

VIEW FROM ANKARA

As Turkey has slowly treaded on the path leading to the opening of European Union accession talks, the general sentiment among both decision-makers and the public has been one of boundless enthusiasm. Polls taken have consistently demonstrated a pro-membership leaning in excess of 70 per cent among the Turkish public which is the highest among any candidate country. Opposition parties have, at times, tended to take a critical stance primarily on controversial issues pertaining to political criteria. No political party that was ever blessed with enough votes to hold office, however, has pursued any such anti-EU policies. In fact, the degree of further integration of Turkey into the EU has become the ultimate yardstick by which the political success of governments are measured.

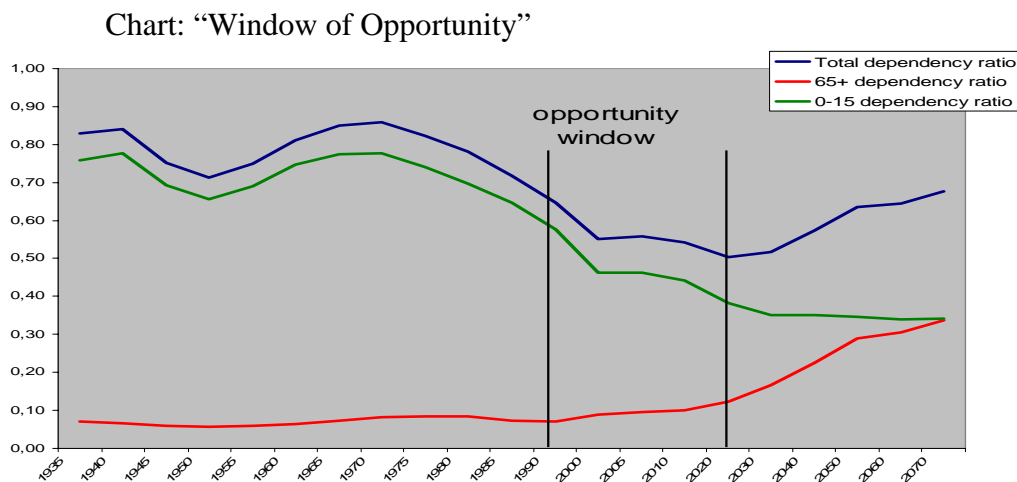
Having stated the above, it must nonetheless be noted that we have entered a new and difficult era, not only in terms of EU-Turkish relations, but regarding the very future of the European Union itself. The year 2005 seems to have served as the pivotal turning point that has broken a nearly uninterrupted progression in a certain direction. That direction was based on the futile attempt to insulate Europe from the competition and challenges posed by globalization. The vision of a Fortress Europe that can safely be rendered immune to the cut-throat global environment while maintaining the social welfare state as well as rigid immigration and labor market policies is no longer tenable.

The lead in the drive to construct the EU along such protectionist lines has hitherto been taken up by the political elites within the Franco-German core of continental Europe. The much ballyhooed French social model was held up as the ideal to which the rest of the Union and its candidates must aspire. The skyrocketing unemployment and economic slowdown in France and Germany coupled with the rejection of the EU constitution in the referenda held in France and Holland has imposed the need for change as an unavoidable reality. The economic dynamism that resulted from policies conducive to labor market mobility, influx of qualified immigrants into the marketplace and global free trade adopted by the United States as well as the dismantling of the welfare state and the liberalization of the British economy during the Thatcher era has established a new model for success that has come to be referred to as Anglo-American capitalism.

However begrudgingly, continental Europe must and will succumb to the pressing need for transition. The key question that will arise during this period of transition is whether or not small steps taken to open up the continent to more immigration will be sufficient to rejuvenate its economy. Demographic trends and long term projections regarding aging and birth rates within Europe suggest that the answer to this question is in the negative. Since Europe's dependency ratio* indicates that the population of Europe is aging; which means that fertility rates decline as life expectancy remains constant. A far greater degree of regional economic integration is required if the EU is expected to match the success of the US in this area. This is where the issue of Turkish accession into the EU acquires a brand new meaning. With its young and dynamic labor force, Turkey's large population can be seen as a blessing

* **Dependency Ratio:** The ratio of the economically dependent part of the population to the productive part; arbitrarily defined as the ratio of the elderly (ages 65 and older) plus the young (under age 15) to the population in the working ages (ages 15-64). (source: Population Reference Bureau)

rather than a curse to Europe’s ‘digestive capacities’. If Turkey can channel its potential working population in the right direction, it would provide a “window of opportunity” for both Turkey and the Europe.



(Data: World Development Indicator, Source: Tepas|Epri 2005)

At this point, there is a need for rapid enhancement of skills and the creation of suitable jobs. Sustainability of the growth process depends on micro-economic reforms on institutional restructuring and technology transfer. Among social policies, education and health reforms are Turkey’s priorities with active labor market policies to ease the structural transformation. An EU perspective for Turkey is vital, since foreign investment follows where institutional setting is sound. The EU accession process will surely accelerate the transformation of the country.

If Turkey cannot make a smooth transformation, unfavorable results may arise. A national unrest against EU could leak out and that will trigger Islamist or ultra-Nationalist movements as the political outlets. There is another backlash may come from the left that may attempt to reverse globalization by isolating the country and causing regional instability.

The new global economic paradigm will impose a total shift in mentality on both sides. European and Turkish transition will be mutually constitutive: Europe will increasingly integrate into the global market as Turkey integrates into the European market. This will require EU-Turkish relations to focus on the training of the Turkish labor force more than any other issue because a highly trained and qualified Turkish work force across a wide range of sectors and industries will be the crucial ingredient that will make the above described regional economic integration a success story.

Redesigning the industrial framework in a way that will best serve this transition will be imperative on both Turkey and Europe. This will not be an easy path but it is inevitable in the face of the unstoppable dynamics of globalization. Once it has been completed, however, the political disputes that now dominate EU-Turkish discourse will shrink into oblivion in terms of importance and weight. A more integrated economic environment and all the changes that this will entail will be the driving force behind this entry into a new era.