ömer Sabancı held a meeting on 17 February with foreign minister Abdullah Gül, state minister Ali Babacan, the president of the Central Bank Süreyya Serdengeçti and some other government members. On 18 February, the delegation held a meeting with the president of republic, Ahmet Necdet Sezer, and ministers Cemil Çiçek and Beşir Atalay. TÜSİAD presented a report titled "TÜSİAD' views about Economic, Political and Social Developments and Turkey-EU Relations."²⁰⁷ With the report, the organization described the kind of negotiator TÜSİAD wanted, the economic problems and how the slowing down of the application of the reforms, postponed the new agreement with the IMF.²⁰⁸ This last attack in the first quarter of 2005 was as one of the major interventions of TÜSİAD to the government about the political processes.

When the period from the second half of the 1990s to the end of the first half of the 2005 is evaluated from the perspective of TÜSİAD's efforts on the process of the EU membership of Turkey, it can be observed that TÜSİAD not only pushed the processes and worked for the development of the processes, but also it acted as one

²⁰⁶ TÜSİAD, *Bülten*, no. 40, January-March 2005.

²⁰⁷ Ibid.

²⁰⁸ Ibid.

of the major actors in the process of the formation of the policies. TÜSİAD both worked hard for the membership of Turkey to the EU and determined the policies together with the political power of Turkey. TÜSİAD reports played an important role in the policy-making processes by creating a discussion environment in the public.²⁰⁹ Moreover, when the political power had problems in applying the determined policies or sometimes did not desire to apply them, TÜSİAD criticized the government and put pressure on it to conform to the earlier accepted program. Outside of the country, it would not be wrong to claim that TÜSİAD acted like a group of diplomats devoted to an idea or to policy. Moreover, sometimes it accomplished more than the foreign ministry could have done.

Table 7: Number of the News about TÜSİAD in Hürriyet Newspaper.²¹⁰

Years	Number of news
<u>2005</u>	370
<u>2004</u>	351
<u>2003</u>	453
<u>2002</u>	532
<u>2001</u>	492
<u>2000</u>	227
<u>1999</u>	227
<u>1998</u>	201
<u>1997</u>	97

Source: Hürriyet Archive, available online <http://www.hurriyet.com> (30 June 2007)

It is not possible to measure the degree of the impacts of TÜSİAD on the EU membership process of Turkey numerically. However, the reflections of TÜSİAD on Turkish newspapers can be taken as a measure. According to the *Hürriyet* archives, the number of the news from 1997 to 2005 increased by nearly three times as seen from Table 7 above. Especially after 2000, everyday more than one news were published in only *Hürriyet*. When the classification of the news according to

²⁰⁹ Mehmet Turgut, *Tüsiad Raporları ve Türkiye Ekonomisi* (İstanbul: Boğaziçi Yayınları, 1991), p. 8

²¹⁰ Hürriyet Archive, available online <http://www.hurriyet.com> (30 June 2007)

their subjects is considered, it is seen that the number of the news related to foreign policy come right after the news about economy and domestic policy. Moreover, this increase is not only observed in *Hürriyet* , but it is also observed in all other daily newspapers published in Turkey. *Hürriyet* is used as a sample since the data about this newspaper is more concrete in the numeric means. The increase in the number of the news about TÜSİAD can be considered as one of the measures that proves the increasing affect of it on politics and country agenda.

CHAPTER 7

CONCLUSION

By the 1990s, Turkey entered a new political and economic period together with the other countries. This era was mainly characterized by the collapse of the Cold War system, and thus with the acceleration in the globalization processes. Borders were no longer strict, there was no longer a status quo in the international system. The collapse of the socialist block caused a serious increase in ethnic problems. Moreover, capitalism had no longer a threat of communism that could be used as a legitimizing and balancing power.

As the international system turned upside down, the foreign policy that both determines the international system and is determined by the international system itself, started to undergo serious transformations. Foreign policy was no longer a state-centered issue. On the contrary, the actors that attended to the foreign policy processes were mostly diversified. Among this diversification, the role of civil society organizations has been one of the most determining ones. This also symbolizes the transformation of civil society organizations after the Cold War. In the Cold War system, foreign policy was mainly in the hands of the elites. However, with the collapse of that system, the agreement among the elites also ended and the foreign policy area became an area of discussion among the state, the business world and ethnic groups.²¹¹ Although the state did not lose its position as the strongest actor in the foreign policy processes, in this period civil society organizations started to have much more influence on the international system. Therefore, the relation

²¹¹ Serhat Güvenç, from his speech called “the think-tank institutions in Turkey and Foreign Policy”, Conference called Civil Society and Foreign Policy, 23 May 2007, Ceylan Intercontinental Hotel.

between civil society organizations and the foreign policy is a new research area. This does not mean that these organizations did not exist in the Cold War period. Especially in the developed countries, the civil society organizations were relatively more powerful than the ones in other regions of the world. However, it is also clear that the activity of these organizations seriously increased after the collapse of the Cold War system throughout the world.

Among those non-governmental organizations business organizations started to gain a special importance in the world system. The same transformation was also experienced in Turkey and TÜSİAD has become one of those organizations that has been very active in the last decade in Turkey. Although, it is still discussed whether TÜSİAD is a civil society organization or a pressure group that seeks its own interests, this discussion cannot hide the effectiveness of TÜSİAD both in domestic and foreign policy.

In the 1970s, TÜSİAD was founded mainly with the need to explain the importance of the private sector both to the state and to society. But as the international world order passed through a transformation period, TÜSİAD also changed itself. It was a business organization supported mixed economy when it was founded. However, as the macro economic projects changed in the world and in Turkey, TÜSİAD also changed its role to complete liberalism both in the economic arena and in the political arena.

In the 1980s, as Turkey started to apply neo-liberal policies together with the aim of opening to the foreign markets and industrialization based on exportations, TÜSİAD started to seek a reliable and stable economic and political environment that could lead to gaining foreign markets. Together with this target, TÜSİAD's main

approach to the modernization of Turkey in terms of full integration to the western capitalist world, TÜSİAD started to be more active on foreign political issues.

At the end of the 1980s, the application of Turkey for full membership to the EU and its denial in 1989 brought the EU issue onto the agenda. Especially after the membership of to the Customs Union, the EU issue became even more important. And since integrating to the EU is extremely important for TÜSİAD because of both its political and economic approaches and targets, TÜSİAD started to work for the integration process. In fact, most of the time, this was much more than a non-governmental organization could handle. TÜSİAD acted like a member of the foreign policy department of the state and made active diplomacy in every critical phase of the membership process. It would not be wrong to argue that sometimes it did more than a group of diplomats could do, because as a non-governmental organization it handled relations on the axis that formal actors could not handle. It played the role of reaching the areas that formal actors could not reach.²¹² It held diplomatic conferences and met both with the government members of European countries and European parliament and with European private sector representatives. It gave advertisements to the newspapers of the countries that were members of the European Union. The main aim was to affect both the European governments and the European public on the side of the membership of Turkey to the EU.

In this process, TÜSİAD worked not only outside the country, but also inside the country to be able to realize the application of the criterions that were necessary for the membership. Whenever it observed a slowing down in the reform process or a deviation from the EU process in the country, it immediately warned the government and tried to change the route to EU again. For the application of the reforms, it acted

²¹² Abdullah Akyüz, TÜSİAD Washington representative, from his speech called “the role of the civil society in the Turkish-American relations”, Conference called Civil Society and Foreign Policy, 23 May 2007, Ceylan İntercontinental Hotel.

together with social scientists and professionals and prepared reports that aimed to project the future. It followed the domestic policy very closely just like the foreign policy.

Those activities of TÜSİAD on the way to the EU were both related to its ideological approach, which was westernization and modernization through integration to the western capitalist world, and related to its economic aims that necessitated the western type of a system and integration. As can be derived from the economic data related to the foreign trade of Turkey, the region with which Turkey was in the deepest relations was still Western Europe. A huge amount of exports and imports were realized between the European Union countries. Not only foreign trade issues but also friendships were mostly found with European businessmen. Moreover, TÜSİAD believed that being a member of the EU would bring Turkey a more confident and stable economic and political environment, which was one of their basic targets to allow businessmen to be able to make investments in a more secure environment.

TÜSİAD in this period showed an effectiveness that had not been seen before in the business world in the history of Turkey. Especially, when the style of the historical relationship between the businessmen and the state is considered this points to a radical change in the business sector approach in Turkey. From the late Ottoman period, the general tradition of the attitudes of the businessmen was dependence on state and a type of relation that generally was pragmatic both from the side of the state and from the side of the businessmen. However, it would not be wrong to argue that TÜSİAD changed this general tradition with its attitude especially from the mid-1990s. TÜSİAD was a policy-maker not a policy taker, and it tried to make the governments apply those policies. TÜSİAD determined its own strategies, its own

policies and the actions to be taken to be able to realize them. As a social issue it is very hard or almost impossible to calculate the effectiveness degree of TÜSİAD. But at least from its activities, projects and reports it can be concluded that TÜSİAD tried to be active and effective in the period of the EU membership of Turkey by using its own plans, own strategies and own power.

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