

# Cave Europa! Turkey 2023: The Alternative to the EU of an Economic Super-Power

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## ABSTRACT

Once it will be evident that Europe will not open its doors to Turkey a it would be possible to face with a new new political and economic power that could change equilibriums in Europe and Asia. High growth is likely to continue in Turkey, making the Country the next global power, presumably by the beginning of the decade 2020-30. Turkey will so extend by large its influence on the nearby region: the Western Balkans (especially Albania, Bosnia and Macedonia) and the Turkic Republics. Indeed this move started in 2009, when Ahmet Davutoglu was appointed as Foreign minister. The one he set up is the so called strategic depth: the Balkan branch being based on the heritage from the Ottoman period and the religious identity; while the Turkic branch, besides religion, digs deep into the very origins of the Turkish nation. Neo-Ottomanism and Pan Turkism are two clear features of Davutoglu's foreign policy. Turkey, because of its deep effort with Western Balkan countries, could not keep passive face to the prospect of seeing these countries entering the EU, while staying out. At the same time these countries could become more and more unsatisfied with the perspective of becoming a member of EU. On their part Turkic Republics could turn more discontented in their relations with Russia, for economic, historical and cultural reasons; for these very same reasons they will prefer leaning towards Turkey. The interaction of these elements could determine a convergence of interests toward deeper and deeper political and economic ties; crucial developments could follow.

**Key Words:** Integration, Turkey, European Union (EU), Balkans, Turkic Republics

## Uyan Avrupa! Türkiye 2023:AB'nin Alternatifi Bir Ekonomik Süpergüç

### ÖZ

Avrupa Türkiye'ye kapılarını açmazsa bizler, Avrupa ve Asya'daki siyasi ve iktisadi dengele-ri değiştirebilecek yeni bir güçle karşılaşabiliriz. Türkiye'nin büyümesinin süreceği dikkate alındığında, bu durum ülkeyi 2020 lerin başlarında küresel bir güce dönüştürebilir. Türkiye, yakın bölgelerindeki etkisini önemli ölçüde arttırabilir: Batı Balkanlarda (özellikle de Arnavutluk, Bosna ve Makedonya'da) ve Türki Cumhuriyetlerde. Esasen bu hareket 2009 yılından ahmet Davutoğlu'nun dışişleri bakanı olarak atanmasıyla başlamaktadır. Yeni-Osmanlılık ve Pan-Türkizm Davutoğlu'nun dış politikasının özellikleridir. Türkiye, bu ülkelerin AB'ye giriş vizyonuna dışarıda kalarak pasif bir yaklaşımda olamaz. Aynı zamanda, bu ülkeler AB perspektifinden gittikçe daha da tatminsiz olabilirler. Kendi adlarına Türki Cumhuriyetler Rusya'dan daha da bağımsız olup Türkiye'ye yaklaşmayı tercih edebilirler. Bu faktörlerin etkileşimi hayati önemdeki gelişmeleri belirleyebilecektir.

**Anahtar Kelimeler:** Bütünleşme, Türkiye, Avrupa Birliği (AB), Balkanlar, Türki Cumhuriyetler

Whether asked to define in two words the attitude of Turkey face to Europe in the past fifty years (1963-2013) the possible best answer could be found in two words: patience and time. Half Century has gone since the well known Ankara Agreement which should have paved the way for the Turkish membership to the then EEC, today EU. A history almost as long as the whole process of European economic integration, that of the attempts of Turkey to become an EU full member. A Turkish citizen waiting the opening of the doors would have got old by witnessing at all the major events which have for the good and for the bad shaped the history of the EU and its relation with his own homeland. Patience and time, however, have not passed in vain for Turkey. Both have forged a populace steadily decided to take the Country among the ten most developed economic and political powers of the world: to make of Turkey the next global-power. Patience to wait for the evolution of the events (mainly in Europe and in the Second World) and time to build the bases of a competitive market economy, are the essential ingredient of the power that the Republic founded by Atatürk in 1923, has gradually gathered over the past ninety years and that will presumably continue to gather in the next decade. Differently from Balzac's Father Grandet, a miserly man, patience defines a positive and constructive attitude of the Turkish people.

However while time is endless, patience has an end: there is no patience without a limit, recites a famous say. The patience of Turkey is probably near to come to the end. *Cave Europa!* An expression in Latin language exhorting Europe not to abuse of the patience of Turkey and not to underestimate the possible reaction of Turkey once it will become evident that the door of Europe is a false one, painted on the wall. Surely we will not assist to nothing like the attack to the wall of Constantinople of 29 May 1453<sup>1</sup>, but to a political and economic dynamic that could change, over a certain period of time, several equilibriums in Europe and Asia to a much more extent than it was the case in the XV century, shaking the walls of both continents. The probabilities of such a political dynamic are strictly linked to the continuity and intensity of the Turkish process of economic development. Continued high economic and human capital growth is the necessary condition for making Turkey a global power.

Presumably by the beginning of the 2020-30 decade Turkey will have the street paved for deepening its influence on the nearby region: the Western Balkans (especially Albania, Bosnia and Macedonia) and the Turkic Republics. This move started when (2009) Ahmet Davutoglu was appointed as Foreign minister. The one he set up is the so called strategic depth: the Balkan branch being based on the heritage from the Ottoman period and the religious identity; while the Turkic branch, besides religion, digs deep into the very origins of the Turkish nation. Neo-Ottomanism and Pan-Turkism are two clear features of Davutoglu's foreign policy. Political, economic and cultural links have dramatically increased and are bound to be increased further in the foreseeable future. A buoyant Turkey, economically bright, politically stable and

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<sup>1</sup> Actually the conquest of the city was due to a real door, small and secondary, the Kerkoporta, un(fortunately) left open by the Byzantines.

gaining influence on the world scene could perceive EU membership as not fulfilling its new role. Besides, Turkey because of its deep effort with Western Balkan countries will not keep passive face to the possibility of seeing these countries entering the EU, while the doors will keep shut to its own ambitions. At the same time countries like Albania, Bosnia and Macedonia could become more and more unsatisfied with the perspective of becoming member of an EU plagued with low growth, weak public finance equilibriums, persistent high unemployment and moreover shrinking budgets and funds for cohesion and agricultural policies. On their own part Turkic republics could turn (more) discontented in their relations with Russia, for economic, historical and cultural reasons. For these same reasons they will prefer leaning towards Turkey. The interaction of these elements could determine a convergence of interests toward stronger ties based not only on politics and economy but also on shared identity.

In the first section of this article we will deal with Turkish economic development and growth prospects. In the second we will explore the possible alternative to Europe.

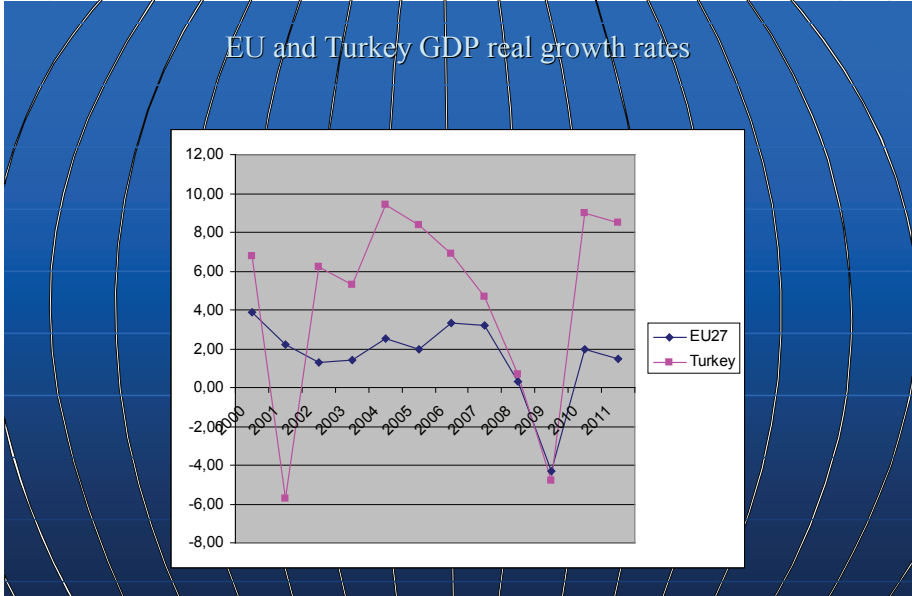
## TURKEY: THE GLOBAL POWER OF THE NEXT DECADE, CHANCES AND THREATS

The journey of modern (post-Ottoman) Turkey on the road to global power could last exactly one century. Nine tenth of this period have already passed. The last one tenth, the decade separating from 2023, will be decisive for the future of the Country. After the financial crisis of 1999-2001 the Country, thank to an appropriate reform path, has speeded up economic growth and change. The economic revival has been remarkable, especially when compared to EU.

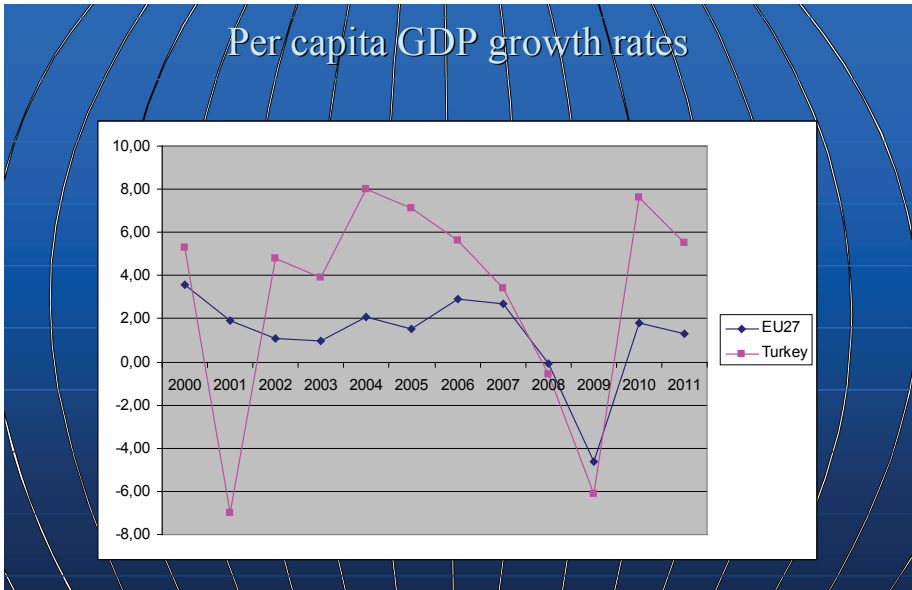
As we can see in figure 1 the real GDP growth rates have outstripped those of EU from 2002. After the sharp fall of 2009 Turkish GDP has grown by more than 8% both in 2010 and 2011. Moreover prospects for growth are high, while EU is still in recession. The trend of per capita GDP has closely followed that of total GDP. In 2003 Turkish per capita income expressed in PPS (Purchasing Power Standards) was about 36% of the EU-27 average; in 2011 it has reached 56%. This implies an average rate of 5.7%. This rate maintained for the ten years following 2011, will be enough to close the gap. Consequently by 2022-23 (in coincidence with the centennial of the Republic of Atatürk), the per capita GDP of Turkey could match that of the EU-27. These results are surely quite influenced by the extremely good performance of the Turkish economy in 2010 and 2011 and by the extremely bad performance of the EU-27 economy in these two years. Consequently it is possible that the catching-up rate will be somehow reduced in the next years, on the ground that the growth rate of Turkey could result lower than in these last years and that the EU-27 will get out of the present crisis and find a positive (but in any case low) rate of growth. This implies that the catching-up

process could take more time. However it is plausible to expect that by 2030 the gap will be closed. Actually Turkish economic development appears to be fundamentally sound, in spite of the presence of some weak points.

**Figure 1**



**Figure 2**



Our basic persuasion is that Turkey could continue to benefit from the catching-up process as both productivity and economic freedom are concerned. This will be the main drive of economic growth up to the next decade. Obviously in order to deliver all its benefits the catching-up process will have to be by a process of structural reforms.

As we have seen Turkey is experiencing a period of high growth. The Country has left the great crisis behind its shoulders.

As is widely accepted the main factor of the strong economic expansion has been domestic demand. Private consumptions have been accelerating since 2001. This trend has more than compensated the increase in savings as a consequence of the higher per capita incomes. Consequently private savings (households) fell to around 13% of GDP in 2010. This is the lowest rate of the last thirty years. The low level of domestic saving representing a weakness of the Turkish economy, calls for some considerations.

Decline in real interest rate since 1998 is the main determinant of the contraction of household savings<sup>2</sup>. Although this period is characterised by the high increase in per capita income, as we have seen so far, its pro-saving effect has been mere than balanced by the counter-saving effect of lower real interest rates. Private consumptions have accelerated since 2001 also as a consequence of higher credit availability. The decrease of inflation rate has also contributed to the decline of savings effect through postponed consumptions effects.

Low saving rates represent a threat for long term economic growth. Insufficient saving rates increase the dependency on external savings for the financing of the investments. Often foreign savings are short term and volatile, rendering growth more fragile. Lack of household saving is likely to hamper future economic growth.

*The first must* for an economic policy aiming to conduct the Country among the ten most powerful economies of the world within the next ten years is thus increasing the saving rate.

Achieving and maintaining price stability represents a fundamental step to ensure steady purchasing power. Private saving is linked to positive real interest rates. Low interest rates, moreover when they are negative in real terms, are not an ingredient of economic growth. Whether maintained for long time they induce a misallocation of resources, boost over-consumptions and induce higher inflation. They are detrimental for savings, consequently are not a factor of growth. Unfortunately the dominating view is that the lower interest rates are the higher potentialities for growth are. This legacy of Keynes is misleading, however is till quite popular among economists and politicians. Temptation to induce growth out of low interest rates policy should thus be rejected. Growth is a much more complicated issue. Besides, easing monetary policy could lead to excessive credit expansion.

Private saving is also linked to disposable income. Sound public finances, in terms of balanced budgets and low debt levels, allows for relatively low taxation ratios. This fact induces higher disposable income and consequently higher saving ratios.

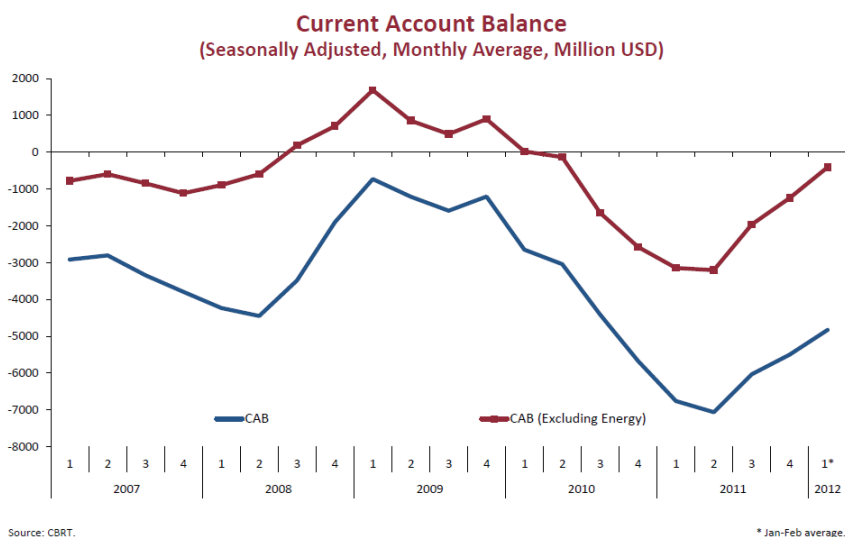
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2 See Saving in Turkey, Central Bank of the Republic of Turkey CBRT), 2012

Other policy options are available for rising saving rate, like: education, female labour force participation rates, level of financial literacy of households.

The second point of fragility which has to be addressed is the current account deficit.

**Figure 3**



The non-energy current account deficit is the product of the low real interest rates and of the competitiveness gap of the Turkish productive system. The current account deficit to GDP ratio attained a historical maximum of 10% in 2011, declining to around 7% in 2012. The significant readjustment in non-energy current account deficit has been achieved thank to weak imports which have played a major role in this rebalancing and to the successful diversification of trade towards the Middle East and North Africa<sup>3</sup>.

The wide gap between non-energy current account balance and total current account balance tells us how energy policy is strategic in order to maintain high growth prospective. The energy problem will be addressed in the next section.

The best way for Turkey, but is a general way too, to fill the competitiveness gap is to increase economic freedoms. In spite of a certain improvement of the conditions of economic freedoms, there is still a lot of work to do in such a field.

3 IMF, "Turkey: Concluding Statements of the IMF Mission for the 2012 Article IV Consultations", September 26, 2012.

According to the index published by the Fraser Institute<sup>4</sup>, Turkey ranks at 75th place out of 144 countries. Just in the middle, with an overall score of 6.92 over 10. The best performance is that of Honk Kong (8.9), the worst that of Venezuela (4.07). The distance with the top country is 1.98 points, that with the bottom country is 2.85. By the way the overall score is the average of the five indicators reported in Table 1.

**Table 1: Economic Freedoms: Turkey's ranking**

	1 Size of Government	2 Legal System and Property Rights	3 Sound Money	4 Freedom to trade internationally	5 Regulation	5A Credit market regulations	5B Labor market regulations	5C Business regulations
Turkey	6.91 (54)	5.25 (81)	8.86 (60)	7.33 (63)	6.25 (113)	7.79 (101)	4.76 (122)	6.19 (63)

Source: Economic Freedom of the World: 2012 Annual Report.

Regulations appear to be the weak point of the Turkish economy, especially labour regulations with a score of only 4.76. Business regulations represent another critical area. Administrative requirements are particularly tough and affect negatively overall firms' competitiveness, their score is 3.34.

These results indicate a precise area of reform which should be among the Governments' priorities in order to keep high the pace of economic development. It will not be a very easy task. Turkish Government will have to take courageous decisions, challenging unpopularity.

The advantage of regulatory reforms is that they are costless in monetary terms. However they might have high political costs. Political costs are expressed in terms of popular consensus, votes when the elections occur. Labour regulations are often sold to workers as a way to protect them from the waves of capitalism; a form of salvifically intervention by the States in defence of the weaker. At first sight regulation on minimum wage, firing and collective bargaining are the expression of social justice. However in economics relations among variables are quite complicated, and will be much more in tomorrow's world. This is the case of labour regulations. Once their interconnections are taken into consideration they turn out to be much less protective than their supporter claim. Actually the more a labour market is rigid the less it is capable to create high employment and better wages.

In the modern society problems are thus interconnected by a multiplicity of circumstances. Knowledge is the instrument for a better understanding of this society. This leads us to human capital, another crucial variable in the way of Turkey to become a global power.

Human capital can be broadly defined as the stock, the patrimony of capabilities of which a physical person is endowed. Capabilities are a whole constituted by knowledge, ability, techniques, know-how and physical strength. In substance by all what a person confers to a job, physically and mentally.

4 Economic Freedom of the World: 2012 Annual Report

The history of economic development teaches us a fundamental lesson: no process of sustained and sustainable economic development can take place without a parallel increase of investments in education and training.

One of the most striking cases is that of Japan. For almost four decades after World War II the Japanese economy grew at astonishing rates, creating the second largest economy of the world. That process was accompanied by intensive investments by the government and by the private sector into the educational sector. Between 1945 and 1960 the share of public expenditure in GDP grew from 2% to 6%.

Education in Turkey is still a problematic issue. Unfortunately data availability does not allow for a precise assessment. The OECD publishes annually a report "Education at glance" analysing through a series of indicators the state of education in the various Member States, however what is abundant concerning Turkey is lack of data, especially the ones related to educational investments. Consequently non comparison or trend analysis can be provided here. Lack of data by itself is not an indicator of good performance. No country, indeed, would not provide data whether acceptable conditions would emerge from them. However from the available evidence what is emerging is a landscape with some bright points. This is the case of enrolment ratios, which are on the rise from primary to higher education and for both males and females. For instance the increase for students of 20-29 year-olds (in both public and private institutions) has increased from 5% to 20% between 2002 and 2010. For students of 15-19 year-olds the ratio has grown from 30% to 57% in the same period. What is remarkable is the evolution of these rates, putting Turkey at the first place among OECD Countries. This fact indicates a strong effort to improve educational conditions and is also the result of economic development and consequent increase in per capita incomes. However we cannot but notice that enrolment rates in early childhood and primary education at age 4 is by far the lowest among OECD Member States. The rate is still below 20% in 2010, while the average rate is 81% and in several Member States is 100%. A further weak point of Turkey is that few students are expected to enter university education, the ratio is among the lowest. On the contrary the distribution of new entrants into tertiary programmes, by field of education is relatively good. This in the sense that about 40% are choosing business, law and more generally social sciences, while humanities is a field chosen by less than 25% of the new entrants. Finally entry rates at tertiary level are on the rise for both males and females. Besides the State has intensively invested in university education. The number of universities has more than doubled in the 10 years before 2012. More than 150 universities (public and private) are now operating.

The weak female participation to labour force could represent a serious backlog for Turkish future economic development. The Country is at the last place among OECD Member States as rate of women's employment rate. The average rate of the 2008-10 period is 24.6%, while in the period 1997-99 it stands at 28.5%. Besides being low by international standards, the OECD average is respectively of 57% and 54%, the



Turkish rate is decreasing. Only in the Czech Republic a slight reduction of this rate is recorded, from 58,7% to 56,9%. Even in a country like Iceland, where the highest rates are recorded, women's employment rates have been on the rise: from 78% in the 1997-99 period to 78,2% in the years 2008-10.

Finally we cannot but underline the fact that Turkey came out of the crisis with strong public finances. The Public Debt to GDP ratio is 40% in 2011 while the budgeted deficit is around 1.4%. There is no need to comment further these results to understand how the state of public finances can provide a positive contribution to the macroeconomic stability needed to maintain a high rate of growth.

A last point has to be addressed. AKP is in power since 2002, holds the 50% of popular consensus and holds a wide majority in the Grand Assembly. However in a democracy, like in a marked, the lack of political competition could undermine its own action. Overconfidence is never a good driver. After a season of huge reform impetus, between 2002 and 2006, enthusiasm is fading. Not stimulated by a suitable opposition reforms are losing momentum when they are more needed for the continuation of the high economic performance, the one needed to attain the goal of 2023. AKP cannot sleep on its past success story. Monopoly is never efficient, including monopoly of political power.

## HOW AN ECONOMIC POWER COULD BECOME A GLOBAL POWER.

The previous analysis shows that in spite of critical points, the economic development of Turkey is robust. Weak points can be addressed and turned into elements of growth. Consequently the likelihood that Turkey could attain the target of being among the tenth largest economies in the world. The condition of economic power will enhance its role as global power. It would be the necessary, but not sufficient condition. In order to discover what Turkey should do in order to turn the necessary condition into a necessary and sufficient condition a brief look at the Country's foreign policy is needed.

Foreign minister Davutoglu's strategic depth doctrine implies a "diversification of Turkey's geopolitical options by creating a Turkey's zone of influence in the Balkans, the Caucasus, Central Asia and the Middle East"<sup>5</sup>. Here we will deal the three first regions, leaving aside the case of Middle East as the situation is too instable in the region to allow for medium term considerations. Not to talk about the long term. On the contrary in the Balkans, the Caucasus and Central Asia the relatively good stability both in economic and political terms allows some insight into the near future.

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5 Srdja Trifkovic, "Turkey as a Regional Power: Neo-Ottomanism in Action", Politeia, December, 2011

*Turkeys strategy in the Western Balkans.* In some old XVIII Century's maps of the Ottoman's dominions the Balkan regions are marked as "Turkey" like the Anatolian region, which is not the case with the other dominions of the Empire. This simple fact is sufficient to indicate the deepness of the link between these two regions. The Balkans were more than a dominion, they were a vital part of the Empire. The gradual loss of these region, after the second siege of Wien in 1693, accompanied the sunset of the Sublime Porte. Today, 90 years after the proclamation of the Republic, those feelings are still strong and Turkish foreign policy is paying increasing attention to the Balkan region. Albania, Macedonia and Bosnia, for reason that will come up subsequently, are the Countries where Turkish interest is more strong<sup>6</sup>. In today's research based articles on the Balkans, more or less like in the old maps, the Balkan region is defined as part of the Turkish hinterland.

The Balkans Peninsula, which is an important sector of the Turkish hinterland, can be taken as one of the most important areas reflecting the political economical and cultural effects of the new vision of the Turkish diplomacy<sup>7</sup>.

Turkey is seen as the successor of the Ottoman Empire. The bond is not only represented by the Muslim religion. The strongest historical link being represented by the population. As effect of the waves of mass migration since the Nineteenth Century it is calculated that 30% of Turkey's population is of Balkan origin. Cultural links lead to shared identity. This consciousness of a common identity is a strong cement for political and economic relations. Shared identity allows for visions beyond national boundaries and to look for deeper forms of economic and political ties, like integration is. We turn now briefly to the economies of the Western Balkans and to the relation with Turkey.

Albania, Bosnia and Macedonia are small economies whose aggregate GDP is around 35 billion euro in 2011. They are, however, dynamic economies. GDP rates of growth have been mostly ranging between 4% and 7% in the 2000-07 period. The crisis has affected them, but growth rates have always been positive, ranging between 2% and 3%. Recession has not hit the Western Balkans. Inflation too has remained prevalently at low levels. Public budget deficit and debts are limited and below Maastricht levels, also in the years after 2007. This good macroeconomic performance could have been even better whether these Countries had taken to a further extend the process of economic reforms. Actually this has by far lagged behind the expectations and also the commitments with the EU in the framework of the pre-accession process. Widespread corruption continues to be a backlog to economic development. It affects productivity "because the main problem with doing business in the Balkans is the corruption and the solution to this problem lies in the reform and in the greater EU accession

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6 Also Kosovo attracts the interest of Turkish policy, however because of its still provisional status we will not include this Country in our study.

7 Muhamed Ali, "Turkish-Macedonian Relations in the Context of Foreign Policy Vision of the AK Party", in: Mehmet Bulut and Mesut Idriz (Eds.), *Turkish Albanian Macedonian Relations. Past, Present and Future*, ADAM-ACTOR, 2012, p. 204.

process”<sup>8</sup>. Corruption implies also low level of economic freedom. As the empirical evidence shows countries with higher levels of economic freedom enjoy higher rates of economic growth and also higher levels of equality in income distribution. Balkans Countries, according to the Heritage Foundation Index are considered as moderately free (also Turkey as we have seen is in this category). It is urgent for these Countries improving their economic environment. More trade freedom, investment freedom and freedom from corruption is needed<sup>9</sup>.

Turkey, in the frame of the Strategic Depth Doctrine, has been widening and deepening economic, political and cultural relations with the Balkan Countries. There is a sort of competition among World big players to enhance influence in the Balkans. The EU with its process of enlargement, Russia and the US. However is emerging a sort of concentration of these players on certain countries. Russia tries to improve its influence on Serbia, while the EU is distributing its energy on all the Western Balkan Countries. Turkey is concentrating its efforts on Albania, Bosnia and Macedonia. The competition is open ended...

The choice of Turkey is linked to the historical role of the Ottoman Empire, whose traces and heritage is much more strong in these three Countries than in the others. Here is sufficient to remember the free trade agreements signed and enforced with these Countries. FTA with Macedonia is in force since 2000, with Albania since 2008 and with Bosnia since 2003. Exports from Turkey to Albania have increased by 3,5 times between 2000 and 2011. With Bosnia by 4,7 times in the same period, while in case of Macedonia the increase has been of 55,6%. However it has to be said that Turkish interest in Macedonian market started in 2005.

Also Turkish FDI to these Countries have been on a steep rise. In 2007 Greece accounted for 42% of FDI stock in Albania; the share of Turkey was 8%. By 2011 the share of Greece had fallen to 27% while Turkey rose to 11%<sup>10</sup>.

Turkish FDI stock in Macedonia attained 117 millions euro. Turkey is the 8<sup>th</sup> biggest investor in the Country. However what is more remarkable in the growth of Turkish investments. In 2005 the stock did not exceed 25 millions euro<sup>11</sup>. The biggest Turkish investments in Macedonia are in infrastructures, like airports and roads, by Tav and Limak. Construction and mining are other important sectors. Halk Bank has bought a Macedonian bank. Turkish investments are present also in health and education.

Turkey is not among the biggest investors in Bosnia. Turkish investment stock in Bosnia rose from 52 million euro in 2005 to 141 million in 2011<sup>12</sup>. However it has to be noticed that is the most dynamic when compared with other countries. Actually between 2005 and 2011 the Turkish stock rose 1.7 times. No other country shows a similar performance.

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8 M.Murat Aslan, Mustafa Acar, A. Emre Akel, “The New Era in the Balkans: Economy, Globalization and Integration, in Mehmet Bulut and Mesut Idriz (Eds.), *Op. Cit.* p. 128

9 See above, p. 130.

10 Bank of Albania, Foreign Direct Investment Report, 2011, p. 25

11 National Bank of the Republic of Macedonia

12 Central Bank of BiH 2004 – 2011.

Out of these data we can draw a first conclusion.

Turkey is making a big effort in these three Countries. It is not just business, but politics, culture and religion. Leveraging on the historical heritage, on the Ottoman legacy the Turkish government is building a comprehensive partnership bound to stretch ties much beyond the usual international relation in a epoch of globalization. In setting up this partnership Turkey is looking at its own future and to the future of the Western Balkans. Turkey is preparing the cards to be played at the right moment, depending on the factual scenario. One possibility is that they will all member of the EU. Their premiers and ministers will seat in the European Council and in the EU Council. Their elected representatives will be part of the European Parliament. As we know the Council is the most powerful institution of the EU. Decisions are taken there. No leaf can move in Europe without the consent of the Council. Population matters in the definition of qualified majority. Therefore the demographical weight of a country, or of a group of countries is of crucial importance. By 2025, according to the projection of Eurostat, the population of a possible EU35<sup>13</sup> will reach 630 millions. In that same year the whole population of Turkey, Albania, Bosnia and Macedonia will be around 98 millions, implying a share of 15,5%. According to article 238.3 of the TFEU the qualified majority comprises

A qualified majority shall be defined as at least 55 % of the members of the Council representing the participating Member States, comprising at least 65 % of the population of these States.

A blocking minority must include at least the minimum number of Council members representing more than 35 % of the population of the participating Member States, plus one member, failing which the qualified majority shall be deemed attained.

In a possible EU33 the Turkey and the three Western Balkan countries could hold an important share for attaining both qualified majority and, to a much larger extent, blocking minority.

Concluding, whether these countries will conclude positively their accession process and become full members of the EU, the Turkey led block will have a relevant weight in the Council's decision process. Consequently the possibility that in the future EU35 Council "no leaf can move without the agreement of the Turkish block" is not remote.

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<sup>13</sup> EU28, Iceland, Montenegro, Serbia, Turkey, Albania, Bosnia and Macedonia.

## Turkey and the Turkic Republics.

If the Western Balkans represent the first axis of the new Turkish foreign policy, the Turkic Republic of Caucasus and Central Asia are the second one. A traveller reaching the Altai Mountains located in the most eastern part of Kazakhstan, where the its borders meet those of Russia, China and Mongolia, could listen to the old Turkish music and songs and look at people wearing traditional Turkish dresses. He could also see the circular tent of the shepherds, the same that he could admire in the mountains of eastern Turkey. Several other examples could be given of the common culture and identity shared by these countries, including religion. Central Asia is the cradle of the Turkish nation. History has for long time maintained Turkey and its homeland separated.

A new era begun after the fall of the Soviet Union, which made possible the progressive resumptons of mutual relations. The dimension of economic ties between Turkey and Turkic Republics, with the exception of Azerbaijan, cannot be compared with the one with Western Balkan. Trade with Turkey is still marginal in Central Asia. Marginal but growing, which is an indicator of the intensity of the effort. Furthermore what makes Turkic Republics more attractive for Turkey is their endowment in natural resources. Turkey needs energy to fuel and maintain rampant her own growth rate. At the same time through the Nabucco project aims to become a energy hub for the EU countries. Security of energy supply and their strategic management are thus one of the main elements of Turkish policy towards the Turkic Republics.

Institutional developments are significant and are paving the way for future economic and political developments. Before examining them briefly it is worthwhile to notice the failure of the Eurasian Community, a broad cooperation agreement promoted by Russia, signed at the beginning of the XI Century with the Central Asian Countries. This failure, combined with the developments on the Turkish side, is a clear indication of the optic of the region. History matters both in enhancing and in shrinking international relations<sup>14</sup>.

The most important institutional development is the Economic Cooperation Organization (ECO). Established in 1987 between Turkey, Iran and Pakistan, after the collapse of the Soviet Union, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan (along with Afghanistan) were admitted into the Organization. Trade and investment liberalization is one of the objectives of ECO. The establishment of a Free Trade Area in the ECO region within 2015 was adopted in 2005. ECO is not just trade and investment. It deals also with transports, agriculture, industry and energy.

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14 A wide panorama of Turkey's relations with Turkic Republics can be found in Mehmet Bulut and Recai Aydin (Eds.): "Economic, Political and Cultural Cooperation in Caucasus and Central Asia" Adam, Ankara, 2011, pp.254.

## THE ALTERNATIVE TO EUROPE

The region stretching from the Adriatic Sea to the Altai Mountains is deeply impregnated with the Turkish culture and with the Muslim religion. In a certain sense is just one nation. The far east of the region has seen the first light of the Turkish nation, the far west is a testimony of the apogee of the Ottoman power and culture. The Turco-Balkan region is, at the same time, the homeland and the hinterland of Turkey. In both regions, as we have seen, a huge effort is underway to restore the ancient historical and cultural bonds, together with a significant economic presence. The wheel, in a certain sense, is turning anti clock wise. Not with the impossible purpose to restore the past, but to build the future of a nation. A nation which has never been a unitary state and that will most probably continue to be multi-state. We will not read in the foreseeable future the word Turkey substituting the names of the national states on the geo-political maps of the region. However the anti clock wise movement of the wheel is bound, likely, to put in motion the new “political and economic process that could change, over a certain period of time, several equilibriums in Europe and Asia” as we wrote in the Introduction. But what the essence of this process?

The combination of Pan-Turkism and Neo-Ottomanism could represent the primary fuel for that process of “deterioration of boundaries”, to use the expression of Robert Schuman, which is the essence of the European construction. Only through progressive deterioration of boundaries, in the widest meaning of this expression, the EU has been set up.

Pan-Turkism and Neo-Ottomanism imply identity, which is the constituting element of a nation. Identity means language, traditions, culture, value system and religion. In principle shared identity is the main drive for political and economic integration. The birth of the United States of America, has been possible because of common identity among the peoples of the independent states born out of the Independence War. Identity has not played a significant role in European integration. Other factors have been at the base of this process, altogether successful. However the lack of a common identity, or of a sufficiently strong common identity, can explain why the European Federation was never born. This explains why the federalist model has not been successful and why the neo-functional or liberal intergovernmentalism theory<sup>15</sup> explain better the dynamic of the European construction.

Shared identity is present in what we have identified as Turco-Balkan region. This mean that the basic ingredient for an ambitious process of integration is abundant.

Whether or not this process of political and economic integration (the de facto model is not relevant at this stage) will take place will depend on several factors. First of all on the results of Turkey’s negotiations with the EU for full membership.

If positive the European path will be chosen together with the Western Balkan Countries. In this case Turkey will try to “capitalize” the common historical ground,

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15 See for instance: Ben Rosamond, *Theories of European Integration*, Macmillan Press, 2000.

namely the common identity, with these countries and her more recent efforts in the region, as we have seen in the previous section, to build up a solid alliance to be used in the decision process of the EU institutions. We have seen in the previous section the weight that this block could have in reaching QMV or blocking minority.

If negative, if the door on the walls of Europe will turn out to be just a painting, Turkey will have to find an alternative path. As we have already noted it is difficult to think that she will passively accept to see the Western Balkan Countries entering the EU while staying out. The attractiveness of Turkey as partner in a integration process will be correlated to her economic success. That why the maintenance of a high growth rate is functional to this strategy. Only as economic power Turkey will have the attraction force necessary to persuade the Western Balkan Countries to take, them too, an alternative path to Europe. Less problematic could be the choice for entering a process of political and economic integration by the Turkic Republics. Basic conditions (identity first of all) are already existing, but the fact that these Countries have regained only relatively recently their independence could be a factor of resistance. This is the situation in the first years of the second decade of the XXI century, but in the next decade, when these developments could take place, the resistance to share sovereignty could be a much more weak factor.

## CAVE EUROPA!

The European path is and will remain the best solution for Turkey, for the Western Balkan Countries and also for the EU<sup>16</sup>. However EU institutions and government should be aware of the fact that Turkey will not be waiting indefinitely their indecisions. Turkey will not wait until 2023! This is the message that is contained in several statements of Erdogan and Davutoglu.

The Great Recession of these years has surely imposed to Europe other priorities than the enlargement and the accession process of Turkey. But the “magic moment” of 2003-2004 has been lost for reasons that have nothing to do with the economic situation. Consequently efforts have to be done to recuperate the impulse of those years. At the same time, face to a low growing Europe plagued with high unemployment rates, low growth, and reduced EU budgets, Balkan Countries could be tempted to join the emerging superpower in a newly launched process of integration.

The eventual rise of an integration process stretching from the Adriatic Sea to the Altai Mountains, having Turkey as core country, will be a tremendous challenge for Europe and for Asia. It will modify, at the expenses of Europe, the equilibriums in

<sup>16</sup> We have developed the arguments in favor for Turkish membership in: A. Santagostino, F. Fossati and G. Garofalo: *Turkey and the European Union. A candidate different from the others. Political Aspects*, in M.G :Melchionni (Ed.), «Les relations trans-méditerranéennes au temps présent: modernisation, conflits, processus d'intégration, dialogue interculturel», Rubbettino, Soveria Mannelli, 2006.

both continents. Implications in the Middle East and in the Southern Mediterranean Countries will be strong. Turkey's influence in this area will rise dramatically. The zone of direct Turkish influence will thus be much larger than at the times of the Ottoman Empire. The other side of the coin will be the loss for Europe of her influence on the Western Balkans, Central Asia and in the East and Southern cost of the Mediterranean Sea. There will be no benefits but just costs. The EU and each one of her Member States will lose power and influence in the international scene.

## CONCLUSION

The considerations advanced in this writing are mainly directed to Europe. Not to overshadow the possible consequences of the fact that the time is over and the patience of Turkey is approaching the limit. Decisions have to be taken a membership perspective has to be given to Turkey. Ambiguities have to be dropped. More concretely, the European Council is called to set the Agenda of the negotiations and commit for their quick conclusion.

The scenario depicted in these pages is just a possible one. But is a likely one if only we consider that:

The economic development of Turkey is basically sound and the conditions for its continuation, although at a more moderate pace, are existing or could be attained by possible reforms;

Europe slow or quite moderate growth (at best) will continue for most of the present decade;

The EU-Turkey negotiation process is almost paralysed and the political conditions for its vigorous re-start do not exist;

The enlargement process towards Western Balkan countries is still in a pre-negotiation phase and several delays have been accumulated;

Turkey's efforts in Albania, Bosnia and Macedonia, as well as in Central Asia are growing and the perception of the Country by the population is generally positive;

History, culture and religion have generated shared identity in the Turco-Balkan region;

Neo-Ottomanism and Pan-Turkism are clear lines of Turkey's foreign policy;

A majority change in the Grand Assembly is unlikely in the next future.

*Cave Europa!* Wake and be attentive Europe! If a strong effort to complete enlargement towards the Balkans and Turkey is not completed in an acceptable span of time, consequences could be severe.

Better a strong Turkey in a stronger Europe than a strong Turkey outside a weaker Europe.



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