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The Turkish Military in Politics, and the Attempted Coup of 15-16 July 2016

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Abstract

After summarising some of the international academic literature on the nature of coups d'état since the 1950s and the reasons for their success or failure, this article outlines the history of military interventions in Turkey's politics since 1960. The following two sections recount the events of the attempted coup of 15-16 July 2016, and try to explain why it failed. Some unanswered questions arising from this story are then outlined, weighing up the rival claims of culpability. The article concludes by assessing whether any classic coup d'état could succeed in the conditions of modern Turkey.

Keywords: Turkey, military, politics, coup d'état, July 2016

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Türk Siyasetinde Ordu ve 15-16 Temmuz Darbe Girişimi

Öz

1950'lerden itibaren gerçekleşen darbelerin yapıları ve başarı veya başarısızlıklarının nedenlerine dair uluslararası akademik literatür özetlendikten sonra, 1960'dan itibaren Türkiye politikasına askeri müdahalelerin tarihi özetlenecektir. Takip eden iki bölüm 15-16 Temmuz 2016 tarihli darbe girişimindeki olaylara yer vererek, darbenin neden başarısız olduğunu açıklamaya çalışacaktır. Bu olayda bazı açıklanmayan sorular özetlenecek, karşı iddiaların kusurları tartılacaktır. Makale, herhangi bir klasik darbenin modern Türkiye koşullarında başarılı olup olamayacağını değerlendirerek sona ermektedir.

Anahtar Kelimeler: Türkiye, ordu, siyaset, darbe, Temmuz 2016

1. Introduction

A few months after he returned to office in November 1991, Turkey's then Prime Minister, Süleyman Demirel confidently predicted that the era of military coups in Turkey was over: '[F]or the time being', he opined, 'neither the atmosphere of Turkey nor the atmosphere of the world is suitable for a coup d'état' (Evans, 1992, p. 106). Demirel's prediction turned out to be too optimistic, but it has to be said in his defence that very few of the many observers of Turkish politics had expected the traumatic events of the night of 15-16 July 2016. The AKP government appeared to have made its peace with the generals, while President Erdoğan, in spite of his quest for personal autocracy, retained substantial public support. Hence, for most of us, the attempted takeover came like a bolt from the blue, and still requires explanation. It also offered important comparisons with previous coups in Turkey, both successful and unsuccessful, as well as with global trends. In an attempt to address these issues this paper starts by summarising some general theory on the nature of coups, as suggested in the academic literature. This is followed by an outline of Turkey's experiences with military interventions since 1960. The next two sections, respectively, relate the events of 15-16 July, as nearly as we currently know them, and try to offer explanations for the failure of the coup. The final section addresses some critical remaining questions, and speculates whether Süleyman Demirel's prediction has, at long last, been achieved.

2. The Coup d'état: a Typology, and Global Trends

In 1972, looking back over the plethora of military takeovers in post-colonial states over the previous decade, Ruth First (1972, p. 13) concluded that 'coups have become a growth industry for academics as well as military men'. Not all the think-tank theories about the role of the military in politics are mutually consistent, or relevant to the Turkish case, but they do enable us to put coups in categories. The most obvious distinction is between failed and successful coups – that is, those which are suppressed and those that achieve their aims (the former being much less studied than the latter). Successful coups can be

subdivided according to the extent of their aims and results. 'Takeover' coups are those which result in a full assumption of power by the military group leading the coup, whereas a 'veto' coup (alternatively, a *pronunciamento* or 'displacement coup') merely install a civilian government to the military's liking, and probably following its offstage directions – in effect, a sort of proxy civilian government. Within the category of 'takeover' coups, Eric Nordlinger (1977, pp. 21–27) also distinguishes between those resulting in 'guardian' regimes, which aim to return power to civilian hands within a reasonably short time (he suggests 2-3 years) and 'ruler' regimes, which have long-term ambitions and wide-ranging social and economic goals (see also Clapham & Philip, 1985, pp. 8–10).

An additional typology may differentiate both successful and failed coups in terms of their degree of support within the armed forces, and the level within the command hierarchy at which they originate. On the first score, Turkish experience suggests a clear distinction between coups which are either contested within the armed forces (that is, opposed by all or a substantial proportion of the top commanders) or uncontested (that is, organised and led by the top of the command hierarchy, and carried out within the normal chain of command). Not surprisingly, coups in the second category have much better chances of success, since officers in the middle echelons simply carry out the orders of those at the top, in the standard military fashion. More recently, Naunihal Singh (2014, pp. 36–38) has suggested a parallel typology distinguishing between coups originating at the top, middle and bottom of the military hierarchy, that is, those planned and led respectively by (i) the generals, (ii) the majors, lieutenant-colonels and colonels, and (iii) lower-ranking officers, sergeants and corporals. By his calculation, worldwide, almost 70 percent of coups in his first category have been successful, compared with just over 40 percent in the second category, and under 30 percent in the third (Singh, 2014, p. 71, fig. 3.2.).

In historical perspective, as the calculations by Jonathan M. Powell demonstrate (Powell, 2012), , the incidence of coups worldwide showed a sharp rise between 1950 and the early 1960s, followed by

a steady drop until the early years of the new century, after which the figure has remained fairly stable at around three per year. These shifting trends have been especially marked in the Arab world, and notably in Turkey's neighbours, Syria and Iraq (see Be'eri, 1982, pp. 69–81; Picard, 1988, pp. 120–125). After attaining independence in 1946, Syria witnessed no less than eight coups d'état between 1949 and 1970, after which the Ba'thist regime under Hafiz al-Assad and then his son Bashar ruled continuously until the start of the current civil war in 2011. Similarly, Iraq saw five coups between 1936 and 1968, after which the Iraqi Ba'thists, under Saddam Hussein from 1979, ruled the country until overthrown by the US-led invasion of 2003. In the Middle East, what were originally military regimes, like those of Nasser in Egypt and the Ba'thists in Syria and Iraq effectively converted themselves into something else, by erecting single-party states, controlling the country through massive quasi-military security forces and clientelist economic networks. In effect, such regimes achieved 'coup-proofing' by favouring the military with spoils and benefits, dividing their militaries into mutually suspicious elements, and increasing the strength of paramilitary versus regular armed forces (Powell, 2012, pp. 1025–1029, 1036). Globally, the end of the Cold War, during which the USA and USSR had both promoted coups in third countries as part of their worldwide rivalry, and the international community's rejection of military takeovers, may have contributed to the decline of the coup as an instrument of political change (Friedman, 2014). What is also noticeable is that, as the total incidence of coups has fallen, the proportion of successful coups has increased, suggesting that the coup-plotters have become far more careful and skilled in their preparations and execution, having learned from experience.

3. Coups in Turkey, 1960-97

Before summarising the Turkish republic's previous history of military interventions,[1] a brief outline of the command structure of the

1 In principle, this could have been stretched backwards into the Ottoman era – in fact, the Ottoman empire can be described as a 'praetorian state' (see Perlmutter,

Turkish armed forces as of 15 July 2016 seems in order. At the top of the pyramid, the Chief of the General Staff had overall command of all the armed forces, under the President. Under him were the commanders of the four armed services – that is, the army ('land forces'), navy, air force and gendarmerie, each commanded by a four-star general.[2] Under the Commander of Land Forces are four geographically organised Armies, with four-star generals in command of each. In a structure originally deriving from the Cold War, the First Army is based in Istanbul, to defend Turkey's territory in Europe, the Second in Malatya, responsible for operations in the south and south-east, and the Third in Erzincan, to defend the north-eastern frontier. The Fourth, or Aegean Army, based in İzmir, is classified as a training unit. Two other crucial commands are those of the elite Special Forces, based in Ankara (directly under the General Staff) and of Turkey's biggest air base, at İncirlik, near Adana, which has a Turkish commander, but with use shared with the US air force and those of other NATO countries.

Since the Second World War, Turkey's history of coups d'état has followed global trends quite closely. On 27 May 1960, the Turkish armed forces launched the first military takeover of power since 1913, when Enver Pasha led the 'Raid on the Sublime Porte', seizing power and then dragging the Ottoman Empire into the First World War. Between 1960 and 1980, there were five successful or attempted coups or an average of one every four years. Between 1981 and 2016 there were just two (or, arguably, only one, and that unsuccessful), or at most an average of one every eighteen years. The attempted coup of 15-16 July 2016 came as a surprise, if only because there had been no full military takeover for the previous 36 years. In most of these cases, an underlying cause of military activism was the military's stern

1981). However, Ottoman conditions, especially in the pre-modern era, were so different that comparison seems pointless.

2 Under reforms enacted after the failed coup of 2016, control of the Gendarmerie (which acts as the police force in rural areas) and of the Coast Guard, was transferred from the General Staff to the Ministry of the Interior. The Chief of the General Staff was also made answerable to the Minister of Defence, rather than the Prime Minister, as formerly (see "Turkish gov't introduces new decree law to overhaul army," 2016).

commitment to Kemalist secularism, in the face of alleged attempts to undermine it by populist-conservative governments. The story of each of these interventions points up some interesting comparisons with global trends.

The events of 27 May 1960 can be classified as a successful takeover coup which, unusually, was contested within the armed forces. It originated among a group of middle-ranking officers, who at a late stage recruited four Generals to their cause, one of whom Cemal Gürsel, retired as Commander of Land Forces just days before the coup. Nonetheless, they were opposed by the Chief of the General Staff, General Rüştü Erdelhun, who was sternly loyal to Prime Minister Adnan Menderes, the victim of the coup, with the views of the other Force Commanders unknown. Since Menderes had declared martial law in Istanbul and Ankara shortly before, the attitude of the martial law commanders in the two cities was crucial: of these, General Fahri Özdilek, in Istanbul, took no active role in the coup, but was known to be sympathetic to its aims, whereas in Ankara General Namik Arguç was a loyal Menderes supporter. Away in Erzurum, then the base of the Third Army, General Ragip Gümüşpala sat on the fence until the last moment. Nonetheless, the conspirators were able to take over all strategic points in the capital during the early hours of 27 May, arresting General Erdelhun, President Celal Bayar and other leading supporters of the Menderes government. Menderes himself, who was on a pre-arranged visit to Eskişehir, in western Anatolia, was followed by air and arrested in Kütahya, some 80 km. to the south, later in the day. Having taken over the Ankara radio station, the new military leaders announced their takeover to the nation at 4.36 a.m. During the following months there were conflicts within the ruling junta between moderates, led by Gürsel, who wished to establish a 'guardian' regime, by returning power to an elected civilian government at a reasonably early date, and the radical would-be 'rulers', allegedly led by Colonel Alparslan Türkeş, whose booming tones had announced the coup over the radio on 27 May. In this contest, the first group won out and the military regime was formally dissolved in November 1961 (Hale, 1994, pp. 103–110, 131–147).

Unfortunately, the return to civilian power did not go unchallenged, since over the next eighteen months there were two unsuccessful and contested attempts to re-establish military rule by minority factions within the armed forces. The first of these, on 22 February 1962, was led by a maverick Colonel, Talat Aydemir, who had the support of crucial units in the capital, and at once point seemed poised to take over the presidential complex in Ankara and arrest leading members of the government. However, the rebels were resolutely opposed by the Chief of the General Staff, General Cevdet Sunay and the veteran Prime Minister, İsmet İnönü, as well as the main part of the armed forces. Hence, Aydemir decided to back down rather than provoke a civil war. Aydemir's quixotic second attempt to seize power, on 20 May 1963, was far less threatening, since it was thinly supported and fairly easily suppressed. It led to the execution of Aydemir, along with one of his fellow-conspirators, in June 1964 (Hale, 1994, pp. 156–162, 167–169).

In 1964, Turkey settled down to seven years of elected civilian government under Süleyman Demirel, but this democratic interval was broken by a fourth intervention on 12 March 1971. This can be classified as a partly-contested 'veto' or 'displacement coup', since the armed forces issued a 'memorandum' demanding Demirel's resignation, and his replacement by a 'powerful and credible government… within the democratic rules' which would end the 'present [allegedly] anarchic situation'.[3] Failing this, an outright military takeover (for which no preparations had actually been made) was threatened. The moving force behind the intervention was the Air Force Commander, General Muhsin Batur who, by his own account, favoured an outright takeover and was supported by the Commander of Land Forces, General Faruk Gürler and the Navy Commander, Admiral Celal Eyiceoğlu. However, he was opposed by the President, ex-General Cevdet Sunay, as well as the Chief of the General Staff, General Memduh Tağmaç. The memorandum was thus a compromise between the conservatives and radicals at the top of the armed forces. In the run-up to the coup, Demirel's government

3 Text translated from *Cumhuriyet,* 13 March 1971.

had been shaken by a series of terrorist attacks from the ultra-left, but he retained substantial public support, so the Generals had to tread carefully. The result was a series of nominally civilian governments, in which Demirel's Justice Party participated without its leader, which lasted until March 1973. At this point, Gürler's bid to succeed Sunay as President of the Republic was defeated in parliament,[4] and the way opened for general elections and a return to full civilian government in October 1973.[5]

The fifth coup in this series came just under seven years later, on 12 September 1980. It came after years of highly unstable coalition government, followed by mounting and violent conflict between armed gangs of the extreme right and left, and economic breakdown. All of this severely eroded support both for Demirel and his main opponent, Bülent Ecevit, then the leader of the Republican People's Party. The intervention, which can be classified as an uncontested takeover coup, was met at the time with general relief. In this case, the military chiefs, headed by the Chief of the General Staff, General Kenan Evren, set themselves up as a five-man junta, known as the National Security Council,[6] which then appointed a puppet civilian cabinet headed by ex-Admiral Bülent Ulusu. The 12 September regime restored order and put the economy back on the rails, besides producing a new constitution, increasing the powers of the military and restricting civil liberties. In November 1982 this was passed in a referendum of dubious legitimacy, which also elected Evren unopposed as President for the following seven years. However, when elections were held on 8 November 1983, the party favoured by the military, led by ex-General Turgut Sunalp, failed miserably. Instead, the race was won by the Motherland Party, led by, Turgut Özal, who had previously been written off by Evren as

4 Until the constitution was changed in 2010 the President was elected by parliament, not the voters.

5 This must be regarded as greatly simplified summary of a very complicated and frequently contested story (Hale, 1994, pp. 184–211). It rests fairly heavily on Batur's memoirs (Batur, 1985) and the writer's conversation with him in 1981.

6 In Turkish, Milli Güvenlik Konseyi. This is to be distinguished from the Milli Güvenlik Kurulu (MGK) which was set up as a regular body under the 1982 constitution: confusingly, the English translation is the same.

a serious contender. The result was a sometimes uneasy cohabitation between Evren and Özal, which lasted until 1989, when Evren retired and Özal was elected his successor (Hale, 1994, pp. 246–269, 276–283).

The final intervention in this series, prior to 2016, occurred in the spring and summer of 1997 (Hale, 1999, pp. 31–33). In 1983, Turgut Özal had died suddenly of a heart attack, and was succeeded as President by his old rival, Süleyman Demirel. In parliament, Tansu Çiller took over as leader of the True Path Party (*Doğru Yol Partisi*, or DYP) founded by Demirel, becoming Turkey's first - and so far, only - woman Prime Minister. In June 1996, following serious losses in the previous elections of December 1995, she formed a highly controversial coalition government with the pro-Islamist Welfare Party (*Refah Partisi*, or RP), led by Necmettin Erbakan, which was now the biggest party in parliament, with Erbakan as premier. Throughout its one year's existence, the 'Refahyol' coalition was wracked by infighting in its constituent parties, and rampant corruption scandals, mainly in the DYP. Combined with the RP's apparent attempts to undermine Atatürk's secularist legacy, this provoked widespread opposition from the firmly Kemalist state structure (the army, judiciary and civil service) as well as civil society – the latter being represented by the business community, trades unions, the mass media, and large public demonstrations of angry citizens. Matters came to a head on 2 February 1997 when the RP mayor of Sincan, an outer suburb of Ankara, organised a 'Jerusalem Night' meeting, at which calls for *jihad* were issued. In response, two days later, the military rolled its tanks down the main street of Sincan during the morning rush hour. On 28 February, the military chiefs who sat on the reconstituted National Security Council, now a regular body established by the 1982 constitution, presented Erbakan with a long list of 'recommendations', including legal measures to ban Islamic fundamentalist propaganda, strict adherence to the secularist principles enshrined in the constitution, and reforms to the school system to limit religious (i.e., Muslim-based) instruction. Formally Erbakan accepted these demands, but did very little to implement them. Following resignations from the DYP, Erbakan resigned on 18 June 1997, expecting

to reconstruct his government with the help of a minor opposition party, but Demirel exercised his right to appoint an alternative candidate. As a result, Mesut Yılmaz, now the leader of the Motherland Party (founded by Özal) formed another coalition, which duly implemented the '28 February measures'.

These events have been described in some detail, mainly because classifying the 'post-modern coup' of 1997 is hard. It was not a conventional takeover, since its success depended on the support of large groups in society, as well as the sitting President, and not just on military action, or the threat of it. Even the date can be queried – should this be fixed as 4 February, 28 February, or 18 June? At best, it might be described as a quasi-coup, uncontested (within the armed forces), but with limited 'veto' or 'displacement' aims, and not wholly dependent on military intervention.

Summing up, it can be said that over this 37-year period, Turkey experienced five coups and one 'quasi-coup'. Of these, two, the second and third, failed: of the remainder, the first was a rare example of a contested takeover coup; the fourth was a partly contested 'displacement' or 'veto' coup, while the fifth was a straightforward uncontested takeover. In international perspective, the Turkish experience has parallels with those of other countries, but differs from them in two respects – first, that none of the interventions originated with the bottom of the military hierarchy, and, second, that all of them had 'guardian' rather than 'ruler' outcomes. Putting it briefly, it can be suggested that the first peculiarity relates partly from Turkey's highly hierarchical, Prussian-based military structure (see Birand, 1991, pp. 39–41), and partly from the fact that Turkey's armed forces are huge by the standards of most coup-prone countries.[7] The fact that the armed services are both large and geographically dispersed makes it hard to organise a successful coup without the support of the top commanders, one of whose prime subsequent concerns is to prevent a 'coup within a coup' by the middle ranks of the officer corps (a concern

7 As of 2016, 410,000 'active frontline personnel', plus 186,000 'active reserve personnel' ("Turkey Military Strength," 2016).

amply demonstrated by the experiences of the first military regime of 1960-61). The longer the military stays in power, the greater this risk: hence, all Turkey's military regimes have voluntarily withdrawn after a relatively short period, and limited their role to that of 'guardians' rather than 'rulers'. Voluntary withdrawal can also be seen as the result of the relatively well developed civilian political institutions, notably political parties, in Turkey, compared with most other states where the military has seized power. Finally, Turkey's international alignments, especially its membership of the Council of Europe and its aim of EU membership, together with the integration of its relatively industrialised economy into the global economic system, have almost certainly limited the soldiers' ambitions as rulers.

4. 15-16 July 2016: the Drama Unfolds

The immediate events which led to the attempted coup of July 2016 apparently began on the afternoon of 15 July, when an army helicopter pilot whom we know only as Major H.A. and was stationed at the Army Aviation Training Centre at the Güvercinlik air base in the Ankara suburb of Etimesgut, visited the headquarters of the National Intelligence Organisation (MİT) in Ankara. Interviewed by the MİT director Hakan Fidan, H.A. said he had been a member of the rebel organisation until 2014, but had then quit. He had been told by a Colonel at the base that he would 'have a night flight tonight, and at the end of the flight we would "take" Hakan Fidan'. The MİT agents interrogated him at length, and cautiously, since they had previously had numerous false reports of impending coups. MİT informed the Deputy Chief of General Staff, General Yaşar Güler, at around 4.00-4.15 p.m. The Chief of the General Staff, General Hulusi Akar, later said that he had been given this information at around 5.00-6.00 p.m. by Güler. At around 6.15 p.m. Akar and Güler held an emergency meeting with Fidan and the Land Forces Commander, General Sali Zeki Çolak, at which orders were issued to halt all flights by the army aviation units until further notice, with those aircraft currently airborne to return to base. All movements of tanks and other units were to be halted. General Çolak was then sent

to the Güvercinlik air base, but reported that there was nothing unusual he could see (Fırat, 2016, pp. 46–49; Özkök, 2017; Yarar & Bozkurt, 2016, pp. 17–21).[8]

So far, neither Fidan or Akar had discovered exactly when or where the blow would come. According to their later statements, a rebel hit squad consisting of Akar's aide de camp, Lieutenant-Colonel Levent Türkkan, a Captain and four NCOs, had originally planned to meet at Akar's residence at 2.30 a.m. on the following morning (17 July). They would ask him 'will you be [our] Kenan Evren or not?' and if he refused they would 'render him powerless'. However, according to the court indictment at the trial of the conspirators in March 2017, one of their number, Lieutenant-General İlhan Talu, saw Hakan Fidan enter Akar's office in the General Staff headquarters (apparently, around 6.15 p.m.). Realising their plans were compromised, the rebels brought forward the start of their operation to the evening of 15 July. As Akar later related it, shortly before 9.00 p.m. he was visited by Major-General Mehmet Dişli, who warned him, in a state of high excitement that 'the operation is beginning'. Türkkan then burst into Akar's office, accompanied by Akar's own security detail and a group of heavily armed soldiers, apparently from the Special Forces Command. At pistol point, gagged and handcuffed, Akar was kidnapped and taken to the Akıncı[9] air base, near Ankara, which the rebels were using as their headquarters. Here he was later joined by Generals Gürel and Çolak. The Air Force Commander, General Abidin Ünal, was abducted from a wedding in Istanbul, and taken to Akıncı by helicopter. But for the Navy Commander, Admiral Bülent Bostanoğlu, who escaped the net, the rebels now had all the top commanders in their hands (Yarar & Bozkurt, 2016, pp. 22–32, 70–71; Fırat, 2016, pp. 49-55, 127; see also Benli, 2017).

8 Some of the details in these various accounts differ: for instance, Özkök, which is based on Güler's later court testimony, puts the time of H.A.'s arrival at the MİT as 'around noon', whereas Fırat (2016, p. 46) puts it at 2.45 p.m. However, the main points do tally.

9 Formerly known as Mürted: since the failed coup it has reverted to its previous name.

At this stage, the conspirators apparently still believed that General Akar was on their side, and that he would take over as the nominal leader of the coup. According to a later statement by Türkkan, a self-confessed member of the underground network set up by the Islamist ideologue Fethullah Gülen, who was living in exile in Pennsylvania, 'what we were told was that General Yaşar [Gürel] was not a Gülenist, but Hulusi [Akar] liked the Gülen organisation, that he was a sympathiser and would not harm the organisation' (Bozan & Günday, 2016). In his court testimony, Türkkan added that '[Gülenist] community brothers liked Hulusi Akar. They thought he would accept and command the coup'.[10]

In fact, the conspirators had no known evidence for this, and Akar was anything but supportive. According to his later testimony to the public prosecutor, after his capture Akar had a sharp argument with Mehmet Dişli. As he related it 'Dişli said "the action has already begun… and there is no turning back". I couldn't make sense of it at first, maybe he mentioned planes, but then I understood that it was an operation that can be called "an uprising". I got angry and said "What the hell are you talking about? What operation? Are you nuts? Don't do it" ("I told coup plotters not to spill blood," 2016). In Akıncı, Akar was interrogated by Commodore Ömer Harmancık and Brigadier-General Hakan Evrim. According to Akar, Harmancık read out a two-page statement, then handed it to him saying 'Commander, just read this, and if you sign it and read it out on television everything will be just fine, we will take in everybody, we will bring in everybody'. Akar related that he rejected this proposal 'violently and furiously' and shouted 'Who do you think you are? Who are you? Who is your head, your buttocks? [sic].' General Akar continued, 'at this Hakan Evrim said something like "if you want we can let you call[11] our opinion leader [*kanaat önderimiz*] Fethullah Gülen". "I'm not calling anyone" I responded' ("Genelkurmay Başkanı Orgeneral Akar'ın savcılık ifadesi 1-2-3-4 (Anadolu Ajansı metinleri),"

10 There is now a large literature on the Gülen movement (but see Yavuz & Esposito, 2003; Yavuz, 2013).

11 In Turkish, görüştürürüz: literally, 'to meet with', but frequently used to mean 'talk on the telephone'.

2016). Faced with a blunt refusal, which was supported by the other force commanders whom they hauled in, the conspirators were left to go it alone, but for safety kept their hostages captive at the Akıncı base for the rest of the night.

While this drama was being played out in Akıncı, the rebels were trying to take hold of Turkey's main cities. At around 7.30 p.m., before Akar's abduction, rebel tanks in Istanbul blocked the bridges across the Bosphorus, and rebel fighter jets and helicopters were crossing the skies above Ankara. In response, senior members of the government and state bureaucrats began to organise resistance. At around 10.00 p.m. the Speaker of parliament, İsmail Kahraman, five cabinet ministers, senior members of the ruling Justice and Development Party (AKP) and civil servants gathered in the government complex in Ankara's Çankaya district to set up a 'Coordination Centre'. Prime Minister Binali Yıldırım was in Istanbul when the rebellion began: he left by car for Ankara, but was forced to halt half-way by rebel gendarmes. However, he kept in touch with Çankaya by telephone. At 11.05 p.m. he gave a telephone interview with the national broadcaster NTV in which he described the action as a 'rising' rather than a coup, and made it clear the government would resist it (Yarar & Bozkurt, 2016, pp. 163–169).

A crucial part in the resistance was also played by the Commander of the First Army, General Ümit Dündar, who remained loyal to the government. Although the rebels took over some units in Istanbul, without the full support of the First Amy Command their bid for power was almost certainly doomed from the start ("1. Ordu Komutanı Orgeneral Ümit Dündar darbeyi nasıl bozdu?," 2016).[12] In Ankara and Istanbul, there was also fierce opposition from the civilian protestors,

12 At 1.30 a.m. on 16 July Dündar, together with Admiral Bostanoğlu and the Special Forces Commander. Brigadier-General Zekai Aksakallı, all appeared on television to denounce the coup. Later, retired Brigadier-General Ahmet Yavuz tackled some soldiers in the street in Istanbul. He told them that Dündar had ordered them to return to barracks, and they obeyed. Naively, the rebels had apparently assumed that Dündar and Aksakallı, along with Generals Akar, Çolak and Güler, plus AırAir Force General Abidin Ünal and Admıral Bostanoğlu, were all on their side since they had included them in what is alleged to be a list of senior appointments they intended to make if the coup succeeded (Yarar & Bozkurt, 2016, pp. 269, 272, 485).

hundreds of whom, mobilised by social media, poured into the streets and squares to defy the rebel tanks and armour. They suffered some serious casualties in the process, although in many cases conscript soldiers, reluctant to fire directly at unarmed civilians, merely discharged their weapons into the air, and in some cases even gave them to the protestors (Yarar & Bozkurt, 2016, pp. 161, 221, 242–258, 263). It was also noticed that the crowds included supporters of all the main parties, including the Republican People's Party (CHP) and the pro-Kurdish Peoples' Democracy Party (HDP), neither of which could be said to favour the AKP government, and that the opposition leaders all issued firm denunciations of the attempted coup ("Muhalefetten darbe girişimine tepki," 2016).

For the rebels, the high point came at 11.30 p.m. when they took over the state broadcaster TRT's studios in Ankara, although not the many private TV stations. At gunpoint, they forced the regular TRT television newsreader, Tijen Karaş, to read a proclamation from the 'Peace at Home Council', the name which the conspirators had chosen for themselves. This claimed, among other things that the armed forces had 'taken over the administration of the state', that martial law was declared throughout the country, that there would be a curfew until further notice, and that steps had been taken to close all airports, frontier posts and ports (see Fırat, 2016, pp. 81–83; see also Yarar & Bozkurt, 2016, pp. 197–199). Significantly, none of the members of the 'Peace at Home Council' were named, leaving the audience with no clear idea of who had claimed to have taken over. The emptiness of these claims was also demonstrated by the fact that, not long afterwards, protesting crowds took over the TRT studios. The rebels also failed to capture either the headquarters of Turk Telekom in Istanbul, which controlled telephone and internet communications, or the Türksat installation at Gölbaşı, near Ankara, which controls the satellite through which Turkish television stations broadcast (Yarar & Bozkurt, 2016, pp. 272–273, 297–303). Most airports also remained open.

In all these events, a critical question was the fate of President Tayyip Erdoğan, who was on holiday with his family in a hotel in the

southern Turkish resort of Marmaris. Apparently, he first heard of the attempted coup at 9.30 p.m. on 15 July from his brother-in-law, Ziya İlgen, in Beylerbeyi, an Istanbul suburb near the northern entrance to the first Bosphorus Bridge, who reported that the bridge was blocked by troops. He was able to establish contact with Prime Minister Yıldırım by telephone, and then, at 10.00 p.m., with Hakan Fidan, so was aware of events. Soon after midnight, he was telephoned by Hande Fırat, news anchor for CNN Türk television (Yarar & Bozkurt, 2016, pp. 123–126; Fırat, 2016, pp. 81–83, 99–100). Through a smart-phone which Ms Fırat held up in front of a television camera, he gave a live interview which, according to the Andy-Ar polling organisation, 84 percent of their respondents later claimed to have watched (Şenerdem, 2016).[13] In it, Erdoğan admitted that the military chain of command had broken down, due to the kidnapping of the top commanders, but stated that the rebels were only a minority of the armed forces and would be brought to justice. Above all, he called on the people to go out into the streets in protest.

Erdoğan's impromptu broadcast was almost certainly the turning point in the drama, since it made it clear that the rebels were not in control of the state structure, which would resist. However, it did not mark the end of their action. In Ankara, the headquarters of the elite Special Forces was held for the government by their commanding officer, Brigadier-General Zekai Aksakallı, but at 2.15 a.m. the building was attacked by a group of Special Forces soldiers under Brigadier-General Semih Terzi, who flew in from the eastern city of Erzurum. While approaching the building, Terzi was shot in a gunfight by Aksakallı's bodyguard, Sergeant Ömer Halisdemir, who was himself immediately shot and killed by one of the rebels (Yarar & Bozkurt, 2016, pp. 304–310, 313–317). The loss of Terzi, and the failure to take over the Special Forces unit in Ankara, was a serious loss for the rebels, since Terzi had been one of their key leaders. In later court evidence, it also emerged that Terzi's team had brought with them a laser designator and

13 The front cover of Fırat, 24 Saat, has a dramatic picture of the event.

range-finder device which would have been used to guide missiles fired from F-16 jets. This would have caused far more serious damage and casualties than the cannon fire and rockets from the Cobra helicopters which were used for attacks on the parliament and other buildings. The list of targets for which this was to be used included the headquarters of the Ankara police and MİT, followed by the parliament, the presidential palace and the Prime Minister's residence, Fortunately, the soldier detailed to use this device defected to the government side, preventing what would probably have been a far more serious death toll ("Coup attempt plan to pound key Turkish state buildings with high-tech device failed, testimony shows," 2016; see Fırat, 2016, pp. 100-103).[14]

Away in the southern province of Adana, at the İncirlik air base, the commanding officer, Brigadier-General Ercan Van and nine of his officers gave important support to the rebels, since planes from İncirlik took part in the bombing of targets in Ankara, and tanker-planes from the base refuelled rebel jets in flight. After the failure of the coup Van unsuccessfully sought asylum in the United States, effectively admitting his guilt (Nasi, 2016). Among the rebels' targets in Ankara was the building of the Grand National Assembly, Turkey's parliament, where around 100 Deputies of all parties had gathered. At 2.40 a.m. the building was bombed by rebel helicopters, causing some serious damage to the building (Yarar & Bozkurt, 2016, pp. 330–337). The attack was quite pointless, since by this stage it should have been clear that the coup attempt would fail, but it indicates the scale of disorganisation on the rebel side.

After his dramatic broadcast, Tayyip Erdoğan and his team prepared to leave Marmaris – originally, either for Ankara and Istanbul – and boarded a helicopter for the nearby airport at Dalaman at around 2.00 a.m. Here they boarded the President's official Gulfstream aircraft, TC-ATA, which took off at around 2.30 a.m. The pilot flew a roundabout route to Istanbul, to evade possible attack by rebel fighter aircraft. Apparently, two pairs of F-16 jets took off from the rebel base at

14 My thanks to Colonel William Bache for advice on this point.

Akıncı, but either failed to find TC-ATA, or desisted from shooting it down. A likely explanation is that Erdoğan's pilot had changed his radio transponder to that of a regular Turkish Airlines flight, TK8456, and the rebel pilots – assuming they found it – decided that, in the dark, it would not be worth taking the risk of shooting down an innocent civilian aircraft.[15] TC-ATA was then left circling over Istanbul's Atatürk airport for some time, as it had been taken over by rebel soldiers, but Special Operations police units managed to recapture the runway and control tower shortly before Erdoğan's plane landed at 3.30 a.m. At 4.15 the President gave a victory press conference, at which he claimed that the rebels had 'taken orders from Pennsylvania' (read, from Fethullah Gülen) and praised all those who had resisted the coup (Axe, 2016; Yarar & Bozkurt, 2016, pp. 281–282, 345–348, 367,379).

The disorganisation on the rebel side was clearly demonstrated by their failure to capture the President in his hotel in Marmaris. A hit squad of Special Forces troops from Ankara, which was supposed to do this, had been assembled at Çiğli air base, in İzmir under Brigadier-General Gökhan Şahin Sönmezateş. He later claimed that he and his team only intended to capture Tayyip Erdoğan, not to kill him, but this remains an open question. The crucial factor was that the Çiğli team was evidently unaware of what was going on in the rest of Turkey, and did not leave by helicopter for Marmaris until 2.15 a.m. They arrived at around 3.30, to find the bird had flown. Clearly, the operation had been a fiasco (Yarar & Bozkurt, 2016, pp. 263–268, 357–361, 380–388).[16]

By daybreak on 17 July the drama had virtually ended. By around 6.00 a.m. the tank crews on the Bosphorus Bridge and elsewhere in Istanbul were surrendering to police. General Akar and his fellow commanders were released from Akıncı at around 9.00 a.m., and most

15 Since the rebel hit squad which was sent to capture or kill the President did not arrive in Marmaris until 3.30 a.m., or over an hour too late, it is quite possible that the rebel F-16s did not leave their base until after Erdoğan's plane was already landing in Istanbul (see following paragraph). This would explain why they failed to find it.

16 According to several accounts, Tayyip Erdoğan and his family left Marmaris only a few minutes before the hit squad arrived, but the timings given by Yazar and Bozkurt, in their detailed account, do not bear this out. In fact, it appears that Sönmezateş and his team missed their quarry by about 1.5 hours.

of the rebel leaders gave themselves up during the morning (Yarar & Bozkurt, 2016, pp. 427, 432). Subsequent developments, with thousands of arrests, belong to a separate chapter.

5. Explaining the Failed Coup

Although some of the details are unclear, and ongoing investigations and trials may uncover important new evidence, explaining why the July coup failed is not too difficult, since those responsible broke virtually every rule in the book on how to launch a successful coup d'état. Having the pro-coup forces of the right size – that is, big enough to take over essential strategic targets, but no so big that the conspiracy can be penetrated by 'moles' working for the government - is a fundamental problem for coup-makers. In the event, the July putschists failed on both counts. On the one hand, their operation was quite widely supported – more widely, for instance, that either of the failed Aydemir coups - since they had an important support-base in the air force, in the army aviation section, and elements of the First, Second and Third Armies, besides sections of the navy and gendarmerie. They also deployed highly sophisticated weapons, including front-line fighter aircraft, helicopter gunships, and advanced electronic equipment. In the aftermath of the coup, 99 Generals and Admirals were charged with involvement in the coup, or just under a third of the country's 356 top officers (although not all these were necessarily guilty as charged). When trials began in March 2017, 221 suspected 'coup plotters' were named, including 38 members of the 'Peace at Home Council' ("Prosecutors reveal junta behind Turkey's coup attempt," 2017; "Turkey coup attempt: Charges laid against 99 generals and admirals," 2016). To achieve these numbers, however, they had to spread their network widely - including, for instance, Major H.A., who then gave warning to national intelligence. As Jonathan Powell remarks 'in the plotting stage, larger militaries are fraught with coordination obstacles' – a point well demonstrated in the Turkish case (Powell, 2012, p. 1024).

At the same time, the forces at their disposal were not enough to take over what could be regarded as essential targets. Edward Luttwak

suggests that 'Rule No.1' for a successful coup is 'seize the head of government before doing anything else, or at least kill him', and the putschists spectacularly failed to do this. They also failed to capture other members of the government, and critical state buildings in Ankara such as the General Staff headquarters, as well as the headquarters of the Army, Navy, Gendarmerie, MİT and Special Forces. Luttwak's 'Rule No.2' is that 'any mobile forces that are not part of the plot – and that certainly includes any fighter jet squadrons – must be immobilised or too remote to intervene' (Luttwak, 2016). Here again, the plotters failed signally, since the authorities had plenty of mobile forces available, including aircraft, at their disposal, and used them to oppose the rebels.

Resistance to the coup was almost inevitable, given that it was opposed firmly by the General Staff and the four Force Commanders. Naively, the conspirators had assumed that the top commanders were on their side, but they had no proof of this, and were quickly disabused of their illusion. Once they had discovered their mistake – and they must have done so before midnight - their best option would have been to call off the operation as quickly as possible, and try to evade arrest by fleeing abroad. Instead, they ploughed on, until they were forced to give up on the following morning. Fortunately, they decided to surrender rather than provoke a civil war. This was the only sensible decision they made.

The timing of the attempted coup was also fatally flawed. It is likely that the rebels had been preparing for action for some time, awaiting a suitable moment when political conditions were more favourable, but were forced to bring their action forward because the authorities had already uncovered all or a good part of their network. This included Brigadier-General Mehmet Partigöç, who was a member of the Gülen movement and a senior officer in the Personnel Office Directorate in the General Staff. The Directorate's functions included preparing papers for the High Military Council (YAŞ), which was charged with making all senior appointments and dismissals in the armed forces, and due to meet in early August. Sometime before 15 July, General Güler had called Partigöç in and told him that he would be sacked. The high command

presumably concluded that the leak had been blocked. Unknown to Güler, however, the Director of Personnel, Lieutenant-General İlhan Talu, was also a Gülenist, and would have known that as many as 130 Generals were slated for dismissal at the YAŞ meeting. Hence, the conspirators must have suspected that if they did not act quickly they would all be removed from the forces, making a coup impossible. After the attempted putsch, a letter to his wife was found among Partigöç's belongings, in which he asked her to forgive him, since 'we had to launch the coup: if we had not, at the High Military Council meeting they would have blown all our heads off'(Fırat, 2016, p. 55).

On the afternoon of the coup the conspirators compounded their problem by bringing forward the start of the operation to early evening, when the streets would be full of people, who could be easily mobilised to resist by the social media – to say nothing of defiant broadcasts by the Prime Minister and President. The fact that the conspirators knew, thanks to İlhan's warning, of Hakan Fidan's visit to General Akar at around 6.15 that evening, was evidently critical here. Had they delayed their action to the early hours of 17 July, as they had originally planned, they might have landed the government and public with a surprise, as their predecessors had done in 1960 and 1980. Confusion over timing also probably accounted for the late departure of the hit squad in Çiğli which was supposed to abduct the President ("How they blew the coup," 2016).

An important factor explaining the strength of the resistance to the putsch was the overall political situation at the time. The erosion of popular support for the government is widely regarded as a prerequisite for a successful coup (Powell, 2012, p. 1021). In 1960, Menderes retained substantial popularity, but this was faltering, while in 1980 and 1997 the previous administrations had little remaining public sympathy, after years of political and economic failures. Turkey in 2016 was quite different, however. Tayyip Erdoğan had shown clear signs of abandoning democratic values and practices, but he retained wide popularity, thanks to his hawkish stands in foreign policy and the Kurdish question, as well as his government's successful economic policies over the years

(Bell & Powell, 2016). With his appeal to Islamic conservatives and a powerful grass-roots party organisation, he could bring thousands of protestors out onto the streets. This was not a purely pro-government movement, however since, as already noted, the demonstrators included many supporters of the opposition parties. What the protestors were trying to protect was not just the AKP government, but the democratic system as a whole.

The widespread public protests, and stiff resistance to the rebels by most of the police force and army, meant that, in contrast to Turkey's previous coups, the attempted putsch of 2016 caused serious casualties. When the rebels were put on trial, according to the court indictment 250 citizens had been killed, compared with earlier reported casualties of 290, implying that there were around 40 additional deaths on the rebel side (Kingsley, 2016; "Prosecutors reveal junta behind Turkey's coup attempt," 2017). Limiting the bloodshed is seen as an important condition for a successful coup, since high casualties risk driving uncommitted actors to the other side, maybe leading to civil war (Singh, 2014, p. 34). During the night of 16-17 July, as already noted, troops refused to shoot directly at demonstrators, so as to avoid killing innocent citizens. For the first time in the history of Turkey's coups, the conscript soldiers (who had apparently been duped into thinking that this was just a 'training exercise' (Yarar & Bozkurt, 2016, p. 263)) refused to carry out the orders of the rebel officers – another sign to the leaders of the attempted putsch that they had little chance of winning. We all remember the picture of the lone man standing up against a tank in Tiananmen Square in Beijing in 1989. One of the most remarkable features of the 2016 attempted putsch in Turkey was that the protestors actually succeeded, and the tanks surrendered.

In any coup operation, it is suggested, control of the media is essential, since the leaders of the coup need to create the clear impression that they are winning, on the grounds that the uncommitted will then fall into line with the winners. As Naunihal Singh explained when interviewed after the failed Turkish coup, the outcome was determined by the failure of the rebels 'to make it *seem* like they were going to succeed (Beauchamp,

2016). The ability to shape perceptions of success, often through media, is crucial in coups – basically, if people think a coup is going to succeed, they usually join up because they don't want to be on the wrong side of the guns' – the opposite of what happened in this case (see also Singh, 2014, pp. 27–31). Here, the conspirators conspicuously failed. The government's skilful use of the social media, besides television, was a key to its success, and stood in ironical contrast with its attempts to silence the media during the Gezi Park protests of 2013. Equally, the fact that the junta-in-waiting could not even produce one of their numbers to read their *pronunciamento* on television – a role apparently originally allotted to Hulusi Akar – fatally undermined their credibility.

As the last point, it needs to be noted that 'coup proofing' by the government does not seem to have played a role in the defeat of the attempted putsch. Unlike other Middle Eastern rulers, Turkish governments had not built up large paramilitary forces to counter-balance the regular armed forces and thus head off a coup. In fact it was only *after* the 16-17 July that the government removed command of the paramilitary gendarmerie from the control of the General Staff.[17] It was also announced that military barracks in Istanbul and Ankara which had been used by the rebels would be moved elsewhere, with the Akıncı air base demolished, to make future coups more difficult ("Turkish government to move main military bases out of Ankara, Istanbul," 2016). In thus appears that the coup attempt failed mainly because of chronic mistakes by the rebels, not previous precautions by the government. As the widely respected journalist Cengiz Candar (2016) concluded, '[A]s a veteran observer of military coups and coup attempts in Turkey, I have never seen any with this magnitude of such inexplicable sloppiness'.

6. Some Unanswered Questions

The defeat of the conspirators of July 2016 did not leave the military chiefs free of criticism, since there were bound to be questions as to

17 See above, note 2.

why they had not nipped the conspiracy in the bud at a much earlier stage, and why the President and Prime Minister had not been informed until the attempted takeover was well under way (and then, by a family member, not the state intelligence organisation). On the latter score, it was reported that Hakan Fidan had telephoned Tayyip Erdoğan's security chief, Muhsin Köse, in Marmaris, at 6.30 p.m. just before the putsch began, but was told that the President was 'resting' (Fırat, 2016, p. 48). However, it would surely have been better to disturb him (assuming, of course, that Fidan was reasonably confident that the threat was real, and not just another false alarm). On the first score, it was later reported that, several months before the coup, MİT agents had discovered that the Gülenists were using the encrypted smartphone messaging application ByLock to maintain communications. The MİT had easily penetrated this and by May 2016 had identified close to 40,000 undercover Gülenist operatives, including 600 ranking military personnel. Once members of the network realised that ByLock had been compromised, they switched to the more secure application WhatsApp, and used this for planning the coup. Afterwards, MİT agents were easily able to penetrate WhatsApp by unlocking any of the 'phones of those detained, but could not do this before 16 July. Putting it simply, before the coup attempt Turkish intelligence could identify members of the network, but had no clear information about the coup preparations. For his part, Hulusi Akar had not previously thought that a coup was likely (Fırat, 2016, pp. 72–73; "Turkey coup plotters' use of 'amateur' app helped unveil their network," 2016).

After the failed coup, the government had no hesitation in accusing Fethullah Gülen's network of having organised it. This was immediately denied by Gülen, who claimed that the attempt might have been staged by Erdoğan himself, so as to justify his subsequent crackdown on the opposition (Fontanella-Khan, 2016). It could also be argued that the AKP government had only themselves to blame for the rise of Gülen's movement, since, up to 2013 they had cooperated with it, in an attempt to undermine the control of the military and judiciary by hard-line Kemalists. Within the network behind the coup, there was

almost certainly a large group of officers who were not members of the Gülenist network, but (paradoxically) militant secularists who had always opposed the AKP government, and cooperated with the Gülenists. On the other hand, it was hard to deny the connection between the attempted coup and Gülen.

Some of the conspirators, like Levent Türkkan, openly admitted to being members of the Gülenist network, and it is hardly likely that Hakan Evrim would have suggested to the captive Hulusi Akar that he should telephone Gülen in Pennsylvania if there had been no connection (see p.000). Admittedly, it is just possible that the conspirators acted independently of Gülen, so that he had no direct responsibility for planning the attempted putsch, but he still had some difficult questions to answer. His network ran a chain of schools and welfare activities, which had previously been widely appreciated. However, people were bound to ask why, if Gülen was completely innocent, it was an underground organisation, with no outsiders knowing who was in it or what they were doing, rather than a normal, open, non-governmental organisation. What had been the point of infiltrating large numbers of its supporters into the armed forces, the police and the judiciary, unless it aimed to take over the state, if necessary by force? Hence, it was hard to disprove the claim that Gülenists had played a central role in the conspiracy, even if they had apparently been joined by many other disgruntled officers. Equally, it is also difficult to believe that Gülen had absolutely no knowledge of the intended coup, or could not have stopped it if he wanted.

Of course, this was not the only widely-touted explanation for the attempted coup. Convinced that there must have been a foreign finger in the pie, and addicted to conspiracy theories, some senior members of the AKP and their supporters claimed that the US government had been behind the coup.[18] Their suspicions were naturally heightened by the fact that Gülen had long been resident in the United States, and that several commentators in the US media had favoured the conspirators,

18 They included the Minister of Labour, Süleyman Soylu (see Demirtaş, 2016).

or at least strongly suggested that they did so. In March 2016, Michael Rubin, resident scholar at the neo-conservative think-tank American Enterprise Institute and a former senior official in the Department of Defence under George W.Bush, had asked in an article on the Institute's website 'if the Turkish military moves to oust Erdoğan and place his inner circle behind bars, could they get away with it? In the realm of analysis rather than advocacy, the answer is yes' he wrote (Rubin, 2016). While the attempted coup was under way, a commentator on the ultra-rightist Fox News TV urged that 'we should make no mistake, the people staging this coup are the good guys' (Elmasry, 2016).[19] The initial reaction of Secretary of State John Kerry was simply to call for 'stability and peace and continuity within Turkey'. Although President Obama later called President Erdoğan, confirming that 'all parties should support the democratically elected Government of Turkey' (Calabresi, 2016), many concluded that if the coup had succeeded the US government would have happily accepted it, as they had in the case of the overthrow of President Morsi in Egypt. On the other hand, it seems most unlikely that the US government played any part in organising the coup. As Professsor Mohammed Ayoob of Michigan State University suggested soon afterwards, 'Turkey is far too important both to NATO and the United States, especially at this juncture, for Washington to engage in such machinations'.[20] He concluded that 'a coup against the elected government would be nothing less than moronic, especially since the chances of its success were minimal' (Ayoob, 2016). To this one should add the fact that none of the later interrogations of the suspected conspirators have so far produced any evidence in favour of the 'American plot' theory.

19 Before British readers escape with the idea that these reactions were confined to right-wing populists in the United States, they should be reminded that at the time the *Sunday Times* praised the plotters as 'a force for progresses. In *The Independent* the once-respected Middle East correspondent Robert Fisk claimed that 'Recep Tayyip Erdoğan had it coming': another coup in Turkey could soon succeed, his piece suggested (Fisk, 2016; see also Ghannoushi, 2016).

20 Referring to the American use of the İncirlik base for operations against the Islamic State in Syria and Iraq, together with Turkey's ability to flood Europe with the 2.5 million Syrian refugees on its soil.

In the aftermath of the failed coup, there was little doubt that Tayyip Erdoğan was the main beneficiary. This induced some of his opponents, like Gülen, to conclude that the attempted putsch was a 'false flag' operation, crafted by the President to justify the mass arrests which followed. By itself, this *cui bono* argument does not seem convincing, however. Supporters of the theory point out that Lieutenant-General Mehmet Dişli, apparently a central figure in the conspiracy, is the brother of Şaban Dişli, an AKP Deputy and a Deputy Chairman of the party. As could be expected, Şaban Dişli vehemently denied any connection with the conspiracy, but it has to be added that the family relationship is far from proving the 'false flag' theory, since two brothers are quite capable of backing opposite sides in politics ("Şaban Dişli'den 'darbeci kardeş' açıklaması," 2016). The fact that the rebel F-16s failed to shoot down the President's plane on its flight to Istanbul is also used in support of the theory (Osborne, 2016), but as we have seen, his pilot's subterfuge appears to have deceived the rebels, who may in any case have failed to find TC-ATA. The fact that the government had lists of the thousands of people who were detained after the coup shows that they were behind it, it is argued (Lusher, 2016; see also Osborne, 2016). As related earlier, the authorities had previously penetrated part of the Gülenists' encrypted messaging application, but they did not have details of the coup plan, or who was behind it, so probably arrested all those on the ByLock system whom they could identify. Again, the interrogation of large numbers of suspects has not so far yielded any evidence in support of the 'false flag' theory. Finally, as Mohammed Ayoob concludes, 'Erdoğan may be in overdrive in order to achieve a presidential system, but he is certainly not so desperate as to add a stage-managed coup to his repertoire of strategies. If the truth came out, with so many lives lost, it would end his political career' (Ayoob, 2016).

In a broader perspective, the failure of the 15 July putsch also raises the question as to whether any classic coup d'état can succeed, in the conditions of modern Turkey. In 1960 a group of mainly middle-ranking officers was able to seize power swiftly and effectively, even though they were opposed by the most of the General Staff and much

of the command hierarchy. However, the Turkey of 2016 was very different from the Turkey of 1960, which was still classifiable as a third world country ruled over by a first world elite. Istanbul in 1960 had a population of around 1.5 million, compared with today's estimated 14.8 million, while Ankara's population has risen from 1.3 million to 5.4 million between the same dates, so taking over the two main cities was a relatively easy job. Within a few hours, a relatively small group of conspirators – around 40-50 officers - was able to capture the key installations in Ankara, such as the presidential mansion, parliament, and the main ministries, plus the sole radio station. Once they had done that, power was in their hands, with virtually no casualties. The Turkish air force was still in its infancy, compared with today, and failed to intervene on either side. The state TRT was the only broadcaster, and there was no television, let alone internet, social media, or even telephones in most places. Around 70 percent of the population lived in mostly isolated villages, and 67 percent was illiterate, so most people probably knew nothing of events in Ankara until well after the event. Admittedly, Adnan Menderes still had millions of supporters, but they were mostly rural folk, and he had no way of mobilising them.

The contrast with today's conditions is obvious. Of course, this does not mean that a coup organised from then top, and with strong public support, could not succeed in today's Turkey, but in other conditions it would be very difficult, even if the conspirators were more competent than those of 15 July. Comparison with the coups in Egypt and Thailand in recent years, both of which succeeded, would be an interesting and potentially illuminating research topic.

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How Did Women Entrepreneurship Change over Time in Turkey (2006-2015): A Regression of Pooling Cross Sections Across Time

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Abstract

This study uses the Regression of Pooling Cross Sections Across Time model to analyze whether the tendency to become an entrepreneur in Turkey has changed over time and also whether the gender gap between males and females has been narrowed. The data from the Global Entrepreneurship Monitor (GEM) for the years 2006-2015 for Turkey were employed. The dataset consisted of 56,109 interviews with a rep-

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resentative sample of adults (18-64 years old). There was a noticeable increase in the general tendency in the entrepreneurial activity starting from the year of 2011 in Turkey. Although the probability of being a woman entrepreneur increased in Turkey, the gender entrepreneurial gap stayed quite stable at around 4% throughout 2006 – 2015.

JEL classification: M13; M51

Keywords: probability of being an early-stage entrepreneur, time effects, gender gap, Turkey, distribution of age, logistic model

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Türkiye'deki Kadın Girişimciliğinin 2006-2015 Yılları Arasındaki Gelişim Süreci: Yatay Kesit ve Zaman Verileriyle bir Regresyon Analizi

Öz

Bu çalışmada, Türkiye'de genel girişimcilik endeksi ve erkek-kadın girişimci endeksi arasındaki farkın zaman içindeki değişimi Yatay Kesit ve Zaman Verileri Regresyon Analizi kullanarak araştırılmıştır. Küresel Girişimcilik Monitörü (GEM) projesi tarafından, 2006-2015 yılları arasında Türkiye için toplanan veri seti kullanılmıştır. Veri seti temsili bir örnek olup, 56.109 görüşmeden oluşmaktadır. Türkiye'de 2011 yılından itibaren girişimcilik faaliyetlerinde kayda değer bir artış kaydetmiştir. Aynı zamanda, Türkiye'de kadın girişimci sayısında da artış görülmüş, fakat kadın-erkek girişimcilik oranındaki fark % 4 civarında sabit kalmıştır.

Anahtar Kelimeler: erken dönem girişimci olma olasılığı, yatay kesit ve zaman serisi verileri, cinsiyet farkı, Türkiye, yaş dağılımı, lojistik model

1. Introduction

Women's participation in entrepreneurship is lower than men's in most economies. The economic potential of women cannot be fully utilized. During the last decade, it has been widely acknowledged that the participation of women in entrepreneurship is an important unexploited source of economic growth and social well-being. Women entrepreneurs generate new jobs for themselves and others and being different they can provide different solutions to management, organization and business problems.

The level of entrepreneurship activity has been increased last ten years because of a more positive outlook for entrepreneurship in Turkey. The improvement and application of support system in general and women entrepreneurship have growing significantly. In general, government support policies/program, financial environment related with entrepreneurship have been improved during this period of time. In addition to that the strategies for supporting women's entrepreneurship by women's organizations, state organizations, private enterprises, chambers and national-international development foundations have been growing too. Hence, in 2006, the female entrepreneur index rose from 3.53% to 10% in 2015. In other words, about 4 women out of every 100 women become entrepreneurs in 2006, but in 2015 this number has risen to 10. Entrepreneurship is becoming an increasingly important source of employment for women as well as men in Turkey. However, there is a significant gender gap exists between the overall entrepreneurial activity of male versus female early stage entrepreneurs.

There are studies which investigates the effects of demographic characteristics of individuals (age, gender, income level, education level, and work status) and their perceptions about themselves (networking, fear of failure, alertness to opportunities, self- confidence) on their involvement to the different entrepreneurial activities of Turkey (Cetindamar, Gupta, Karadeniz, & Egrican, 2012; Karadeniz & Özçam, 2018; Karadeniz & Özdemir, 2017b, 2017a; Özçam & Karadeniz, 2012; Özdemir & Karadeniz, 2011). However, there is no study on the time effects of entrepreneurial activity in Turkey within our knowledge. Hence

we would like to analyze whether the tendency to become an entrepreneur in Turkey has changed over time (2006-2015) and also whether the gender gap between males and females has been narrowed. This article contributes to the field of entrepreneurship studies by presenting, for the first time, the time effects of women entrepreneurial activity and gender gap over time in Turkey.

Structure of this paper as follows: In Section 2, is based upon a review of the literature which provides a summary of each form entrepreneurial capital and an entrepreneur's possession, acquisition and exercise of the entrepreneurial capital could be examined in the relation to gender. Section 3 gives a description of the data and the variables used in the empirical analysis. Section 4 presents the results of the econometric estimation and discusses the time effects and gender gap over time, the effects of economic/demographic and perceptual variables on being an entrepreneur and the probability of being an entrepreneur among women with respect to age. The study concludes with summarizing the results, recommending for topics of further research and discussing the policy implications.

2. Literature Review: The Entrepreneurial Capital

Although women have significantly increased their participation in self-employment, female entrepreneurship is still regarded as one of the untapped sources of entrepreneurial activities and happens to be a worldwide phenomenon (Klapper & Parker, 2010; Zwan, Verheul, & Thurik, 2012). Empirical studies suggest that women are less likely to prefer entrepreneurial activity (early-decision stage or latent entrepreneurship) and they seldom take concrete steps to start a new business (later action stage or nascent entrepreneurship) (Bönte & Piegeler, 2013). Because, women have less entrepreneurial capital than men. Then amount and type of entrepreneurial capital available to an individual can have a significant impact in determining propensity to start a new business and the growth of business.

This section[1] will provide a summary of each form entrepreneurial capital and an entrepreneur's possession, acquisition and exercise of the entrepreneurial capital could be examined in the relation to gender. As will be seen, the literature has used the capitals as explanatory factors for the various outcomes of the entrepreneurial process.

According to the resource-based (RB) perspective of entrepreneurship, the entrepreneurial capital is summation of three forms of capital namely; economic, social and personal capital (Firkin, 2003). Then amount and type of entrepreneurial capital available to an individual can have a significant impact in determining propensity to start a new business and the growth of business.

Economic capital refers to "financial assets of any form that are directly convertible into money" (Firkin, 2003, p. 61). The main sources of economic capital for an entrepreneur are household wealth, household income, loans from banks and investors. Economic capital has a prominent role at entrepreneurial decision. The entrepreneurial decision is positively related to individual's incomes, because the availability of income weakens financial constraints (Evans & Jovanovic, 1989; Smallbone & Welter, 2001).

Access to and usage of finance is a major barrier for women to start and grow a successful enterprise (Brush, Carter, Gatewood, Greene, & Hart, 2001; Marlow & Patton, 2005) and women have less access to finance than men (Roomi & Parrott, 2008; Shaw, Carter, Lam, & Wilson, 2005). The gender pay gap in the labour market restricts the financial resources available for the creation of women-owned business. As a result of that, women entrepreneurs start with lower levels of overall capitalization than men (Marlow & Patton, 2005; Shaw et al., 2005). Occupational segregation in the labour market ensures that women have both less work experience and less variety of work experience than their male counterparts (Arenius & Kovalainen, 2006). Women's

1 The literature review was based on the chapter Do Financial, Human, Social and Cultural Capital Matter? by Sarfaraz, L., Mian, S., Karadeniz E.E., Zali, M.R, Qureshi, M.. (2018). In N. Faghih & M. R. Zali (Eds.), *Entrepreneurship Ecosystem in the Middle East and North Africa (MENA): Dynamics in Trends, Policy and Business Environment*. Springer International Publishing.

experiences in labour market generate an unequal playing field in enterprise. Consequently, there is not much need to finance in the sectors that women operate (Marlow & Patton, 2005; Shaw et al., 2005) and women have smaller businesses compare to their male counterparts (Carter & Shaw, 2006) and women entrepreneurs tend to concentrate in the business sector (Loscocco & Robinson, 1991). In addition, women face more challenges than men in obtaining credits from bank (Shaw et al., 2005), and venture capital or participating in angel investment, which is crucial to starting and running capital intensive business (Brush et al., 2001). Women are less risk takers than males is that they are less willing to borrow money from banks and prefer to use their personal savings or borrow from family and friends (Marlow & Patton, 2005).

Social capital refers to the actual or potential resources which arise from being part of a network of relationships of mutual acquaintance and recognition (Bourdieu, 1986). Social capital consists of strong and weak ties that provide resources which enable individuals to access financial, technological resources, access to information about contacts with new customers, access to distribution channels, new contacts, general advice and market information and providing a bridging lubricant (Putnam, 2000). The strong ties are partner, parents, friends and relatives while the weak ties are business partners, former employers, and generally people not very well known to the entrepreneur.

Entrepreneurs use network connections to build their new ventures—the "bridging approach" to social capital. Thus, we define social capital in the context of entrepreneurship as the goodwill and resources that emanate from an individual's network of social relationships. It is often argued that entrepreneurs must have network in order to survive (Huggins, 2000), as the information and resources embedded in these networks are valuable to the formation and progression of new ventures.

Women entrepreneurs face drawbacks with regards to their social networks, and information and advice they can acquire through them (Robinson & Stubberud, 2009). Boden and Nucci (2000) argue that women have less social capital because they have had fewer years of

work experience and they have lack of managerial experience because of less exposure in the labour market. Atkinson mentioned that social capital is very valuable to women as it provides them to enlarge their business contacts, accessing mentors and other forms of informal support.

Women tend to use different networks. Women most often use family and friends and men use professional contacts such as bank, business consultants, accounts, lawyers, chambers of commerce, small development centres, etc. The strong ties usually offer a wider variety of resources, and information than the weak ties which include friends and family. The established male-dominated networks decrease the chances that a woman will have easy access to these networks (Robinson & Stubberud, 2009).

Personal capital is made up of an expanded view of human capital that comprises of the general and two specific types (industry and entrepreneurial), as well as a person's attributes. Individuals who have high degree of human capital have better ability to identify entrepreneurial opportunities (Davidsson & Honig, 2003; Ucbasaran, Westhead, & Wright, 2008).

General human capital refers to general knowledge and skills acquired through education and work experience. Specific human capital refers to knowledge and skills which are specific to tasks which are useful for establishing and running a business. The experience of working in a specific industry, and previous knowledge (Shane, 2000), work experience in general and entrepreneurial experience (Davidsson & Honig, 2003) increase the degree of human capital.

The importance of education on entrepreneurship has been excessively mentioned in the literature; however, the impact of education on entrepreneurship and entrepreneurial success is tentative (Storey, 1994). Delmar & Davidson (2000); Davidsson & Honig (2003) and Arenius & Minniti (2005) show a clear education effect for nascent entrepreneurs. However, Uhlaner and Thrurik (2004) show that a higher level of education in a country is accompanied by a lower self-employment rate. Blanchflower (2004) reports that education is positively cor-

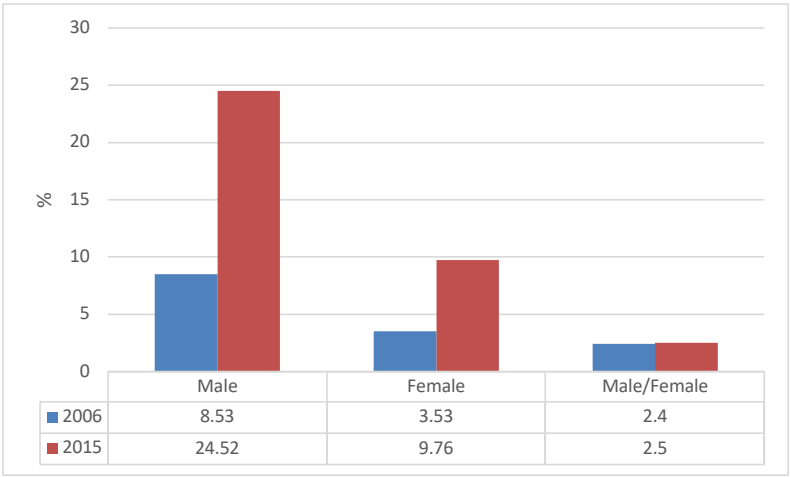
related with self-employment in the US and negatively in Europe. Grilo and Irigoyen (2006) report a U-shape relationship between education and entrepreneurs.

On the other hand, the literature shows that the qualities of human capital are different between men and women when they start entrepreneurial activity (Boden & Nucci, 2000; Cetindamar et al., 2012; Gonzalez-Alvarez & Solis-Rodriguez, 2011). Gonzales-Alvarez and Solis-Rodriguez (2011) found that men were able to see more entrepreneurial opportunities than women, when they had higher levels of education and concluded that there was a gender difference in the accumulation of human capital. Men also have more industrial experience and entrepreneurial experience than women (Fischer, Reuber, & Dyke, 1993). Shaw et al., (2005) found that men have a greater amount of personal capital (industry experience, age, qualification), and they are likely to have more social capital. On the other hand, different studies suggest that women have lower entrepreneurial self-efficacy than men (Chowdhury & Endres, 2005). These differences allow men and women to develop their unique human capital that has its effect on propensity to start new business.

3. Women entrepreneurship activity in Turkey

Worldwide, more men are acting as entrepreneurs than women. Consistent with this pattern in other countries, almost 70 % of all entrepreneurs in Turkey are men (Figure 1). However, the good news is that the female early stage entrepreneurs rate has been increased. The level of women early-stage entrepreneurship activity in 2006 was 3,53 % which means that about 4 out of every 100 women in Turkey were entrepreneurs according to the "GEM definition. In 2015, 9,76% of women were identified as being involved in entrepreneurial activity; thus, 10 out of every 100 women adults in Turkey were entrepreneurs. Last ten years, generally, there is a more positive outlook for entrepreneurship in Turkey. Therefore the male early stage entrepreneurs' rate has been increased too. Therefore, the ratio of male to female entrepreneurs has not been changed significantly from 2006 to 2015.

Figure 1. Male and Female Early Stage Entrepreneurs



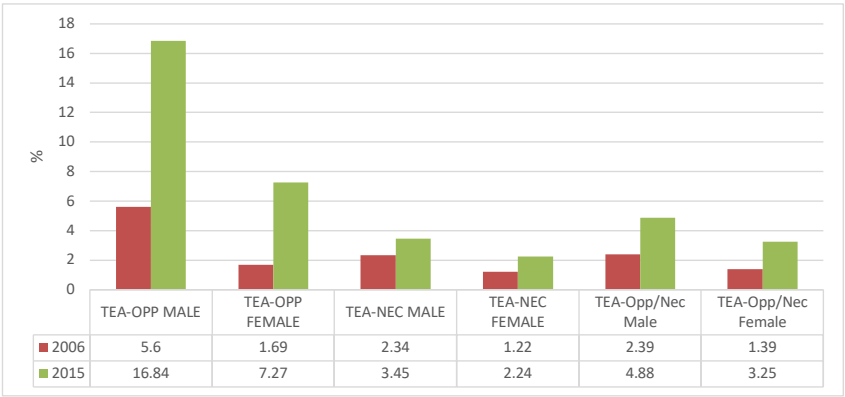
	Male	Female	Male/Female
2006	8.53	3.53	2.4
2015	24.52	9.76	2.5

Entrepreneurs who consider starting a new business may be motivated by various factors. Some start their businesses in order to take advantage of particular business opportunities; others are forced by necessity to start up a business because they do not have other real sources of income.

Generally, the number of male and female entrepreneurs who have turned to entrepreneurship in order to pursue a business opportunity is higher than necessity motives. Regarding gender difference, it seems that there is more gender distinction in opportunity entrepreneurship than in necessity-entrepreneurship in 2006. Figure 2 shows that the ratio of opportunity to necessity driven early-stage entrepreneurship for female remained relatively low in 2006 compared to men. That is, women are involved in entrepreneurial activity for necessity motive because they have no other choice of work. However, the results of 2015 offer an interesting outcome: the decision to pursue an entrepreneurial motive for women was more likely to be motivated by opportunity than in necessity in 2015. The increase in opportunity-driven early-stage entrepreneurship for women is more than offset by the increase in necessity-driven entrepreneurial activity. The ratio of opportunity to necessity driven early stage entrepreneurship for female increase to the level of

men ratio. More women start businesses out of opportunity rather than necessity in 2015.

Figure 2. Gender Participation in Opportunity and Necessity Early-Stage Entrepreneurship



The perceptual factors are important determinants of entrepreneurial activity in Turkey (Cetindamar et al., 2012; Karadeniz & Özçam, 2017a, 2018; Özçam & Karadeniz, 2012; Özdemir & Karadeniz, 2011). These are mainly: their perception of opportunities within their environment, whether they have sufficient knowledge and skills, and a reduced reluctance to become involved in entrepreneurial activity through fear of failure.

Table 1. Personal Perceptions of Women and Men.

The personal perceptions		2006	2015
Sees good start-up opportunities in the next six months in his/her area (% yes)/ opportunity recognition	Male	38,55	50,9
	Female	28,49	48,3
Has the required knowledge and skills to start a business (% yes) Self-efficacy	Male	66,59	68,84
	Female	42,22	47,84
Fear of failure would prevent from starting a business (% yes)	Male	27,2	31,72
	Female	38,77	40,88

The table 1 shows that the about half of Turkish people appear to believe that there is a change in the degree of entrepreneurial opportunities in Turkey from 2006 to 2015. The increase of opportunity recognition of women was higher than men. More women felt that the economy is providing more opportunities for them.

Possession of knowledge, skills and experience is also deemed important to the successful start-up of a new business. If people believed they possessed the necessary skills, those individuals might be more inclined to pursue entrepreneurship. As can be seen, 48 % of women respondents believed they had the skills necessary for a successful start-up. This figure is lower than the 69% of male respondent. This level of self-belief by women represents higher % of increase from 2006 to 2015 compare to the men. Therefore, it appears that more women are more confident and positive with regard to the skills required to start up a new business.

Fear of failure is an important factor that negatively affects entrepreneurial activity. Many people who choose not to become entrepreneurs are afraid of failing, that is, of making mistakes and losing money. In 2015, 41% of women mentioned that fear of failure prevented them from starting up a business. This figure is slightly higher than men which is 35%. At the same time, the percentage of men and women deterred by fear of failure increased by comparison with 2006.

To sum up, the number of women entrepreneurs increased and the motives of women to pursue an entrepreneurial activity was changed too. More women are involved in entrepreneurial activity opportunity motive: they start their businesses in order to take advantage of particular business opportunities to earn higher income or to be independent. More women are confident about their abilities to start a business. However, more women also had fear of failure which prevented them from starting up a business.

3. Data and Definitions of Variables

3.1. Data

The data used in this paper were collected by means of the national adult population survey (APS) of the Global Entrepreneurship Monitor

(GEM) project conducted in Turkey covering the years of 2006-2015, except for the year of 2009. The dataset consisted of 56,109 interviews with a representative sample of adults (18-64 years old). We have modelled the characteristics of the respondents and their probability of being an entrepreneur using the so-called regression of *Pooling Cross Sections Across Time*. The number of observations that were available in these years was 738, 751, 690, 1,414, 1,505, 1,374, 23,799, 24,183 and 1,656 respectively. Random Sampling Method was used and CATI (Computer Assisted Telephone Interview) was conducted by the vendor company.[2]

3.2. Definitions of Variables

DEPENDENT VARIABLE:

Respondents are asked whether they are either involved in the process of starting up a business in the past year or are active as owner managers of enterprises less than 42 months old.

Being a TEA Entrepreneur, (TEA=1) or Not a TEA Entrepreneur, (TEA= 0);

INDEPENDENT VARIABLES:

1- Age (AGE): between 18 and 64 years,

2- Household income (INC): Lower 33 % = 1, Middle 33 % = 2 and Upper 33 % = 3.

3- Education (EDUCATION): 1=up to Second degree, 2=Second degree, 3=Post Second, 4=Graduate.

4- Gender (GEND): Male = 0 and Female =1,

5- Knowing entrepreneurs (NETWORK): Respondents were asked whether they knew someone personally who had started a business in the 24 months preceding the survey: (NO=0, YES=1),

6- Opportunity perception (OPPORT): Respondents were asked if they believed that, in the 6 months following the survey, good business opportunities would exist in the area where they lived : (NO=0,

2 The vendor companies, Akademetre and Method Araştırma are members of the European Society of Opinion, Marketing Researchers (ESOMAR), and the Turkish Association of Marketing, and Opinion Researchers.

YES=1),

7- Self Confidence (SKILL): Respondents were asked whether they believed to have the knowledge, skill, and experience required to start a business: (NO=0, YES=1),

8- Fear of Failure (FF): Respondents were asked whether the fear of failure would prevent them from starting a business: (NO=0, YES=1).

4. Econometric Estimation

4.1. The Logistic Regression Model, the Time Effects and Gender Gap Over Time

In Table-2 below, the Model-1 (column 2) is the *Logistic Regression Model* (LRM) with 8 independent variables: Age, Gender, Income, Educ, Skill, Network, FF and Opport) and time dummies. We use binary logistic regression models for our analysis, because the dependent variable in the models have binary (0 and 1) values. The Age variable enters the regression in a quadratic fashion. Because the relationship between dependent variable and age is nonlinear. This regression is augmented with the Gender variable interacted with all of the 8 time dummies: Y07, Y08, Y10, Y11, Y12, Y13, Y14 and Y15 which are equal to 1 for the years that are indicated and 0 otherwise. We use the interaction dummies because the time effects of women entrepreneurial activity will be analysed.

The base year is 2006 and Y07 refers to 2007, Y10 refers to 2010 and so on… There are no data that are available for the year of 2009. The *Logistic Regression Model* (LRM) is given as:

$$\Pr(TEA=1) = G(\beta_0 + \delta_1 Y07 + \delta_2 Y08 + \delta_3 Y10 + \delta_4 Y11 + \delta_5 Y12 + \delta_6 Y13 + \delta_7 Y14 + \delta_8 Y15$$
$$+ \beta_1 AGE + \beta_2 AGE\text{^}2 + \beta_3 GEND + \beta_4 INC + \beta_5 EDUC + \beta_6 SKILL + \beta_7 NETWORK + \beta_8 FF$$
$$+ \beta_9 OPPORT + \lambda_1 Y07 * GEND + \lambda_2 Y08 * GEND + \lambda_3 Y10 * GEND + \lambda_4 Y11 * GEND +$$
$$+ \lambda_5 Y12 * GEND + \lambda_6 Y13 * GEND + \lambda_7 Y14 * GEND + \lambda_8 Y15 * GEND = G(B'X) \qquad (1)$$

where G(.) is the Cumulative Logistic Distribution Function, B is an (26x1) vector of coefficients and X is an (26x1) vector in which we have

a constant term, the time dummies, the independent variables (Age and Age squared are separate variables) and 8 interaction terms involving the Gender variable with the time dummies.

Table 2. Estimation of Being a Tea Entrepreneur (Dependent Variable: Being an Entrepreneur =1 and Not an Entrepreneur = 0).

VARIABLES	LOGISTIC REGRESSION MODEL-1	LOGISTIC REGRESSION MODEL-2
Constant	-3.77 (0.00)**	-3.81 (0.00)**
Y07	-0.033 (0.96)	-
Y08	0.009 (0.89)	-
Y10	0.035 (0.95)	-
Y11	0.453 (0.44)	0.856 (0.00)**
Y12	0.447 (0.44)	0.484 (0.06)*
Y13	-0.049 (0.92)	-
Y14	1.49 (0.00)**	1.51 (0.00)**
Y15	1.017 (0.07)*	1.055 (0.00)**
AGE	0.054 (0.00)**	0.0545 (0.00)**
AGE^2	-0.0008 (0.00)**	-0.0008 (0.00)**
GEND	-1.131 (0.007)**	-1.123 (0.00)**
INC	0.3252 (0.00)**	0.35 (0.00)**
EDUC	-0.084 (0.00)**	-0.0837 (0.00)**
SKILL	1.02 (0.00)**	1.021 (0.00)**
NETWORK	0.71 (0.00)**	0.711 (0.00)**
FF	-0.254 (0.00)**	-0.255 (0.00)**
OPPORT	0.382 (0.00)**	0.382 (0.00)**
Y07*GEND	0.38 (0.48)	0.374 (0.00)**
Y08*GEND	0.286 (0.60)	0.374 (0.00)**
Y10*GEND	0.207 (0.66)	0.247 (0.00)**
Y11*GEND	0.314 (0.50)	-
Y12*GEND	0.409 (0.37)	0.40 (0.03)**
Y13*GEND	0.623 (0.15)	0.605 (0.00)**
Y14*GEND	-0.0047 (0.98)	-
Y15*GEND	0.369 (0.42)	0.36 (0.03)**
McFadden R^2	0.1605	0.1604
No of Obs.	56,190	56,190

Note. The numbers in parentheses are the p-values. (**) indicates 5% significance level and (*) indicates 10% significance level.

All 8 independent variables (Age, Gender, Income, Educ, Skill, Network, FF and Opport) and Age^2 are statistically significant. However, some of the time dummies and the interaction terms are not significant. Therefore, we follow a sequential elimination of the insignificant variables and arrive at our final version the *Logistic Regression Model* (LRM) which is displayed in the third column of Table-2 above (Model-2). Among the time dummies, Y11, Y12, Y14 and Y15 are statistically significant and their estimated coefficients remained practically the same. The remaining time dummies, Y07, Y08, Y10 and Y13 are statistically insignificant. All 8 independent variable and Age^2 are again statistically significant and their estimated coefficients are similar to those in the first regression (Model-1). All interaction terms representing gender gaps are significant except for Y11 and Y14. The R-squared remains the same at 0.16.

In Table-3 below, the time effects are calculated as follows (column 2). 2006 is the base year. We take the difference in the Cumulative Logistic Distribution Function (*G*) evaluated at the relevant year (row) and at 2006 using the estimated coefficients in Table-2 above. For example for the year of 2011:

TIME EFFECT at 2011 with respect to 2006 = *G* (-3.81 + 0.856 + 0.0545*ave_Age –0.0008*ave_Age2 – 1.123*ave_Gend + 0.35*ave_Inc - 0.0837*ave_Educ + 1.021*ave_Skill+ 0.711*ave_Network - 0.255*ave_FF + 0.382*ave_Opport) – *G* (-3.81 + 0.0545*ave_Age –0.0008*ave_Age2 – 1.123*ave-Gend + 0.35*ave_Inc - 0.0837*ave_Educ + 1.021*ave_Skill + 0.711*ave_Network - 0.255*ave_FF + 0.382*ave_Opport) = 0.048

(2)

where ave_Age is the sample average of the Age variable over 56,190 observations for 2006-2015 and so on… In eq. (2) above, the only change in taking the difference in G (.) between the years of 2011 and of 2006 is the estimated coefficient of Y11 which is 0.856 that appears only for the year of 2010. G (.) function is evaluated at the sample means of the independent variables since they represent typical charac-

teristics of the respondents in the sample at hand. We have not included the interaction terms representing the changes in gender gaps since here we are measuring only the time effects. There was not an apparent change in the general tendency to be an entrepreneur in the years of 2007, 2008 and 2010 compared with the base year of 2006. *After controlling for the observed factors* which are included in the regression (Age, Gender, Income, Educ, Skill, Network, FF and Opport) there has been an increase in the general tendency in the entrepreneurial activity in the year of 2011 compared to the base year of 2006. The probability of being an entrepreneur was 4.8 % higher in 2011 compared to 2006. After 2011, the time effects or the general tendencies to be an entrepreneur were 2.3%, 11.5% and 6.5% higher in the years of 2012, 2014 and 2015 respectively compared to 2006. It seems like the trend of being an entrepreneur increased on the average after 2010 all else equal. This increase is especially visible in the last 2 years (2014 and 2015).

Table 3. Changes in Entrepreneurial Activity over Time: Time and Gender Gap Effects

YEARS	TIME EFFECTS	GENDER GAPS
2006	-	-0.0375
2007	-	-0.0406
2008	-	-0.0406
2010	-	-0.0404
2011	0.048	-0.0375
2012	0.023	-0.0405
2013	-	-0.0376
2014	0.115	-0.0375
2015	0.065	-0.0407

In Table-3 above, the gender gaps are calculated as follows (column 3). For example in the base year of 2006, the probability of a man to be an entrepreneur is 3.75% higher compared to a woman.

GENDER GAP at 2006 = G (-3.81 + 0.0545*ave_Age

–0.0008*ave_Age2 – 1.123*2 +
0.35*ave_Inc - 0.0837*ave_Educ + 1.021*ave_Skill + 0.711*ave_Network - 0.255*ave_FF +
0.382*ave_Opport) – G (-3.81 + 0.0545*ave_Age – 0.0008*ave_Age2 – 1.123*1 +
0.35*ave_Inc - 0.0837*ave_Educ + 1.021*ave_Skill + 0.711*ave_Network - 0.255*ave_FF +
0.382*ave_Opport) = - 0.0375

(3)

In eq. (3), 2 are inserted for a man, after – 1.123 which is the estimated coefficient of Gender variable and 1 inserted for a woman. We observe that the gender gap, which is the difference in the probability of being an entrepreneur, stayed pretty stable at around 4% (3.75% in 2006 and 4.07% at 2015) throughout 2006 – 2015.

4.2. The Effects of Economic/Demographic and Perceptual Variables on Being An Entrepreneur

In Table-4 below, the first column lists our economic/demographic and perceptual variables (except for Age which is discussed in the next section and Gender which was already discussed in Table-3 above). In column 2, we present the derivatives (or marginal effects) of the *Linear Probability Model* (LM), Model-3. The derivatives of the independent variables in LM are simply the estimated coefficients which show the marginal effects. However, the magnitudes of the estimated coefficients of LRM which are presented in the third column of the same Table (Model-2) are not directly comparable with the marginal effects of the LM. The marginal effects of the *Logistic Regression Model* (LRM) can be calculated only after we multiply the estimated coefficients of LRM which were presented in Table-2 above, by a Scaling Factor (SF). To show this, we write the derivatives (marginal effects) of the independent variables in LRM in general as:

$$\frac{\partial \Pr(TEA=1)}{\partial x_j} = g(B'X)\frac{\partial (B'X)}{\partial x_j} \tag{4}$$

where the (26x1) vectors of X and B are as defined above, $g(.)$ is the Probability Density Function of the Logistic random variable, and $g(B'X)$ is a Scaling Factor (SF). The x_j 's are the independent variables except for Age and Gender, j = 1, 2,…6 , (Inc, Educ, Skill, Network, FF, Opport).

For each of these 6 independent variables, Eq. (3) implies:

$$\frac{\partial \Pr(TEA = 1)}{\partial x_j} = g(B'X) * \beta_j \qquad (5)$$

where b_j is the estimated coefficient of the independent variable j. In Table-4 below, we are now able to compare the derivatives (marginal effects) of the *Logistic Regression Model* (LRM) with those of the *Linear Probability Model* (LM) using Eq. (5) above. We observe that the derivatives obtained from these two models are extremely close to each other for each of these independent variables (except Skill). Since LRM is a nonlinear model, the derivatives depend where all independent variables are evaluated; we use the sample means of the independent variables in order to represent the typical characteristics of entrepreneurs in the sample. The closeness' of estimated derivatives confirm that our calculations are correct.

Table 4. Comparison of Derivatives from the Linear and the Logistic Regression Models

INDEPENDENT VARIABLES	DERIVATIVES OF LINEAR REGRESSION (MODEL-3)	DERIVATIVES OF LOGISTIC REGRESSION (MODEL-2)
INC	0.038	0.047
EDUC	- 0.014	- 0.011
SKILL	0.095	0.057
NETWORK	0.098	0.095
FF	- 0.031	- 0.034
OPPORT	0.046	0.051

Note. The derivatives of the LRM are those of the year of 2015.

These derivatives (marginal effects) in the *Logistic Regression Model* (LRM) in Table-4 above (third column), imply that when a respondent's income (Inc) increases to the next upper class, for example from second class (2) to third class (3), then the probability of being an entrepreneur increases by 0.47% holding all other variables constant. Similarly, the probabilities of being an entrepreneur changes by - 1.1%, 5.7%, 9.5%, -3.4 and 5.1 % when the person's education increases and she/he belongs to the next upper education level (Educ), believes to have knowledge, skill and experience (Skill), knows an entrepreneur personally (Network), and has fear of failure (FF), believes good business opportunities exist in the area (Opport) respectively. We observe that Network has the highest effect (9.5%) and Educ has a slightly negative effect (- 1.1%) which is statistically significant but practically insignificant.

In Section 4-3 below, we now turn to the estimation and graphing of the probability of being an entrepreneur among women in Turkey by allowing the Age variable to change from 18 years to 64 years using our Eq. (1) above.

4.3. The Probability of Being an Early Stage Entrepreneur Among Women with Respect to Age

We also like to investigate whether there is an inverse U-shaped concave relationship between the probability of being a TEA entrepreneur and age, and if so, what is this threshold age level, using the Turkish GEM data, 2006-2015. We try to answer this question by using the cumulative distribution function of the *Logistic Regression Model* (LRM) and measuring the age variable on the horizontal axis (Graph-1 below).

This threshold age level (30.9) can be found mathematically as follows:

$$\frac{\partial \Pr(TEA=1)}{\partial AGE} = g(B'\bar{X}) * (\beta_1 + 2\beta_2 AGE)$$

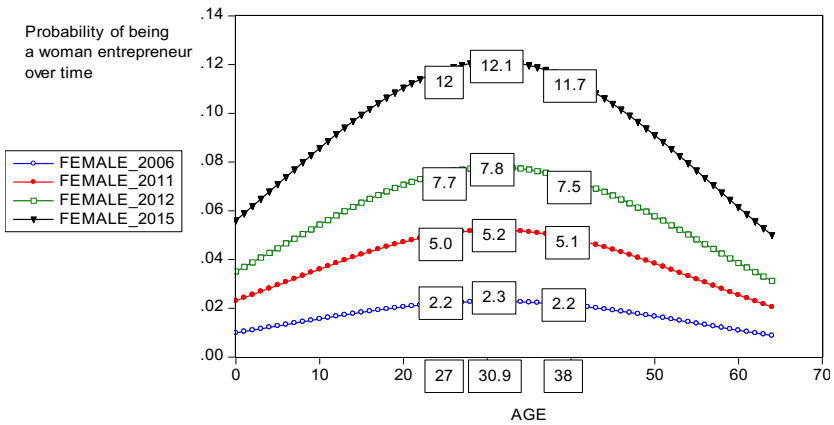
$$= \exp(B'\bar{X}) * (\beta_1 + 2\beta_2 AGE) / (1+\exp(B'\bar{X}))^2 = 0 \qquad (6)$$

where is the vector in which all independent variables are held constant at their sample means. The solution to Eq. (6) is:

$$AGE = (-\beta_1)/(2\beta_2) = (-0.0545)/(2*-0.00881) = 30.9 \quad (7)$$

since exp(.) is strictly positive for all values in its domain.

Graph 1. Probability of Being a Tea Entrepreneur among Women with Respect To Age and Time



In Graph-1 above we show the probabilities of being a TEA entrepreneur among women with respect to Age and time together in the case of Turkey. At the threshold age of 30.9, the probability of being an entrepreneur increases from 2.3% in 2006 to 5.2% in 2011 for a typical female respondent in the sample (for ex: all the characteristics of the respondent except gender fixed at sample averages). These probabilities increase steadily to 7.8% and 12.1% in the more recent years of 2012 and 2015. We also calculated the probabilities of becoming entrepreneurs for women at their earlier and later years of age: 27 years and 38 years. As it is clear from the graph above, the probabilities at these 2 levels of age are quite similar. They are about 2.2%, 5.1%, 7.5% and 11.7 for the selected years. Therefore, we conclude that the probability of being a woman entrepreneur increased in Turkey especially after the year of 2010. However, this is due to the fact that there is a general up-

ward tendency in the overall entrepreneurial activity in Turkey, rather than women catching up their male counterparts in entrepreneurship as was discussed in section 3-1 above. The gender gap stayed constant at about 4% over 2006-2015.

5. Conclusion

This study uses the *Regression of Pooling Cross Sections across Time model* to analyze whether the tendency to become an entrepreneur in Turkey has changed over time and also whether the gender gap between males and females has been narrowed.

In addition, the model incorporates the *Logistic Regression Model* (LRM) since the dependent variable (being a TEA entrepreneur or not) is a binary variable. Using the Cumulative Logistic Distribution Function (*G*) and evaluating it at the estimated coefficients allows us to compute the probability distribution of being an entrepreneur for the Turkish respondents. The data from the Global Entrepreneurship Monitor (GEM) for the years 2006-2015 for Turkey were employed. The dataset consisted of 56,109 interviews with a representative sample of adults (18-64 years old).

The following results were observed:

a) An apparent change in the general tendency to become an entrepreneur has not been noticed in the earlier years of data, 2007, 2008 and 2010 compared with the base year of 2006. *After controlling for the observed factors* which are included in the regression (Age, Gender, Income, Educ, Skill, Network, FF and Opport) there was a marked increase in the general tendency in the entrepreneurial activity starting from the year of 2011 compared to again the base year of 2006. The probability of being an entrepreneur has been estimated to be 4.8 % higher in 2011 compared to 2006. After 2011, the time effects or the general tendencies to be an entrepreneur were 2.3%, 11.5% and 6.5% higher in the years of 2012, 2014 and 2015 respectively compared to 2006. It seems like the trend of being an entrepreneur increased on the average after 2010 all else equal. This increase is especially more pronounced in the last 2 years (2014 and 2015).

b) We found that the gender gap, which is the difference in the probability of being an entrepreneur between men and women, stayed pretty stable at around 4% (3.75% in 2006 and 4.07% at 2015) throughout 2006 – 2015 in Turkey.

c) With respect to the derivatives (marginal effects) of the economic/demographic and perceptual variables in the model, we found that when a respondent's income (Inc) increased to the next upper class, for example from second class (2) to third class (3), then the probability of being an entrepreneur increased by 0.47% holding all other variables constant. Similarly, the probabilities of being an entrepreneur changed by - 1.1%, 5.7%, 9.5%, -3.4 and 5.1 % when the person's education increased and she/he belonged to the next upper education level (Educ), believed to have knowledge, skill and experience (Skill), knew an entrepreneur personally (Network), and had a fear of failure (FF), believed that good business opportunities existed in the area (Opport) respectively. We observe that Network has the highest effect (9.5%) and Educ has a slightly negative effect (- 1.1%) which is statistically significant but practically insignificant in Turkey.

d) The probability of being a woman entrepreneur increased in Turkey especially after the year of 2010. However, this was due to the fact that there was a general upward tendency in the overall entrepreneurial activity in Turkey, rather than women catching up their male counterparts in entrepreneurship since the gender gap was already found to stay constant at about 4% over 2006-2015. We found that the threshold age (the maximum probability) of women entrepreneurs to be around the age of 31. This probability of being an entrepreneur increases from 2.3% in 2006 all the way up to 12.1% in 2015 for a typical female respondent in the sample (for ex: all the characteristics of the respondent except gender fixed at sample averages).

However, the gap between male and female entrepreneurship presents some concern and the gender gap has not been changed over time. We need to ensure that the institutional environment in Turkey should support and encourage female entrepreneurship in order to further increase female participation in entrepreneurial activity.

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A Comparative Study of Foreign Direct Investment: Ottoman and Russian Empires

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Abstract

As yet, a comparative study of foreign investments directed towards the Russian and Ottoman Empires does not exist. They were part of the less developed periphery of Europe during the nineteenth century. The main goal of the capital exporting countries was to market their manufactured products and acquire raw materials. By following an independent policy of high tariffs, Russia partially overcame the problem through compelling foreigners to invest for manufacturing locally. However, in the Ottoman Empire, as foreigners did not face any protectionist obstacles to sell their manufactures, foreign direct investment inflows came only to the sectors that facilitated trade.

Keywords: Ottoman Empire, Russian Empire, foreign direct investment, trade policy, protectionism

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Osmanlı ve Rus İmparatorluklarında Doğrudan Yabancı Yatırımlar

Öz

Osmanlı ve Rus İmparatorluklarında yapılan yabancı yatırımların bir kıyaslaması bugüne kadar yapılmadı. Bu yazı Avrupa'nın az gelişmiş bir çevresi olarak görülen bu iki büyük imparatorluğun son yüzyılındaki doğrudan yabancı sermaye olgusunu ele almaktadır. Sermaye ihraç eden ülkelerin başlıca amacı, bu ülkelere sanayi ürünlerini pazarlamak ve onlardan ham madde temin etmekti. Ruslar bağımsız bir ticaret politikası uygulayarak gümrük tarifelerini istedikleri gibi yükseltebildiklerinden yabancı sermayeyi tercih ettikleri alanlara çekmeyi ve ülkelerinde yabancıların sanayi yatırımı yapmalarını sağladılar. Fakat Avrupa ülkeleriyle yapılan serbest ticaret anlaşmaları nedeniyle koruyucu gümrük engelleri koyamayan Osmanlı Devleti'nde, yabancılar sanayi üretimini gerçekleştirecek yatırımlara girişmeyerek, ancak ticareti kolaylaştıracak alt ve üst yapı yatırımlarını gerçekleştirmişlerdir.

Anahtar Kelimeler: Osmanlı İmparatorluğu, Rus İmparatorluğu, doğrudan yabancı sermaye, ticaret politikası, korumacılık

1. Introduction

Foreign investment comparisons for the Russian and Ottoman Empires have so far not been made. This paper makes an attempt to fill this gap by comparing foreign capital flows for direct investments to the Turkish and Russian Empires. To this end, the industries attracting foreign investors, the location advantages as well as the attitudes of governments are to be examined. Moreover, the opportunities sought by foreign investors in Turkey and Russia are also to be looked at. Finally, we try to see how the free trade policies followed by the Ottomans and the protectionist policies of Russia influenced their economic growth. In order to have a better understanding, we must examine the historical developments which influenced their economic policies.

The Ottoman and Russian Empires have long been considered as a part of the economically less developed periphery of Europe. Although Russia started her development policies at the end of the seventeenth century under the reign of the Peter the Great (1682-1726), she still could not acquire the potential to develop sufficiently until she secured safe ports on the Baltic and Black Sea coasts and seize resource-rich lands towards the west, east and south. Peter's enormous modernization efforts paved the way for industrialization and the creation of a market economy. Catherine II (1762-1796), in the last quarter of the eighteenth century, undertook the construction of the infrastructure (essentially building roads and canals), thus rendering the producing hinterland more accessible. However, the modernization of the country was still not significantly realized as the educational development lagged behind Peter's goals. The resistance to technical education by the nobility and the church, and even from the Academy of Sciences which preferred pure scientific research to the practical applications of theory, was a major reason for the failure of his efforts to open functional technical schools. However, in the late eighteenth and early nineteenth centuries, when Paul I tried to reverse his mother's economic policies by reemphasizing the direct intervention of the state in constructing public works and directing business, he established once again good engineering education with separate military and civil engineering training (Rieber, 1990). Yet, inefficient as they were, the factories

of Peter I created a training ground for skills and managerial talent for the future (Crisp, 1976). Several authors consider the time of emancipation of the serfs in 1861 as opening a new way for industrial development. Still, according to Figes (1996, p. 120), the vast majority of the Russian peasants were extremely poor and devoid of modern agricultural techniques.

The Ottomans, after having undergone severe military defeats, felt the need for technological and economic development, mainly for military purposes about a century later than the Russians. Selim III (1789-1807) initiated new educational institutions aimed at improving military technology to prevent defeats in Europe. During the reign of Mahmut II (1808-1839), a number of factories were established to produce textiles, shoes, fezzes and paper. Steam power was used to manufacture cannons and projectiles (Clark, 1974). Such efforts were considered dangerous for the traditional interests and privileges of the Europeans trading with Turkey. They formed alliances with the most reactionary members of the bureaucracy in order to oppose these reforms and sabotage them (Owen, 1993, pp. 93–94; Stanford Jay Shaw, 1971, p. 179).

Tsar Nicholas I (1825-1855) maintained that the Ottoman Empire was the 'sick man of Europe' and was doomed to collapse. In that case, he wanted to make sure that Russia would get a large chunk of the spoils. He was instigating the Balkan principalities under the Ottoman rule to rebel and enter Russian influence. At the same time, he began to support the Orthodox priests against the Latins backed up by France in the Holy sites of Palestine. His initial agreement with Britain, for the division of the spoils, in case the Ottoman Empire broke up, was not realized, and when the Ottomans rejected his bold demands, the Crimean War could not be avoided (Shaw & Shaw, 1977, pp. 136–137). According to the British commentators of the period, 'the Protectorship of the Holy Places' involved something more than was implied in the mere name. If the Tsar obtained this post he would have been the real ruler of the land, and 'the Sultan only the feudal suzerain, over his own subjects' ("The Eastern Question," 1853, p. 334).

The Russian defeat in the Crimean War, made the heir of Nicholas I, Alexander II, realize that his country had to modernize in order to keep up with Western Powers (Von Laue, 1969, pp. 5–6). In fact, the cost of

the Turkish-Russian wars, in the nineteenth century, was tremendously high for both nations and severely hindered their economic development. In the end, both Russia and Turkey became heavily indebted to Europe, their debt payments making up a large portion of their budgets. They were not able to accumulate enough capital to invest in industry, and hence, were in need of foreign capital for industrialization.

2. Motives for Investment

The main objective of any investor, of course, is to earn profits. However, other motives also guide investors to attractive locations. The British, being the forerunners of the Industrial Revolution, were looking for markets to sell their machine-made manufactured products and acquire raw materials for their factories. Trade between countries increased rapidly during the nineteenth century as the use of steam facilitated sea and rail transportation. The British also wanted to have free trade agreements with the poorer independent countries that were outside of their colonies (Gallagher & Robinson, 1953; Hobson, 1902; Puryear, 1935). British diplomats and politicians worked hard to promote British trade in the Ottoman Empire and reached an agreement with the Sultan to sign a free trade agreement in 1838. Accordingly, the tariff for the goods imported from Britain to the Ottoman Empire was agreed upon at five percent of their value. Merchants had to pay a 12 percent tax when they exported goods from the country (Geyikdağı, 2011, p. 23).

Although the external trade of the Ottoman Empire quintupled between 1840 and 1870, the trade volume failed to develop to its full potential because of the lack of infrastructure. Therefore, first the British, and later the French and the Germans wanted to build railroads and port facilities to make trading easier. Roads leading to the interiors of Asia Minor would foster the sales of machine-made products there, and speed up the acquisition of raw materials. Thus, the British investors were the first ones to build railroads in Ottoman Europe (Chernovoda-Constantza and Varna-Rustchuk lines) and in the Asian part (Izmir-Aydın and Izmir-Kasaba lines) in the 1860s (Geyikdağı, 2011, pp. 78, 85).

The Ottoman state recognized the necessity of railroads for military

purposes. During a period of continual strife and unrest in the Balkans, it was vital to move troops speedily. As the government had no money to build these railroads itself, foreigners were given concessions to carry out the construction and operation of these facilities. However, the concession agreements provided kilometric guarantees to be paid by the government, in case the company could not achieve the expected volume of business. In the end, the foreign borrowing of the state increased in order to make these guarantee payments.

In the second half of the nineteenth century, foreigners also invested in the mining and agricultural sectors in order to acquire the coal, ores and agricultural products their industries needed. They even bought farms to increase efficiency and secure the safe delivery of the produce. But such investments, including various commercial activities, made up only about 10-14 percent of the total foreign direct investment (FDI) between 1888 and 1914 (Geyikdağı, 2011, p. 74). To facilitate trading activities, merchants and investors needed efficient banks and insurers. Thus, the entry of such service companies increased in the last quarter of the century.

At the turn of the century, the foreign powers believed that the Ottoman Empire would fall apart. As they wanted to get a share in the bounty, they brought in capital that would prove their presence and prepare grounds for territorial and economic gains (Feis, 1930, pp. 317–318).

One can detect a multiplicity of motivations of FDI in Russia. As in most cases, the crucial factor for foreign investors was the high rate of anticipated profit. When French promoters wanted to form a coal company and buy lands in 1881, they expected at least a 10 percent profit on total capital. Again in the 1880s, when Cockerill decided to invest in the Russian steel sector, the anticipated profits were 20-30 percent on invested capital (McKay, 1970, pp. 73, 303). However, the average interest rate paid by the Russian government on its gold loans, which were traded abroad was 5.08 percent in 1885, while the average interest rate paid by the French government on the nominal value of its debt was 4.5 percent in 1883, 4 percent in 1887, 3.5 percent in 1894 and 3 percent in 1902 (MacDonald, 2003, p. 359).

As early as 1780, Russia was able to attract foreign entrepreneurs in

the machinery sector. In 1792, Charles Baird established the first private mechanical factory to produce steam engines in St. Petersburg. In 1786, he had accompanied another English-speaking man who was invited to Russia to modernize iron and cannon foundries. Until the 1840s, the British banned the exporting of certain types of machinery, such as the cotton spinning machinery. But in 1785, Catherine II had the first legislation enacted on FDI, permitting foreigners to establish and operate factories in Russia on the same basis as Russian subjects (Blackwell, 1968, p. 252). The last quarter of the eighteenth century was full of economic hardships in Britain when the living standards had downward trends between 1770 and 1820 (Braudel, 1984, p. 614). Since there was a deterioration in the well-being of the British masses, a decline in real wages for farm labourers as well as workers in factories and transport, it was not surprising to see qualified people migrating to foreign lands.

While in the Ottoman lands foreigners built railroads and ports in order to facilitate their specialized trade (acquiring raw materials and selling manufactured products), in Russia, it was the state that wanted to construct such facilities. Several authors believe that at the beginning of the nineteenth century, commercial conditions were primitive in Russia. Land and water transportation means were backward (Blackwell, 1968, pp. 7–8). Slow and costly transportation made the prices of many goods prohibitively expensive. When the Tsars' military and political preoccupations were added to these economic realities, the need for the development of roads became clear.

Before the 1850s, railway construction in Russia drew mainly upon internal resources. Only the equipment and materials were purchased from foreign countries. But in the 1860s, Russian railway construction began to draw largely on foreign capital by issuing and selling bonds (Bovykin & Anan'ich, 1991). In some cases, railroads were government built and owned, and at other times they were built and owned privately. In many cases, the private companies were owned by foreigners.

In the 1880s and especially during Finance Minister Witte's period, the imposition of high tariffs for imports protected the newly growing industries in Russia in addition to increasing budget revenues. In order

to attract FDI, the government used the argument that Russia was a protected market against import competition (McKay, 1970, p. 7). The government, by improving the railroad system, increased the infrastructure quality which was critically important for trade and industry. The Russian government engaged in public relations campaigns abroad, and tried to convince foreigners that investment in Russia was a great opportunity. This campaign is considered to be the main contribution of the government to development after 1885 (McKay, 1970, p. 7).

3. Location Characteristics

In order to attract foreign investors, host countries must have certain location advantages, including natural or acquired resource endowments, investment incentives or disincentives presented by host governments, as well as physical and institutional infrastructure. Nonetheless, these seemingly clear-cut requirements may not aptly put forth long-standing historical, social and economic conditions which could be very different from those in developed countries which export FDI. The Economist (1908) explains this situation as:

> The history of such countries as Russia, Persia, and Turkey shows that in uncivilized or half-civilized communities cruelty, disorder, and injustice may long hold the field, without disturbing or really imperilling autocracy. The point to be watched by the cool student of conditions in such countries – and investors are usually supposed to be particularly cool and dispassionate – is whether finance is falling to pieces, and whether economic conditions are becoming intolerable ("Turkish Crisis," 1908, p. 150).

Despite these ominous and worrisome conditions and perceptions, foreigners went ahead and invested in these countries with expectations of high profits and other reasons as explained above.

In the nineteenth century, the Ottoman Empire was getting smaller in size and declining gradually. While the Russian land size was larger than that of the Ottoman territory, it had harsher climatic conditions. The Russian population increased from approximately 41,010,400 in 1811 to 74,262,750

in 1863 and 117,800,000 in 1890. In the 1850s, the Russian birth rate was the highest in Europe with a net population growth rate of 1.22 percent (Blackwell, 1968, p. 96). Russia's population fluctuated during those years because of wars, famine and epidemics, but the overall trend was increasing. While the Russian population grew by 142 percent between 1820 and 1890, the Ottoman population growth was 100 percent, and fluctuated more than that of Russia because of long-lasting wars (McCarthy, 1995). The population estimates of both countries are given in Table 1.[1]

Table 1. Population, GDP and Literacy Estimates for the Ottoman and Russian Empires.

POPULATION (million)	**1820**	**1870**	**1890**	**1900**	**1913**
Ottoman Empire					
(Issawi, Shaw)	15-19	-	18.4	19.5	18.5
(Eldem, SIS)	23.5	29.0	18.0	20.0	21.0
Russian Empire					
(Maddison, former USSR)	54.8	88.7	110.7	124.5	156.2
(Tacitus)	15.6	84.5	117.8	132.9	165.0
GDP per capita in 1990 dollars					
Ottoman Empire (Pamuk)	680	880	-	-	1200
Russian Empire (Maddison)	751	1023	-	1218	1488
LITERACY	**1800**	**1850**	**1913**		
Ottoman Empire	2-3	-	10		
Russian Empire	3-7	21-23	35-40	(European Russia)	
			1-3	(Central Asia)	

Note. Data for the Ottoman Empire from Issawi (1980), Shaw (1978), Eldem (1994), State Institute of Statistics (Behar, 1996), Pamuk (2006); for the Russian Empire from Maddison (1995), Tacitus.Nu ("Population of Eastern Europe," n.d.), Blackwell (1968), Meliantsev (2004).

1 Population estimates of the Ottoman Empire are from Shaw (1978), Issawi (1980) and Eldem (1994). Russian population estimates are from Maddison (1995), and Blackwell (1968).

Table 1 also shows the estimates of the per capita gross domestic product (GDP) in both countries. Because of the land losses, the estimation of the GDP for the Ottoman Empire was more problematic. Thus, it does not appear in Maddison's post-1820 per capita GDP estimates for the world until 1913. However, Pamuk, using the same methodology employed by Maddison, was able to construct backwards the per capita GDP from 1950 (1913) to 1820 for the individual countries of the Middle East. All the countries in his calculations, with the exception of Iran, were under Ottoman rule before World War I (Pamuk, 2006). In Table 1, the estimate shown for the Ottoman Empire belongs to 'Turkey' covering the land area of present day Turkey. One can consider these estimates as the Ottoman per capita GDP. In the Ottoman Empire, there were regions, such as Lebanon, Syria, a part of Greece and Bulgaria with somewhat higher incomes than Turkey's, and poorer parts, such as Iraq, Egypt, Jordan, Palestine, Arabia and Serbia with lower incomes. Thus, estimates for Turkey may be considered as a reasonable average approximation for the Empire.

According to Table 1, figures of per capita GDP in the Ottoman Empire were 10-20 percent lower than those of the Russian Empire throughout those years. Yet, in the *1-1800 Maddison Project*, the 1700 per capita GDP estimate for Anatolia was 700 (the 1800 estimate was 740) in 1990 international dollars, while the estimate for the former USSR was 610 in 1700 (688 in 1800). It appears that the Ottomans started to fall behind the Russians at the beginning of the nineteenth century.

The low literacy rates in Russia and Turkey were clear indicators of backwardness. The Russian literacy rate was somewhat higher in 1800, at 3-7 percent, than that of Turkey which was 2-3 percent (Quataert, 2000, p. 169). In 1913, this rate became 35-40 percent in European Russia while it was only 1-3 percent in Central Asia (Meliantsev, 2004). As shown in Table 1, in Turkey, this rate was only 10 percent. This situation led foreigners to complain about finding qualified workers for their establishments.

Russia was fortunate to have rivers suitable for navigation. Although the construction of roads presented technical problems during Peter's

reign, building canals to connect river systems was less of a problem. With the help of foreign engineers, Peter was able to link the Caspian and Baltic Seas by a series of canals, lakes and rivers (Blackwell, 1968, p. 31). At the end of the eighteenth century and early nineteenth century, the modernization of waterways had significantly advanced.

The desire for transporting passengers and troops more rapidly led to the construction of proper roads which were also used for commercial purposes. During the first half of the nineteenth century, the length of macadamized and wooden plank roads increased in Russia. According to the government report of 1850, 100 cities had been united by about 3228 miles of highways (Blackwell, 1968, p. 269).

The Russian administration was aware of the importance of railroad development for military and commercial purposes. The movement of troops to war or the quelling of rebellions would be facilitated while linking markets and ports for transporting grain, ore, coal and cloth would improve the commercial and industrial activities. With the initiation of Tsar Nicholas I, Russian railroad building began in the 1840s. According to Blackwell, the locomotives, tracks, rolling stock and the embankment of the St. Petersburg-Moscow railroad could not have been put together without the help of American engineers (Blackwell, 1968, p. 263). French and German engineers were used in building and operating these first state-controlled railways. The Russians greatly debated the usefulness of the railroads, from the Tsar down to the high-level bureaucrats, scientists, merchants and industrialists. While the Tsar had his military reasons, merchants wanted railway links, not only between the two capitals (St. Petersburg and Moscow) but also from the interiors to the Black Sea. The finance minister was worried about the construction costs. Nobles and officials argued that railroads would increase the number of tourists and revolutionaries with their dangerous Western ideas. In the end, the line from St. Petersburg to Moscow was postponed. Instead a short (27 km) Tsarskoe Selo line, from St. Petersburg to the summer resorts of the tsars in the south, financed and built by an Austrian, Franz Anton Von Gerstner, was opened in 1837. In spite of this achievement, most of the ministers were against

the construction of the St. Petersburg- Moscow line for various financial, political, technical and climatic reasons. In 1842, the Tsar used his authority and ordered the building of the most direct (the shortest) and cheapest line. From 1843 until the completion of the line in 1851 five hefty loans were obtained from foreign bankers. Foreign borrowing amounted to 76,300,096 rubles and domestic loans totalled 21,980,000 silver rubles (Blackwell, 1968, p. 286). After some delays because of mismanagement, corruption and financing problems, the line was finally completed in 1851. During the 1860s, railroad construction was accelerated. Between 1869 and 1873, the average yearly construction was 1884 kilometres. From 1866 to 1899, the length of the railroad network increased from 5000 kilometres to 53,200 (Ames, 1947).

As the rivers in the Ottoman Empire were not suitable for navigation (the Nile and the Danube being the only exceptions), they could not be used for transportation even with small vessels. This has also been considered as an important disadvantage on the development of trade and production (Issawi, 1995, p. 83). Building highways was difficult in the Russian Empire mostly for climatic and technical reasons, but in the Ottoman Empire the reasons were mostly pecuniary and technological. Even in the mid-nineteenth century, camel caravans were heavily used in land transportation. In 1869, forced labour was restored and used for road building and repairs until 1889. Then, the Ministry of Public Works financed road building by levying a tax on villages adjacent to roads. Still, in 1904, the total road network was only 23,675 kilometres (Shaw & Shaw, 1977, p. 228).

Sultan Abdulmecid (1839-1861) and the European educated Ottoman statesmen of the period wanted to have railroads, as they had seen in Europe, built in the Ottoman Empire. Neither the state nor the public had the capital and expertise required for this new transport system. Thus, the building and operation of railways were left almost entirely to foreigners. Concessions were given to foreign investors who were granted monopolies to operate lines for a certain concession period. Between 1860 and 1913, 9469 kilometres of railroads (2327 km. in Europe and 7142 km. in Asia) were built and became operational. The

Hedjaz railway (1464 km) was the only line constructed by domestic resources and employing soldiers as workers. The line was financed through donations from the Muslim community and treasury subsidies and constructed with German technical assistance between 1901 and 1908 (Geyikdağı, 2011, p. 165).

There was no legislation on foreign investment in the Ottoman Empire. Capitulations had been given to foreigners from the earlier times of the Ottoman State to commercial city-states such as Ragusa, Genoa and Venice, then to the French and other Europeans since the sixteenth century to carry out external and internal trade. These privileges also exempted foreigners and "protected" minorities from Ottoman taxation and jurisdiction, giving them a competitive advantage over the Turks (Issawi, 1980, p. 5). The reforms acts of 1839 and 1856 aimed at assuring the Western Powers that all Ottoman subjects would receive equal treatment under the law, guaranteeing the security of life, honour and property, public trials according to regulations, and an orderly tax system of fixed taxes to replace tax farming (Davison, 1973, p. 40). In 1850, the British Ambassador, Sir Stratford Canning, urged the Sultan to obtain external loans and carry out the reforms proposed years ago. The reform act of 1856 also granted foreigners the right to buy land. The entire coast of Asia Minor could be bought up by the Europeans without much cost and 'would eventually become the great outlet for English and German colonization, and without loss of nationality' (Jenks, 1927, pp. 297–298). To facilitate economic transactions, and to further assure foreigners, codes patterned on Western laws were enacted. The commercial code was promulgated in 1850 and the commercial procedures code for mixed courts followed in 1861. The maritime commerce code which was basically taken from the French law was legislated in 1863 (Davison, 1973, p. 40).

In Russia, there appears to be more legislations and restrictions on foreign traders and investors than those of the Ottoman Empire. Although, Catherine II legislated the urban statute of 1785 permitting foreigners to set up factories subject to the same rules as Russian citizens, under Nicholas I, imperial edicts made it increasingly difficult for

foreigners to establish and operate factories in Russia. In 1807, a law was promulgated to restrict the activities of foreign merchants requiring them to register as 'foreign merchant' and delineating their trading activities as wholesalers, importers and exporters, and permitting them to solely operate in their registered areas. In 1824, there were more restrictions on the activities of foreign merchants and entrepreneurs who could not buy or rent any kind of factory without the permission from the Tsar himself (Blackwell, 1968, p. 247). The lack of a unified legal code was also a major problem for foreign businessmen even at the end of the nineteenth century. Different regions of the Empire (Finland, the Baltic Provinces, Poland etc.) practiced, at least in part, different legal norms. Even in European Russia, the legal code was not a systematically coherent one (Weeks, 2011, p. 120).

The reign of Nicholas I, notorious among foreigners for creating a highly restrictive system, had a bothersome police surveillance and bureaucratic harassment. According to economic historians, there was a remarkable contrast between the Russian system and 'the capitulations in Turkey, extraterritoriality of China, or the Mixed Courts of Egypt' (Blackwell, 1968, p. 248). This situation ended with the Russian *ukaz* (edict) of 1860 which gave permission to foreigners to enter to Russian merchant guilds on equal terms with Russians, and own and bequeath real and personal property. Then, in the 1860s and 1870s, there were important developments such as expanding internal markets and the railway system. Foreign capital played an important role in these developments. With more liberal policies and an encouraging legal environment, foreign entrepreneurs brought not only capital, but also technology and managerial expertise. Between 1880 and 1900, foreign capital in Russia increased 13 fold, from 48 million rubles to 628 million (McKay, 1970, p. 28).

Sergei Witte became the Minister of Finance in 1892. Coming from the people he had a more realistic knowledge of the country and was neither conservative nor liberal (Troyat, 1991, pp. 82–83). He established a state monopoly on liquor, successfully borrowed from the French financial markets and with a sudden devaluation of the ruble, was able

to create new capital which not only saved the existing industries but also created new ones. The French and the Belgians established numerous enterprises. However, the 1905 defeat of Russia against Japan led to a severe economic crisis which eventually led to Witte's dismissal in 1906 (Troyat, 1991, p. 212). During his ministry, major changes in government bureaucracy were created. Witte brought the informality of modern business to the ministry. The establishment of new foreign enterprises was laid in the hands of the Committee of Ministers. In the absence of a comprehensive economic legislation, it was difficult to pass decisions, and "jurisdictional complications were aggravated by the vagaries of official nomenclature" (Von Laue, 1969, p. 75).

4. FDI Inflows by Nationality and Industry

Finding comparable estimates for Turkey and Russia have not been easy. Even the most careful estimates are not totally accurate. Major calculations in both countries are based on common stock capital. When shares are not registered in name, and in the anonymous bearer form, it was difficult to follow the movement of such shares. In some other cases shareholders kept their shares with custodians in another country or in different European financial centres if the principal market for the given security was there. One has to keep in mind that the figures are just estimates.

The estimation of FDI figures in the Ottoman Empire suffers from these general sources of errors, being generally based on the examinations of European researchers at the turn of the century. One of the most important works is *Manuel des Sociétés Anonymes Fonctionnant en Turquie* by E. Pech, a statistician who worked for the Ottoman Bank. The updated editions of this study came out between 1904 and 1911, as the number of firms increased, and mergers and liquidations took place over the years. *Manuel* still left out many companies that were not corporations. Only the publicly incorporated firms were included, giving the number and nominal prices of shares, their loans, and the details about the owners and operations (Pech, 1906). Other companies such as the limited liability firms and some small partnerships were

not included. There were several such companies around Izmir and Istanbul. *La France à Constantinople* by Ernest Giraud, the head of the French Chamber of Commerce in Istanbul is another source that evaluates French investments (Giraud, 1907). There are also specialized studies that probe into a single enterprise in detail. Vedat Eldem, Orhan Kurmuş and Şevket Pamuk supplied further data to improve the FDI statistics in the Ottoman Empire.

Russian figures in Table 2 are taken from one of the tables of John P. McKay's book, *Pioneers for Profit* that was based on the computations of P.L. Ol' and additional work by L. Eventov (McKay, 1970, pp. 26–27). Eventov, later, added the yearly figures of the Ministry of Finance on the total capital of all corporations after 1888. Foreign capital was highly important for the Russian industry during the nineteenth century, and the Russian officials paid great attention to these inflows. Thus, the Russian estimates look somewhat better and more comprehensive than the Ottoman ones.

Since the eighteenth century, foreign investors were attracted to this large and growing Russian market and industry for profit and some other reasons such as a lack of entrepreneurial and employment opportunities in their native lands. As seen in Table 2, in 1888, the FDI stock in the Ottoman Empire was about 55 percent of that of Russia, and in 1914 it was 42 percent of the Russian FDI stock.

Table 2. FDI in the Ottoman and Russian Empires (in thousand £).

	1875	1888	1914
Ottoman Empire	-	15,825	82,406
Russian Empire	11,856	28,528	196,237

Note. Data from Geyikdağı (2011), and McKay (1970).

Although the FDI inflows to both countries were increasing before World War I, flows from the major capital exporting (home) countries were changing direction under the influence of political considerations.

In the Ottoman Empire, as the share of British investments declined from 56.2 percent in 1888 to 14 percent in 1914 (although the absolute numbers increased from £8,895,000 to £11,516,000), French investments increased from 31.7 percent in 1888 to 45.3 percent in 1914 (from £5,020,000 to £37,383,000 in absolute terms). Before the mid-nineteenth century, the British came to understand the importance of the Ottoman trade for their welfare. During his term, as the British ambassador in Istanbul (1842-1858), Sir Stratford Canning worked hard to promote trade and convince the Turks to borrow from the West in order to carry out reforms and survive as an independent state.

Since the acquisition of raw materials was very important for the British, they had to invest in agricultural production abroad. As they did not want to be entirely dependent on American cotton as raw material for their cloth industry, in the late 1840s, they started to promote cotton cultivation in India and the Ottoman Empire. In order to make cotton production more efficient, they formed a partnership called the Asia Minor Cotton Company in 1856 (Kurmuş, 1974, p. 20). They imported American cotton seeds, and fought against plant pest and diseases. They brought instructors and distributed publications issued by the British Cotton Supply Association. They even considered digging up canals from the Euphrates and Tigris rivers for both irrigating cotton fields and shipping the crop ("Cotton Growing in Turkey and Syria," 1861, p. 5). Representatives of the British cotton industry purchased large farms in western Anatolia and grew cotton themselves. According to one estimation, a third of the agricultural lands around Izmir, belonged to the Europeans. In 1878, 41 British merchants owned half of that land (Owen, 1993, p. 114). *The Manchester Guardian* ("The Turkish Cotton Crop," 1913) reported that an Englishman J.H. Hutchinson brought a steam cultivator from England to be used in his land 25 miles from Izmir. This was the first application of steam power to agriculture in Anatolia. The 1863-64 season was most favourable and encouraging for cotton producers in the region. British traders built plants that would clean and bale the cotton. In 1870, 34 plants were established in towns along the Izmir-Aydın Railroad which used more than 700 steam-powered cotton gins (Kurmuş, 1974, p. 86).

Table 3. FDI in the Ottoman and Russian Empires by Home Countries.

OTTOMAN EMPIRE				
	1888		1914	
HOME COUNTRY	(thousand £)	%	(thousand £)	%
France	5,020	31.7	37,383	45.3
Britain	8,895	56.2	11,516	14.0
Germany	166	1.1	28,007	34.0
Others	1,744	11.0	5,500	6.7
Total	15,825	100.0	82,406	100.0

RUSSIAN EMPIRE				
	1890		1915	
	(thousand £)	%	(thousand £)	%
France	9,698	33.0	62,833	30.7
Britain	4,707	16.0	51,955	25.3
Germany	10,867	36.9	42,177	20.6
Others	4,139	14.1	48,034	23.4
Total	29,41	100.0	204,998	100.0

Note. Data from Geyikdağı (2011) and McKay (1970).

The British also invested in some food processing facilities such as flour mills, and plants for extracting cooking oil from olives. Since liquorice had a wide and profitable market in Europe and America, a British company was established in 1880 to collect the roots of the liquorice plant in extensive leased lands in southeastern Anatolia, and established a processing facility in Iskenderun (Alexandretta) (Kurmuş, 1974, pp. 140–145). In the 1860s, the British also invested in carpet weaving. As other Europeans were also interested in carpet trade, the number of merchants who provided threads and other materials to the weavers kept on increasing. The British came ahead in the competition and had a virtual monopoly in the 1880s (Issawi, 1980, p. 307; Kurmuş, 1974, p. 129).

The trade and production companies around Izmir needed the support of service firms such as insurers. In the early 1860s, the London-based Sun Fire Office opened a branch in Izmir to insure especially against fires, and the British-owned Ottoman Financial Association was set up to extend credit to small producers. Although the British presence in the banking sector was limited, they were, nevertheless, influential by being one of the two partners of the Ottoman Bank. There were also some investments to provide urban services such as public transport and lighting systems in Izmir, and other trade and construction companies in other large cities (Pech, 1911, pp. 132, 150, 152).

Some researchers believed that the decisions of French investors were influenced and controlled by the French Government and large financial institutions. Therefore, they were under the influence of sentimental and political developments (Feis, 1930, p. 50). The interest of the French in the Ottoman lands had a longer history compared with that of other Europeans. A number of small French companies started in the 1840s and 1850s, but the majority was established after 1870. The oldest French company in the Ottoman Empire was l'Administration des Phares de l'Empire Ottoman, a lighthouse builder and operator. According to the agreement between the concession holder and the government, 40 lighthouses (36 on the Black Sea and the Dardanelles and four at the mouth of Danube) were to be built. However, between 1855 and 1914, the company constructed and maintained much more than this amount all over the Empire. In the early 1900s, there were 153 lighthouses that made the French Chamber of Commerce in Istanbul proud of the services rendered to navigation in this country (Giraud, 1907, pp. 176–177).

Table 4. FDI in the Ottoman and Russian Empires by Industry.

	Ottoman Empire (1914)		Russian Empire (1915)	
	(thousand £)	%	(thousand £)	%
Mining	2,700	3.27	80,667	39.35
Banking	14,788	17.94	28,471	14.02
Insurance	460	0.60	574	0.28
Commerce	5,000	6.07	1,701	0.83
Transport	-	-	943	0.46
Railways	48,373	58.70	-	-
Ports	4,025	4.88	-	-
Local Utilities	4,150	5.04	20,233	9.87
Industry	2,910	3.53	-	-
Machinery	-	-	33,497	16.34
Textiles	-	-	18,245	8.90
Chemicals	-	-	8,548	4.17
Food Processing	-	-	3,997	1.95
Others	-	-	7,831	3.82
TOTAL	82,406	100.00	204,998	100.00

Note. Data from Geyikdağı (2011), and McKay (1970).

Another French company, set up just before 1870, was Société des Quais de Smyrne, initiated by the British, but built and operated by the French. Compagnie des Eaux de Constantinople, with the goal of bringing water to the city, was established as a joint stock company in 1877 by several French enterprises operating in this county (Pech, 1911, p. 203; Thobie, 1977, pp. 148–149). In the 1890s, the French bought a British railway (Izmir-Kasaba) and intensified investments in Syria and Palestine. The reason behind this expansion was to prevent the rise of Germany in the Middle East and to create a French sphere of influence in Syria and the Holy Lands (Feis, 1930, pp. 208, 334). The French ambassador's main concern in Istanbul was to keep the Ottoman Bank under French control, to assist the French industrial investments, and to

increase French exports to the Ottoman Empire (Fulton, 2000, p. 685). After 1888, French investments grew in banking, insurance, mining, and seaports and railway construction and operation.

When Germany became an empire after the 1871 Versailles Treaty, it began to direct its attention to economic development, like other Western powers. In 1879, Germany set up protective tariff barriers, and began to import industrial raw materials and export a variety of manufactured goods. With the country's rapidly growing population, Germans were looking for places in other lands to emigrate. Two economists, Friedrich List and Wilhelm Roscher influenced German economic thought and laid down the foundations of German emigration (Baglione, 1993). Roscher recommended the acquisition of colonies by the Germans, and settling Germans in those fertile lands, as the British did. In this way, the Germans remaining in the homeland would then have a 'living space', (*lebensraum)* (Roscher, 1878, p. 369).

Alois Sprenger wrote in his book, published in 1886, that Asia Minor was the only piece of land that had not yet been monopolized by a European power. It would make a superb colony and, before the Russian Cossacks grab it, Germany had to secure this 'best part in the division of the world' (Henderson, 1948, p. 56). Then, in the 1870s, the German traders were entering the Ottoman markets in a more organized manner. *The Times* evaluated the growth of German penetration into these lands, stating that ten years ago, finance and trade were the quasi-monopoly of Britain and France. A decade later, the Germans had become, by far, the most active group. German traders in large numbers travelled in the Ottoman Empire, inquiring about the people's needs and demands so as to make their orders accordingly. The paper also gave information about the activities of German firms in providing the Ottoman Army with weapons (Earle, 1923, pp. 36–37). Other British periodicals such as *The Economist* and *The Observer* published similar articles, and described how the German entrepreneurs, bankers, merchants, engineers, ship and railroad constructors had laid down the foundations of ever-growing German investments in the Ottoman dominions ("Germany and the Near East," 1900, p. 7; "Turkish Railways and the British Trade," 1899,

p. 385).The German government tried to have a political alliance with the Ottomans in order to facilitate the securing of concessions to exploit the country's resources. The Bagdad Railway would be the central part of this setup. 'To the more ambitious and aggressive elements in Germany this railway was undoubtedly regarded as marking out a field of empire, a penetrative agent in foreign regions that would fall under German domination' (Feis, 1930, p. 318). As shown in Table 3, the share of the FDI stock from Germany increased from barely more than one percent in 1888 to 27.5 percent in 1914.

Among the other investments, the Belgian contribution was the most prominent. The Ottomans had basically imported products like sugar, glass and textiles from Belgium. But in the second half of the nineteenth century, the bulk of the imports consisted of steel products and machinery. Rails for railroad construction, locomotives, coal and rifles were imported from that country. When a new fez factory was established in 1855, on an 8000-square-meter plot on the Golden Horn, the designers were Belgian experts. In 1890, the Cockerill Company obtained from the government a concession for building a railway from Samsun on the Black Sea to Sivas in central Anatolia. The political games played by the Russians, French and Germans made it impossible for the Belgians to put this project into effect despite their technical superiority (Thobie, 1993, p. 81). The years from 1890 to the First World War were very successful for Belgian firms in railroad construction as well as urban transportation. Belgian capital and technology were employed to build urban transportation facilities (streetcars and tramcars) in many countries including the Ottoman and Russian Empires (López, 2003).

The Italians did not have FDI of any importance in the Ottoman Empire. Yet in 1913, they were able to obtain a concession to construct a railway, between Antalya on the Mediterranean and Konya in the interiors, a feat that won the appreciation of even the Russian press ("Italy in Asia Minor – Valuable Turkish Concessions," 1913, p. 640). The Italian government, like other European governments, was trying to encourage entrepreneurs to invest in Turkey in ways that promoted the political ambitions of the Italian government, including territorial claims (Bo-

sworth, 1996, p. 64).

Just as it was the case in the Ottoman Empire, Russian statistics on FDI in the early nineteenth century do not exist. Researchers try to gather information and evaluate the earlier investments by scrutinizing some individual concerns. Similar to the Ottoman situation, the majority of the foreign enterprises before 1860 were in trade (Blackwell, 1968, pp. 242–243). Although the foreigners nearly controlled Russia's external trade in the first half of the nineteenth century, Russian industry was dominated by the Russian private and state capital. Still, many important FDI activities took place early in the nineteenth century. However, the bulk of foreign enterprise, before 1860, was commercially oriented with investments to make trade easier. French, British and German entrepreneurs dominated trade and investments. The French businessmen in Russia were mostly in the production of consumer goods, the luxuries which the Russian upper classes demanded.[2] The British enterprises were engaged in importing and producing industrial machinery. The German capital owners put their money in banking to finance Russian industry.

Since 1818 Baring and Company was marketing Russian bond issues in England. This company maintained its good relationship with the Russians even during the Crimean War. Following the peace treaty, together with other European bankers from Amsterdam, Warsaw, Berlin and Paris, including Péreires and a contingent of French bankers, all connected with Crédit Mobilier, Baring undertook to finance a network of five great trunk railways, almost 1500 miles in European Russia (Blackwell, 1968, p. 244; "Russian Railways – Will They Float?," 1856, p. 1257). Forming one of the earliest joint stock companies to operate in Russia, and securing the support of the Russian government the Grande Société des Chemins de Fer Russe was established to complete the whole construction in ten years at the total cost of about

2 In the 1840s, two Parisians, Henri Armand and Joseph Frédéric Dutfoy, established a crystal shop in St. Petersburg. The son of the latter founded a chemical factory specialized in perfume production (Claeys, 2015).

£40,000,000.[3] *The Economist* article stated that the lines would connect all the important producing districts of Russia to the ports and frontiers and would bring benefits both to producers and consumers in this country. It also emphasized that in the event of another war the railroad would 'afford great facilities to Russia in moving troops and conveying food' ("Russian Railways – Will They Float?," 1856, p. 1257).

Because of the export prohibition of textile machinery from England, English-speaking foreigners had established factories for producing textile and other machinery since the last quarter of the eighteenth century. One of those establishments was Baird's machine factory which employed 1200 workers in the 1860s. In the large state factories producing locomotives and machinery, it was the foreigners who planned for the organization of production and the quality of equipment. The large machine factories bore foreign name plates such as Carr and MacPherson, Harrison and Winans, Wilkins, Berman, Ellis and Butts and Tate (Blackwell, 1968, pp. 62–64).

According to McKay (1970, p. 35), 71 percent of all English investment was in the extractive industry (73 percent of all foreign investment in the gold-mining industry being English). The author finds this orientation of the English investment toward the extractive industry and the export of raw materials to have a 'colonial' character. When, in 1908, the British bought the Lenskoie gold mines of which the Russians were very proud, it was thought that the mine had been handed over to English capitalists. The new Lena Goldfields Limited Company's financial report for the year stated that the company achieved 'not only the largest output of any individual gold mining company in Russia, but showed a result unparalleled in the annals of alluvial gold mining' ("Lena Goldfields, Limited," 1909, p. 1114).

Until the 1870s, the Baku oil wells were poorly operated by the Russian state. Baku's ancient petroleum extraction facilities were behind

3 *The Economist* ("Russian Railways," 1857, p. 195) gave the news of signing of the contract, stated that the capital was 275,000,000 rubles (about 45,000,000 pounds sterling).

America's industry which developed rapidly after Edwin Drake found oil in Pennsylvania in 1859. The Russian state allowed private enterprises to develop the oilfields and operate refineries. The Nobel Brothers Petroleum Company dominated the industry between 1877 and 1883 (McKay 1984, p. 607). The British investment had its largest surge in the Baku oil industry between 1896 and 1900. The heavy investment in the oilfields of Azerbaijan continued from 1908 to 1914 (McKay, 1970, p. 37). As seen in Table 3, while the share of the British investments in the total was only 16 percent in 1890, it rose to more than 25 percent at the beginning of World War I. Almost all of the investments in the twentieth century seem to be in the extractive industry.

The French had the highest share of FDI in Russia in 1915, about 31 percent of the total.[4] These investments were somewhat more diversified than the British investments. Still, one fifth of the total was in the extractive industries. The total value of the investments in the production of steel and machinery was six fold the British investments in these industries (McKay, 1970, p. 34).

Despite the success of the initial iron industry in the eighteenth century, Russia failed to adopt the methods of the industrial revolution. When iron production stagnated until the 1860s, the government encouraged new producers in both northern Russia and Poland to build modern steel producing facilities, and foreigners, seeing the potential for profit, began to establish a large steel industry in southern Russia. In 1877, La Société de Terrenoire, a leading French steel producer together with George Baird, founded the Alexandrovskii Steel Company to make steel rails for the expanding railroads. French engineers equipped with the latest technological knowledge installed highly efficient furnaces and rolling mills to convert English pig iron into high quality steel rails (McKay, 1970, pp. 114–116).

Another important French company was Hata-Bankova which entered the Russian steel market by purchasing a Polish ironworks com-

4 Valery Bovykin (1990) gives the distribution of foreign investment in Russia on the eve of World War I, by countries as 31.2 percent French, 24.3 percent British, 19.8 percent German and 14.4 percent Belgian.

pany in 1877. A third French enterprise in steel making was the Franco-Russian Ural Company, founded in 1879 (McKay, 1970, p. 116). This was one of the first attempts to make steel rails in the Urals where transportation proved to be difficult. Most producers preferred southern Russia for its more suitable transportation conveniences. In 1900, only four of the 17 successful iron foundries were owned and managed by native capitalists. In this part of the country, foreigners had 20 enterprises, working up iron in its many forms ("Foreign Mining Capital in Russia," 1900, p. 13). The Ural area was not able to attract foreign capital in spite of large deposits of minerals, because of the lack of suitable transportation methods between the iron and coal districts. Even in the 1880s, a member of the Russian Imperial Academy of Sciences complained that such transportation problems were the major obstacle for the development of the Russian industry (Besobrasof, 1886, p. 149).

Another sector in which the French had the highest share was banking. As interest rates declined in Europe at the end of the nineteenth century, foreigners continued to bring their cash to Russia. During the 1890s, most foreign banks were formed as joint ventures and raised their capital from both Russian and foreign sources. The foreigners' most significant contribution was the dynamic entrepreneurship that the host country lacked. French capitalists owned a large and increasing percentage of the capital stock of Russian banks after 1906. Just before the Bolshevik Revolution approximately 44 percent of the capital of Russian banks was in foreign hands, the French having 22 percent of the total, the Germans 16 percent, and the English 5 percent (McKay, 1970, p. 234). These foreign bank establishments were acting as investment bankers, commercial banks, and supporters of organizations. The French investors were putting their capital into the shares of Russian banks, which, in turn, were investing in the Russian industry (Crisp, 1976, pp. 149–150). Although the foreigners kept contributing to the Russian industry this way, it is often alleged that it was concentrated in the hands of foreigners.

The Belgian FDI inflows to Russia briskly increased during the 1890s, from 17.1 million rubles in 1890 to 220.1 million in 1900, and

230.4 million in 1915. The Belgian investment in steel production was second only to the French, and twice as much as the German investment, and 4.5 times that of the British (McKay, 1970, p. 36). As was the case in the Ottoman Empire, the Belgian investors were active in local utilities. Almost all streetcar companies were owned by the Belgians. In the electric lighting of cities, they also played an important role. Together with the Germans, the Belgians shared a prominent position in the electric equipment production used in electric utilities. One of the well-known companies of Belgium was the John Cockerill Company from Liége which established two major companies in Russia: The South Russian Dnieper Metallurgical Company (1888), and the Almaznaia Coal Company (1894). The former company was a very successful steel producer, often paying very high dividends (40 percent on par value between 1896 and 1900). The second one, which was a coal and coke producer, expanded into metallurgy. It could not survive the recession of the early 1900s, and went bankrupt in 1904 (McKay, 1970, p. 298).

German investments usually went to the neighbouring countries, thus being concentrated in Poland, the Baltic provinces, and around St. Petersburg. The Russian cotton industry depended on the industrial revolution in England. Without the cheap yarn and the machinery imported from Britain, the Russians would not have been able to produce the finished product for their mass market. It was through the efforts of foreigners, such as Ludwig Knoop, that the Russian factories received financing and equipment. Knoop was a pioneer businessman who, in 1852, founded his company, L. Knoop & Co. in Moscow and St. Petersburg, and created a network that led to the expansion of Russian cotton and wool textile production. He was a German born in Bremen, and arrived in Russia in 1839 before he was 20, then became a Russian citizen and a Baron, and remained in his adopted country until his death in 1894, but was considered a foreigner by most Russian historians (Blackwell, 1968, p. 242). He effectively helped to equip 122 textile mills in Russia including the largest mill in the country, and one of the largest in the world by the end of the nineteenth century (Thompstone, 1984, p. 45). His companies provided not only machinery from

England, but also managers and technicians as well as raw cotton for the Russian factories. Besides this best known entrepreneur, there were other German and Swiss textile mill owners who brought machinery from their home country. In the 1850s, textile factories in Latvia and Estonia were under German control, employing machinery and craftsmen from Germany (Blackwell, 1968, p. 69).

German investment in chemicals started in the 1880s, and gained strength afterwards. Germans had companies such as Badische Anilin und Sodafabrik, Friedrich Bayer und Kompagnie, A.G. Für Anilin Fabrikation Berlin-Treptow, Moskau Farbewerke, and Schering, while the French had Lubimov-Solvay, a subsidiary of a leading producer in heavy chemicals until 1914. The Russian Dynamite Company of the Nobel syndicate was the first company to produce dynamite in Russia. The Hartmann Machine Company founded in 1896, became one of the most efficient locomotive producers in Russia, and an exporter after 1907 (McKay, 1970, pp. 51–52, 171).

5. Concluding Remarks

Meliantsev (2004, p. 107), studying the Russian economic development in the long run, wonders why Russia, despite many efforts and a hecatomb of sacrifices since the reforms of Peter the Great has not been able to catch up with the West while even small Asian countries such as South Korea and Taiwan, were able to achieve it. One can also wonder how the Turks survived, albeit very poorly, despite the free-trade policies (devoid of tariff increases to protect infant industries) and antiquated capitulations used by the Europeans "to keep the Turk in his place" (Stanford Jay Shaw & Shaw, 1977, p. 236). It seems that the financially extenuating political and military conflicts between these two countries were a major reason behind their backwardness. To meet the heavy war expenses, the governments of both countries borrowed heavily from the West, and capital accumulation and industrial development were hampered despite a great desire for industrialization in both lands.

Since the end of the eighteenth century, the Ottoman Empire was at war either to defend herself against the steady encroachments of the

Great Powers or to thwart insurrections of the non-Turkish peoples of the Empire. During the peace negotiations after World War I, the French prime minister expressed his opinion to his Ottoman counterpart about the cost of these wars. He explained that since the Napoleonic Wars, the Ottomans were at war for 57 years. While the European average was only seven years, the Russians were at war for 13 years, 12 of which were with the Ottomans. Maintaining about one million soldiers, clothing, feeding, and equipping them with weapons, was very burdensome. These soldiers could instead have been active workers in production, thus contributing to the national product. In the French prime minister's opinion, the Ottoman people would have been much wealthier if they had fought only seven years like the rest of Europe (Kazgan, 1991, p. 33).

While the declining Turks were on the defensive, the Russians were bent on aggression and conquering new lands, spending huge amounts for warfare. When the reformer Sultan Mahmut II eliminated the ineffective Janissary corps of the Ottoman military forces in 1826, he found European allies actively helping the Greek rebels against the Ottomans. Joint navies of Britain, France and Russia attacked and destroyed the Ottoman fleet in 1827, upon which the Russians ended a war in Persia, this time to start a new war in 1828, against the Ottomans before they had time to create a new army. It was not difficult for the Russian Army to advance in the Balkans when the Allied naval blockade continued to block the supplies to the Turks. They also moved towards Eastern Anatolia with the assistance of the local Armenian populace (Stanford Jay Shaw & Shaw, 1977, p. 31). In the 1840s, the Russians were busy again with insurrections in Poland and the Caucasus. However, after the Turks, the Swedes and the Persians lost large and valuable territories, the Poles and the Hungarians were crushed, and revolts in the Caucasus were put down, the Russians erroneously believed that their huge war machine was invincible. In 1855, with their Crimean War defeat, the Russians realized the grim fact that a modern army could not be sustained without a modern industry. The Crimean War wrecked the Russian economy, costing well over a billion rubles (Blackwell,

1968, p. 185). When the Ottoman Empire adopted a constitutional regime in 1876, the Russians, expecting some positive reforms which were likely to strengthen the country, wasted no time in attacking again both from the Balkans and the Caucasus, creating a tremendous cost in life and material. Educated Russians obviously saw the consequences of such policies. A special correspondent (Russian) of *The Economist* complained, in 1898, that the previous year's harvest was very low, ruining a great part of the population under heavy taxes. To pay the high taxes on land as well as the excise and import duties, the peasants were selling their own corn and cattle. But, the government did not acknowledge the famine in Russia; "it did not relieve the millions of people that were near starvation in many districts…But instead spent 90 million roubles in new warships" ("Russian Iron Industry in 1897," 1898, pp. 764–765).

Almost all of the earlier FDI in the Ottoman Empire were for commercial purposes as the Europeans assigned a specialized production and trade activity for this country. The Ottomans had to produce raw materials for the European industries, and buy manufactured products of these industries as expedited by the 1838 Trade Agreement. The impoverished Ottoman people, who could not afford the high-quality but more expensive traditional textiles manufactured by the local craftsmen, bought instead the cheaper imported cloth. During the process, cotton, silk and other textile exports to Europe and the East declined while other local industries dwindled, and the country underwent de-industrialization as a consequence (Geyikdağı, 2011, p. 165; S. Pamuk & Williamson, 2009).

In order to increase the production of agricultural raw materials, foreign merchants bought land in the Ottoman Empire, established farms, imported machinery, and set up plants for the effective production of raw materials and finished goods. Then, it was necessary to build railroads and seaports to facilitate the transportation of goods to the markets. Such infrastructure building was done by foreigners for foreigners. In order to provide service to these foreign enterprises, banks and insurance companies also came from the capital exporting countries. In

the major cities, there was a demand for urban services such as water, electricity, gas and tramways by both the ever-increasing foreign population and local administrators. Materials used in the construction of the infrastructure were imported from Europe. At the end of the nineteenth century, modern European stores and some consumer goods manufacturing facilities were established to meet the needs of the foreign and local elites in the major cities.

The Ottomans had not shown any concrete desire to attract more FDI to their country. When foreigners wanted to make investments, they simply allowed them by giving concessions. But, on 6 June 1880, the minister of public works Hasan Fehmi Pasha presented a report to the Sultan that emphasized the necessity for accepting foreign capital for building infrastructure. He thought that the government needed the help of foreign engineers and capitalists to exploit the huge untapped assets that were lying dormant in the rural areas, forests and mines of the Empire. After this date, some of the public works mentioned by the minister were realized. However, these works were carried out, almost always, under the influence of diplomatic pressures or financial needs, but never for the consideration of public utility or necessity (Morawitz, 1902, pp. 185–186).

The Russian government, on the other hand, played a very active role in industrial development after 1885. Witte, the finance minister, in the 1890s, planned and directed the Russian development policies that created a decisive change in governmental attitudes. Industrial development became a central goal of the state. Russian economic development was always directed by political authority for political goals (Gerschenkron, 1965, pp. 145–150). The government provided high tariff protection for its infant industries and also tried to convince foreigners that such high tariffs created a protected market with high profits, and without the competition of foreign imported goods. This left the foreigners no choice but to produce in Russia. Railroad building created employment for thousands of workers as well as enabling the exploitation of distant regions and connecting industrial facilities and markets. With new railroad constructions, the extent of Russian railroads increased

from 18,600 miles in 1889 to 35,000 miles in 1901 (McKay, 1970, p. 7). The Russian government was also engaged in a vast public relations campaign to get the support of its own people as well as enlisting foreigners to invest in the 'attractive' Russian market.

Although the early FDI in Russia were mostly in textiles and machinery, after the 1860s foreigners showed an increasing interest in mining, and railroad construction and operation. As seen in Table 4, while in the Ottoman Empire the largest share of investments was in the railway companies, encompassing 58 percent of the total FDI stock in 1914, in the Russian Empire the major share was in mining, almost 40 percent of the FDI stock in 1915. Yet, more than 35 percent of the FDI in Russia was in the industrial sector. The share of investments in the industry made up only 3.5 percent of the total in the Ottoman Empire. This shows that in Russia foreigners were not simply extracting minerals but also producing industrial and consumer goods.

In his secret memorandum to the Tsar, on 22 March 1899, Count Witte expressed the need for foreign capital in implementing the economic policies he proposed. His recommendations on attracting FDI to the country were much stronger than the ones in the report of Hasan Fehmi Pasha to the Sultan. In the memorandum, Witte emphasized the need for a change in Russian exports from raw materials to industrial products. He wrote:

> Economic relations of Russia with Western Europe are fully comparable to the relations of colonial countries with their metropolises. The latter consider their colonies as advantageous markets in which they sell the products of their labor and of their industry and from which they can draw with a powerful hand the raw materials necessary for them…Russia is an independent and strong power. She has the right and the strength not to want to be the eternal handmaiden of states which are more developed economically (Von Laue, 1954, p. 66).

Then, relating industrialization to political power, he asked the 'firm support' of the Tsar to the economic system that he presented in his

memorandum. At the end of this document, he again stressed the necessity of 'influx of foreign capital' in order to develop Russian domestic production. The Russian government enrolled foreign businessmen for the cultivation of a favourable investment image of Russia. Through this public relations campaign, the government tried to convince foreigners that Russia was a 'golden investment opportunity'. This was seen as the principal contribution of the government to the economy after 1885 (McKay, 1970, p. 78).

Since the motivations and the sectoral distribution of FDI flowing to both countries were so different, a naïve comparison of per capita FDI becomes irrelevant. The major contrast lies in the main sectors where the investments were made. In the case of Russia, investments in mining, machinery and textiles were conducive to technological progress whereas investments in agriculture and trade in Turkey took resources away from industrial activities. In Russia, it was possible to generate complementary domestic investment and achieve a much higher multiplier effect for the economy in addition to internal and external economies of scale. Turkey lacked such complementary additional investments as foreign investors essentially preferred to transfer their profits rather than reinvesting in the country, and since agricultural goods producing peasants spent their incomes on imported clothes and other imported products, the multiplier effect was probably very negligible. This situation, as an example of specialized export development, is very similar to what Hans Singer explained in 1950. 'The main secondary multiplier effects, which the textbooks tell us to expect from investment, took place not where the investment was physically or geographically located but (to the extent that the results of these investments returned directly home) they took place where the investment came from' (Singer, 1950, p. 475).

In the end, the Russian policy, closing the domestic market to foreign imports by high tariffs, and channelling FDI to sectors such as textiles and machinery, worked quite well. This could be considered as a nineteenth century version, if not a forerunner, of the import substitution industrialization policy which was recommended to develop-

ing nations after World War II. With the indefatigable efforts of Witte, and the catching up momentum, Russia achieved unprecedented high growth rates between 1890 and 1900. While the growth of industrial production was 7 percent in Russia during the last decade of the nineteenth century, this rate was 4.3 percent in Germany, and 3.8 percent in the United States (Fischer, 1994, p. 223). In the Ottoman Empire, foreigners were selling all kinds of goods produced in their countries without restrictions, and they were not interested in the production of such goods locally.

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Causes and Consequences of Public Attitudes toward Syrian Refugees in Turkey

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Abstract

Since the beginning of the Syrian civil war, millions of refugees have to settle in Turkey. Today, although it has not been acknowledged politically, Turkish society has a Syrian minority. The process through which the Syrians could integrate to the society at large is an important challenge and thus in requirement of state policies. To that end, this article relies on intergroup theories of prejudice to understand the relations between the Turkish society and the Syrians and addresses the level of support/opposition for the governmental policies dealing with the issue. I use a representative sample of the Turkish population to test these expectations. The empirical analysis presents that social distance

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is an important indicator of prejudice as well as negative emotions toward the Syrians. I conclude with discussion of the societal and policy implications of this study.

Keywords: Syrian refugees, perceived threat, prejudice, emotions, intergroup relations

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Türkiye'de Suriyeli Mültecilere Karşı Kamusal Tutumların Neden ve Sonuçları

Öz

Suriye iç savaşının başladığı günden bu yana, milyonlarca mülteci Türkiye'ye yerleşmek zorunda kaldı. Günümüzde, her ne kadar siyasi olarak kabul edilmemiş olsa da, Türk toplumunun Suriyeli bir azınlığı bulunmaktadır. Suriyelilerin toplumun geneline nasıl uyum sağlayacağı önemli bir sorunsal olmakla beraber, bu konuda devlet politikalarına ihtiyaç duyulmaktadır. Bu doğrultuda, bu çalışma, gruplar arası iletişim teorilerindeki önyargı unsuruna dayanarak Türk toplumu ile Suriyeliler arasındaki ilişkiyi anlamaya ve konuyla alakalı hükümet politikalarına yönelik destek/karşıtlık seviyesini açıklamaya çalışmaktadır. Bu bağlamda, Türkiye nüfusunu temsil eden verileri kullanarak beklentilerimi test etmekteyim. Görgül analizler göstermektedir ki, Suriyelilere yönelik olumsuz duygular kadar, sosyal mesafe de önyargıyı artıran önemli bir unsurdur. Makaleyi, çalışmanın sosyal ve siyasi etkilerini tartışarak bitirmekteyim.

Anahtar Kelimeler: Suriyeli mülteciler, tehdit algısı, ön yargı, duygular, gruplar arası ilişkiler

1. Introduction

Since the civil war erupted in Syria, approximately seven million people have faced forced immigration to other countries. According to the UNHCR (2018), about 3.6 million Syrians have entered Turkey seeking asylum, the highest among all countries that have received Syrian refugees so far. Besides Turkey, with nearly one million refugees, the highest ratio of Syrian refugees (equals to 1 in 4 citizens) lives in Lebanon today. Approximately one million Syrians live in Jordan and Iraq, combined. In Europe, around one million Syrian refugees have settled in Germany as opposed to 700.000 living in the remaining European Union (EU) member states, plus Norway and Switzerland. According to the American and Canadian State Departments, approximately 60.000 Syrian refugees are resettled in the US and Canada ("Admissions & Arrivals," n.d.; "#WelcomeRefugees," 2017).

Considering the millions of Syrians living with the public, various issues have become critically important. Among those, perceived threat and the integration process of the refugees are the two top issues facing the host countries today. As a result of the influx, either through migration from Africa to Europe or through the civil war in Syria, refugees have become a domain of threat for various events across distinct contexts. In Turkey, various confrontations have taken place, most especially in cities with higher Syrian refugees. In Europe, several events have occurred in different countries (including Germany, France, Norway, and others) where refugees were the primary perpetrators. Most important of all, social and political concerns regarding the integration of the refugees to the society have been raising various question marks.

When it comes to understanding the process of integration**,** we see that the rise of global populism lies at the center of the challenges of refugees and immigrants. The rising tide of populism, coupled with the xenophobic rhetoric of political leaders and the strengthening position of far-right political parties across Europe, and issues related to immigrants and refugees have taken a prominent role in political debates. In Europe, there has been growing opposition toward refugees and immigrants in general. A major reason for immigration taking a prominent

role in the news and policy circles has been the terror attacks conducted by ISIS in Paris, Brussels, and Nice with the potential of future sporadic, or lone-wolf attacks. The rise in perceived threat of the immigrants and refugees has taken place about the same time as the refugees (some of which are only Syrians but mostly from African countries) were entering Europe. As a result of these changes, far-right leaders and parties have found the political leverage to voice extremist rhetoric. Today, several European parliaments (including, France, Germany, and the Netherlands) have a major (if not a minor) opposition of far-right political parties.

Considering the large-scale effects of migrants and refugees in Europe and Turkey, scholarly research could better understands the relevant content of the issue in Turkey. According to official numbers, only one a small portion of refugees has been living in camps in Turkey and the rest had to find their place in the public. Approximately 800.000 of the 3.6 million refugees in Turkey are at school age and most of them have no or very limited knowledge of Turkish. On average, the adult refugee population is unable to communicate with the society at large and find a job to get a steady household income. So far, according to governmental reports, 31 billion USD has been spent for the Syrian refugees in Turkey. Yet, there has been no official state policy dealing with the refugees in a comprehensive manner. Only partial solutions to urging issues have been addressed, yet, the effectiveness of these programs requires various evaluations. Having said that there needs to be an overall program to map out the process of integration of these refugees, most of which at the end will prefer to stay in Turkey as opposed to returning to Syria. That is also why this research aims to fill a gap in the literature by examining the potential determinants of attitudes toward Syrian refugees in Turkey.

These contextual situations placed emphasis to intergroup theories that explain how groups contact and communicate with each other. Among those, I will primarily rely on identity theories and the intergroup contact hypothesis that in essence explore the potential needs of group relations and integration of migrants and refugees to the host

countries. Stemming from earlier research in political science and social psychology, this article uncovers the foundations of perceptions of the Syrian refugees and their integration to the society by the use of a representative survey of the Turkish population.

To that end, in the following pages, I first explain the theoretical basis of intergroup relations and then propose hypotheses relevant to the study. Methods, data and empirical analysis follow these sections to test the causes and consequences of public attitudes toward Syrian refugees in Turkey. I conclude with the general discussion and implications of the findings.

2. Group Conflict and Intergroup Contact Hypothesis

Taking a large array of studies in political science and social psychology into account, we see that intergroup theories address group relations exploring the integration stages of out-groups (such as immigrants, refugees, and minorities) to the society. The first concept that appears as the main factor of group conflict, as reported in these studies, is prejudice. As proposed by Tajfel and Turner (1979) decades ago, social identities conflict with each other for an overemphasis of in-group preference over the out-group. According to Social Identity Theory (SIT), individuals need a positive self-concept and compare their group's worth with other groups, which also indirectly contribute to group members' self-esteem. As people find their in-group identity stronger and "better" than the out-group, their prejudice toward the out-group eventually increases (Tajfel, 1978).

Especially in divided societies, where the public is separated across a number of indicators, including ethnicity, language, and religion, people may maintain strong in-group identities with a strong out-group hostility, which divides the public into friends and foes. For those who do not find commonalities with the Syrians and Syrian refugees, such a powerful division is an obvious cause of a decline in tolerance and a reason for increased prejudice toward the out-group. On the other hand, those who find connections with the Syrians whether this is religious or ethnic or linguistic, they will be more likely to feel closer to them and

perceive less prejudice. In the context of Turkey, this suggestion is in fact quite possible for the religious people who may feel closer to the Syrians assuming that most refugees share the same religious values as they do. Relatedly, governmental rhetoric on the Syrian refugees and closeness to the government ideologically would lower perceived prejudice whilst for those afar from the government would be less likely to do that.

One alternative theory of group relations is the realistic group conflict (Hardin, 1995)**.** Instead of identity based divisions, realistic conflict theory suggests that individuals identify with a group because of economic interests and groups competing on the basis of these economic interests. The primary challenge in realistic conflict is thus for the competition of scarce resources. Considering the Syrians' social and economic status in Turkey, it is possible to expect that realistic group conflict explains the mechanism in which people interact. In that regard, those who are most affected by the presence of the Syrians in their primary economic market would be significantly more likely to compete against them and be prejudiced toward the group.

One possible solution to group-level conflict -- whether it is based on identity or economic interests -- comes from Allport's (1954) Intergroup Contact Hypothesis. More than half a century ago, Allport postulated that prejudice should decrease when people contact with the members of the group that were the potential source of the stereotype in the first place. Allport's seminal work focused on placing conflicting groups in a shared setting that motivates contact and communication. The primary assumption is that as a result of contact people's prejudice, stereotyping, and discrimination toward the other group should diminish. Although there are additional requirements for the hypothesis (e.g., equal group status, common goals, intergroup cooperation, and support of authorities) to function properly, Allport's motivation was to decrease the level of prejudice via possible means in inter-group relations (Pettigrew, 1998).

In that regard, prejudice regarding the Syrians could stem from a number of reasons and it is hard to solve. The less trust there is for the

members of the group, or the more disinterest there is for becoming friends with the members of the group, the higher the prejudice toward these individuals would be. Equally important, as I propose and test in this article, is the role taken by emotions. As addressed by earlier studies, anxiety and negative emotions increase the level of prejudice and thus limit the potential positive effects of contact (e.g., Devine, Evett, & Vasquez-Suson, 1996). Other studies have also shown how intergroup emotions are powerful mediators in changing levels of prejudice between competing groups (Miller, Smith, & Mackie, 2004), especially when contact is present between the members of the groups. Although some earlier research took the Syrian conflict as a domain of study with the use of emotions (e.g., Erişen, 2013, 2015), there is much to be achieved to explain how emotions are relevant in the study of public attitudes on Syrians refugees. We will put these arguments in test in the context of Turkey where millions of Syrian refugees are scattered across the country.

3. Hypotheses

The first group of Syrian refugees entered Turkey in 2012. They have been living here for the last six years and they will fully become a part of the public in the following years. Currently, both the academic literature and governmental policies are quite limited in their scope of the problem and in their ability to address the major problems of the issue. Most of the current studies have focused on the economic consequences of the Syrian refugees (Bahcekapili & Cetin, 2015; Del Carpio & Wagner, 2015; Tumen, 2016) or overall perception of the refugees with various social effects to the public at large (e.g., Erdoğan, 2015). Only a few studies have examined the distinct effects of Syrians in public opinion related domains, such as voting (Fisunoğlu & Sert, 2018), domestic conflict (Getmansky, Sınmazdemir, & Zeitzoff, 2018) and policy preferences (Matland, Erişen, Clifford, & Wendell, 2018).

Nonetheless, whether we acknowledge the fact now or later, the Turkish Republic has a Syrian minority. These individuals have become a part of the society although we are not sure how the integration pro-

cess was or has been. On that note, it is essential that academic research explains the connection (or the disconnection) between the refugees and the hosting country public from the lens of intergroup theories. As a result of this examination, the government could then develop policies and the state could implement programs to understand the steps to be taken for a healthy integration of these groups to the society.

In line with the previous discussion, the goal in this article is to explore the determinants of prejudice toward the Syrian refugees and the indicators of policy preferences dealing with the issue of Syrian refugees. In suit of the intergroup theories and thinking of the possible ways of integration, a number of domains appear to be important. First, prejudice is a key component of intergroup conflict which, according to Allport's hypothesis, decreases as people get in touch with each other whether this is through exposure to the group members and/or via acceptance of social engagement with the group members.

Stemming from the earlier discussion on intergroup relations, I first test whether social distance and exposure to Syrians are influential on one's level of prejudice. The primary expectation here would be to understand what promotes or diminishes level of prejudice. In line with the assumption of Allport's intergroup contact hypothesis, those who are unwilling to get closer to the Syrians or Syrian refugees in various social contexts are more likely to be prejudiced toward them. A reflection of this assumption is the situation that people would remain afar from the source group of prejudice. Taking these expectations in tandem, I propose the following hypotheses to test the intergroup contact hypothesis:

H1a: Social distance promotes greater prejudice toward the Syrians.

H1b: Exposure to Syrians decreases the level of prejudice toward the Syrians.

Following the discussion regarding the foundations of intergroup contact hypothesis, I next introduce emotions as a central factor in attitude formation toward the Syrians in the country. Current research on emotions is a multidisciplinary endeavor with growing interest and scholarly publications. Taken as a central element of human behavior,

emotions activate certain action tendencies. Whilst one part of the literature focuses on discrete emotions and neural systems of emotions in separate strands, the other part explores general affective reactions toward different objects (see also Brader & Marcus, 2013; Erişen, 2013). In line with the premises of the affective valence approach, positive reactions motivate approach toward the object of emotion, whereas negative reactions promote withdrawal from the object (Erişen, Lodge, & Taber, 2014). Similarly, positive assessment on an object would decrease a negative trait associated with the object, just as the negative assessment on that object would increase the negative trait associated with it. In the current study, I follow the valence approach and argue that positive emotional reactions of Syrians would decrease prejudice toward them whereas negative emotional reactions would increase the level of prejudice. I thus propose:

H2: Positive emotions decrease prejudice, whereas negative emotions increase prejudice toward the Syrians.

One step further in exploring the integration process of Syrian refugees is particular policy domains. Some of those policies are against the Syrian refugees whereas others are supportive of the situation of the refugees in Turkey. Considering previous indicators of interest, those who accept social bonding situations with the Syrian refugees would be more likely to support pro policies and oppose anti policies. Also, in line with Allport's intergroup contact hypothesis, those who are exposed to the Syrian refugees in their daily lives would be more open to support pro policies but oppose anti policies. Taking these together, individual preferences for policies stem from certain individual tendencies. I thus propose:

H3: Greater social distance, less exposure to refugees and negative emotions toward Syrians decrease the probability of support for pro policies and increase the probability of support for anti policies.

In line with these hypotheses, in the next sections, I introduce the data and the measures to capture these domains and then discuss the findings.

4. Data and Methods

A research design composed of a stratified random probability was used to draw a sample of 1224 participants representing Turkish voters. The distribution of the sample across geographical areas and provinces was based on the NUTS classification in order to cover the whole country including urban and rural settlements. These interviews included an oversample from four municipalities (Adana, Mersin, Şanlıurfa and Mardin) in the south and southeastern parts of the country where Syrian refugees are settled in larger numbers.

All of the interviews were conducted face-to-face during May 5-18, 2017. The average length of the interview was approximately 24 minutes. According to American Association of Public Opinion Research standards, the response rate in the study was 19%, the cooperation rate was 36%, and the refusal rate was 34%.

4.1. Measurement

To capture the primary dependent variable, prejudice, I relied on a general index that captures how much one thinks via stereotypes. The Prejudice domain included a four items response scale ranging from 1 (Strongly disagree) to 5 (Strongly agree) capturing the degree of prejudice towards the Syrians. These items were: "I have difficulty understanding the lives and customs of the Syrian refugees;" "I believe Syrian refugees are likely to commit crimes;" "Syrian refugees are as trustworthy as Turks (reversed);" "Syrian refugees only think about their own group." These items scaled well together (alpha=0.62) and thus were combined into a single measure.

In the list of primary explanatory variables, exposure to Syrian refugees, acceptance of social contact, and negative and positive emotional reactions toward Syrians were the top relevant ones. To measure social distance, an item referring to seven social conditions was used. These asked whether the participant accepts encountering the Syrians (or Syrian refugees) by marriage, as a friend in a group, as a neighbor, as a colleague at work, as a citizen in the country, as a visitor in the country, or prefer that they should be excluded from the country (reversed).

The response scale for the social distance battery items ranged from 1 (Strongly favor) to 5 (Strongly oppose). Each one of these situations was presented to the participants separately and then a combined measure (alpha=0.83) was generated by taking the arithmetic mean of the items.

To capture exposure to Syrian refugees, the survey included an item referring to various social contexts where the participant may have seen a Syrian refugee family (or Syrians). The variable specifically asks whether the participant has ever seen/had a Syrian refugee family (or Syrians) in any of the following social contexts: Living in your building, working where you work, in your neighborhood, at your children's school, on the street, in a shopping mall, and in a mosque that you visited. Each context was selected by the respondent as Irrelevant (0), No (1), and Yes (2), whose scores were then summed up. Higher values indicated more contact with the Syrian refugees in various social contexts.

To detect the emotional reactions, among a list of emotions toward to the Syrian refugees those with negative connotations (animosity, dislike, hatred, exclusion, fear, anxiety, and anger) were selected and combined into a single measure (alpha=0.85) reflecting the degree of negative out-group emotion. Those with positive connotations (enthusiasm, accept, love, sympathetic, compassion, and warmth) were combined into another single measure (alpha=0.84) to measure the degree of positive out-group emotion. The response scale for all these items ranged from 1 (Not at all) to 7 (Extremely).

Finally, the control variables --to detect any differences against the primary variables of interest-- referred to the following variables of interest and demographics. Among the list of variables with substantive association with the study, the empirical models included a dummy variable for the vote for the AKP government in the previous elections, political ideology (1=Left; 10=Right), religiosity (combination of two items: Pray Frequency: 1=Never; 6=Five times a week; Fasting Frequency: 1=Never; 4=During Ramadan and other religious days), and political knowledge (correct answers given to the four multiple choice items on the identification of the Speaker of the Parliament, identification of Minister of

Foreign Affairs, number of MPs in the Parliament prior to the 2017 referendum, and number of refugees that Turkey has so far received). In the list of demographics, the models include gender (female=1), Kurdish Ethnicity as indicated by the participant, social class (1=Lower; 6=Upper), income per month (1=0-999TL; 8=9.000TL and more), and education (1=No formal education received; 9=MA/PhD degree).

4.2. Policy preferences

Attitude formation on policies dealing with the issue of Syrian refugees and their integration to the society is an important domain for this study. There have been several different policies that address the problems of their needs and their integration to the society at large Among those, some policies are quite progressive by giving certain rights to the Syrian refugees whilst others are protective in a way that show the long and hard way of becoming a member of the society. To capture these different views, the survey included a policy battery including six separate items, with the same response scale ranging from 1 (Strongly disagree) to 5 (Strongly agree), asking pro and anti policies dealing with the Syrian refugees in Turkey.

Anti policies included the following items: “Begging should be prohibited in Turkey,” “If Syria becomes safe, the government should encourage Syrian refugees and their families to leave Turkey,” and “Refugees coming to Turkey increase the danger of disease outbreaks.” Pro policies included the following items: “Immigrants who are not Turkish citizens, but who live in Turkey, should have the same access to welfare programs as Turkish citizens,” “Syrian refugees should be given the right to work in Turkey,” “Those Syrian refugees that invest 500.000TL anywhere in Turkey could receive Turkish citizenship.” To detect any foundational differences across these items, each policy will be studied separately in the following analyses.

5. Results

In this section, following the above-mentioned hypotheses, I first introduce the descriptive inferences, then discuss the findings on the

intergroup contact hypothesis, and finally present policy-based models tackling various issues with regards to the Syrian refugees in Turkey.

5.1. Descriptive Evaluations

Considering the primary indicators of interest, presented in Table 1, we see that the level of prejudice (as measured by the items in this study) averages around 3.72 (Standard Deviation = 0.87), which is quite high when thinking of the midpoint of the five-point scale. In comparison to the primary dependent variable, the social distance measure is equally high (Mean = 3.73; Standard Deviation = 0.93). Exposure to Syrian refugees in the population is quite high (Mean = 10.05; Standard Deviation = 2.19, on a 0-14 scale) indicating that the public has had significant exposure with the Syrians across various social situations. Negative and positive out-group emotion measures follow these results by showing some negative emotions toward Syrians (Mean = 2.69; Standard Deviation = 1.23, on a 1-7 scale) as opposed to lower positive emotions (Mean = 2.21; Standard Deviation = 1.19, on a 1-7 scale).

Table 1. Descriptive Statistics

	Observations	Mean (SD)	Scale
Prejudice	1207	3.72 (0.87)	1-5
Social Distance	1216	3.73 (0.93)	1-5
Exposure to Refugees	1224	10.05 (2.19)	1-14
Negative Emotional Reactions	1222	2.69 (1.23)	1-7
Positive Emotional Reactions	1221	2.21 (1.19)	1-7

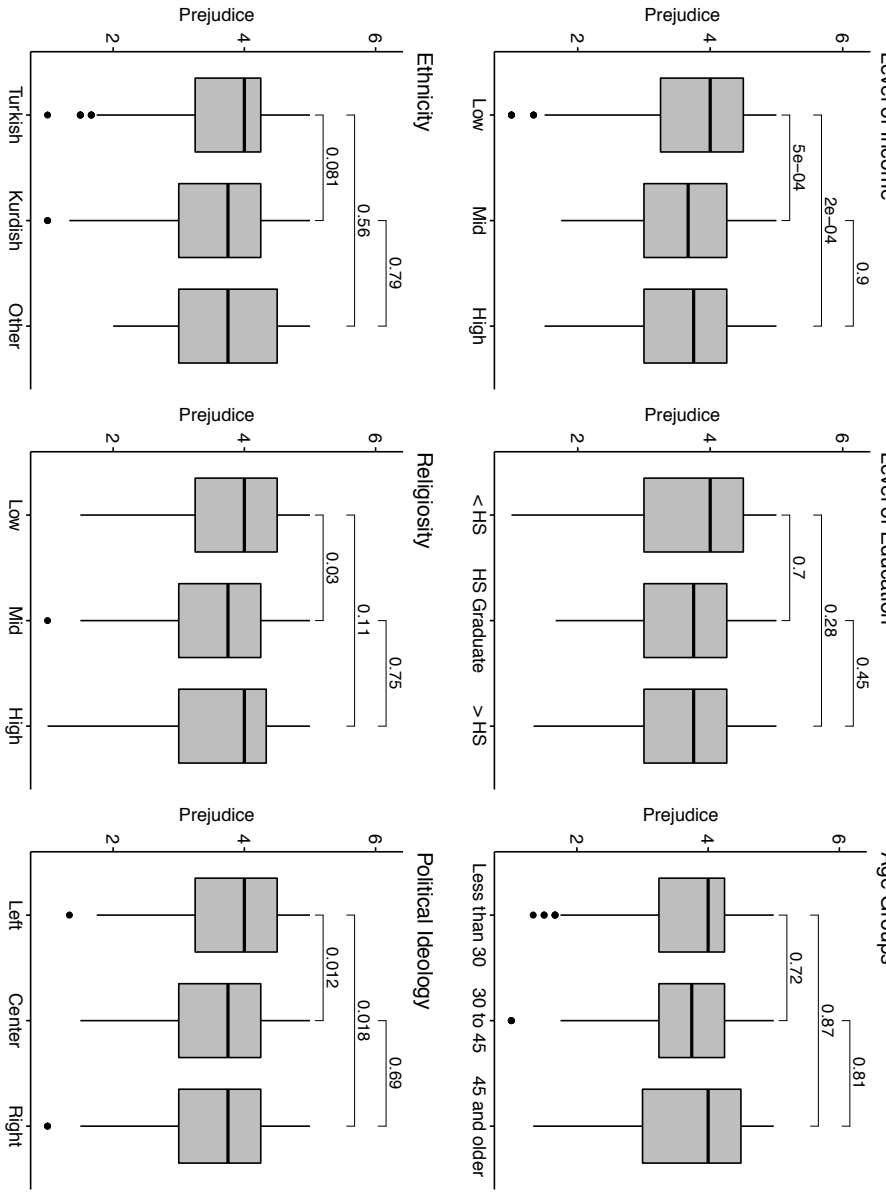
Following these descriptive results, below I provide figures that plot the distribution of the relevant control variable (income, education, religiosity, ethnicity, age, and political ideology) across prejudice, social distance, and negative emotions on Syrian refugees. These figures include six boxplots showing the distribution of the subgroups of the control variable on the primary variable of interest. Each boxplot presents the distribution of the observations with the minimum and maximum

values and the dark black line inside the box for the mean values. Outliers are shown with the black dots above or below the box plot. The comparative t-tests are shown with lines above the box plots and the p-values for the comparative tests are reported for the subgroups of the relevant control variables.

Starting from the variable of prejudice, we find that there is a significant difference among low-, mid-, and high-income earners across Turkey. As stated earlier in the theoretical section, realistic conflict of interest suggests that groups that are in competition with each other are more likely to clash on income sources. In that regard, low-income earners could perceive Syrians as a significant source of competition for the same jobs or occupations they are hoping to get. The plots for level of income support this finding that low-income earners are significantly more prejudiced toward Syrians as opposed to mid and high income earners. As opposed to income effects on prejudice, we do not see any differences across subgroups of education and age groups. Different levels of education and different age groups do not seem to present distinct levels of prejudice.

Regarding the politically relevant control variables, we see a significant difference between Turks and Kurds as the former appears to be more sensitive toward Syrians. Similarly, those who score less on religiosity present higher prejudice toward Syrians and those who place themselves on the left are significantly different from those on the center and the right. Given that religiosity and political ideology relate to the AKP government's position on the Syrian refugees, it is reasonable to observe these differences. Highly religious people are more likely to observe Syrians closer to their religious identity, so their prejudice could be lower compared to less religious people. Similarly, those who place themselves on the right of the political scale are more likely to associate themselves with the Syrians as most of them could be more conservative coming from a Muslim majority country.

Figure 1. Distribution of control variables on the level of prejudice



Following these results, I applied the same method to social distance toward the Syrians. We confirm previous findings on prejudice that low-income earners are more likely to be distanced toward Syrians whereas education and age have no bearing on this. We confirm the ethnicity effect that Turks are significantly less likely than Kurds and other ethnic groups to be closer to the Syrians across distinct social contexts. We also confirm that less religious people are more likely than highly religious people to be distanced from the Syrians. Similarly, those who place themselves on the left (of the ideology scale) are significantly different by being more distanced to Syrians as opposed to those who place themselves on the center and the right.

I next plotted the same models for the negative emotional evaluations on the Syrians and report them in Figure 3 below. In contrast to earlier results, we see that low-income earners are less negative toward the Syrians, as opposed to mid and high-income earners. The comparisons are quite robust across subgroups of income. With respect to education, less than high school degree holders are less negative toward the Syrians as opposed to high school graduates and those who hold more than a high school degree. Consequently, although low-income earners and less educated individuals are more prejudiced toward the Syrians, they are not overly negative about them, when compared to the other sub-groups in that domain.

As before, we do not see any differences across age groups. Regarding ethnic identity, we see that Turks are significantly more negative toward the Syrians as opposed to those who self-claim their identity as Kurd or any other ethnic group. As before, less religious people appear to obtain more negative emotional evaluations of Syrians as opposed to highly religious people. With respect to political ideology, those on the left are more negative toward Syrians as opposed to those who are on the right of the political ideology scale.

Taken together, these results suggest that there is certainly a variance across the subgroups of demographic indicators and other relevant control variables. Given these findings, we next tackle the particular hypotheses in the study.

Figure 2. Distribution of control variables on the level of social distance

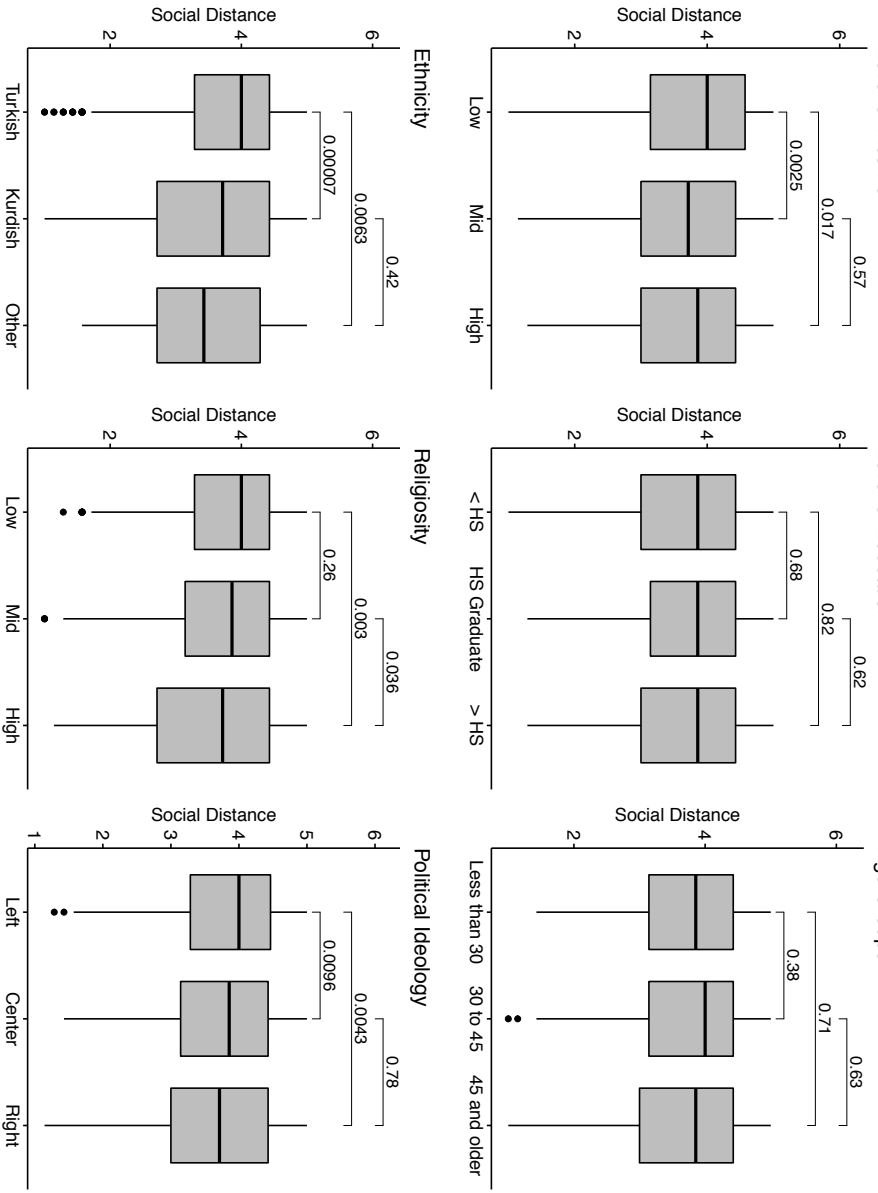
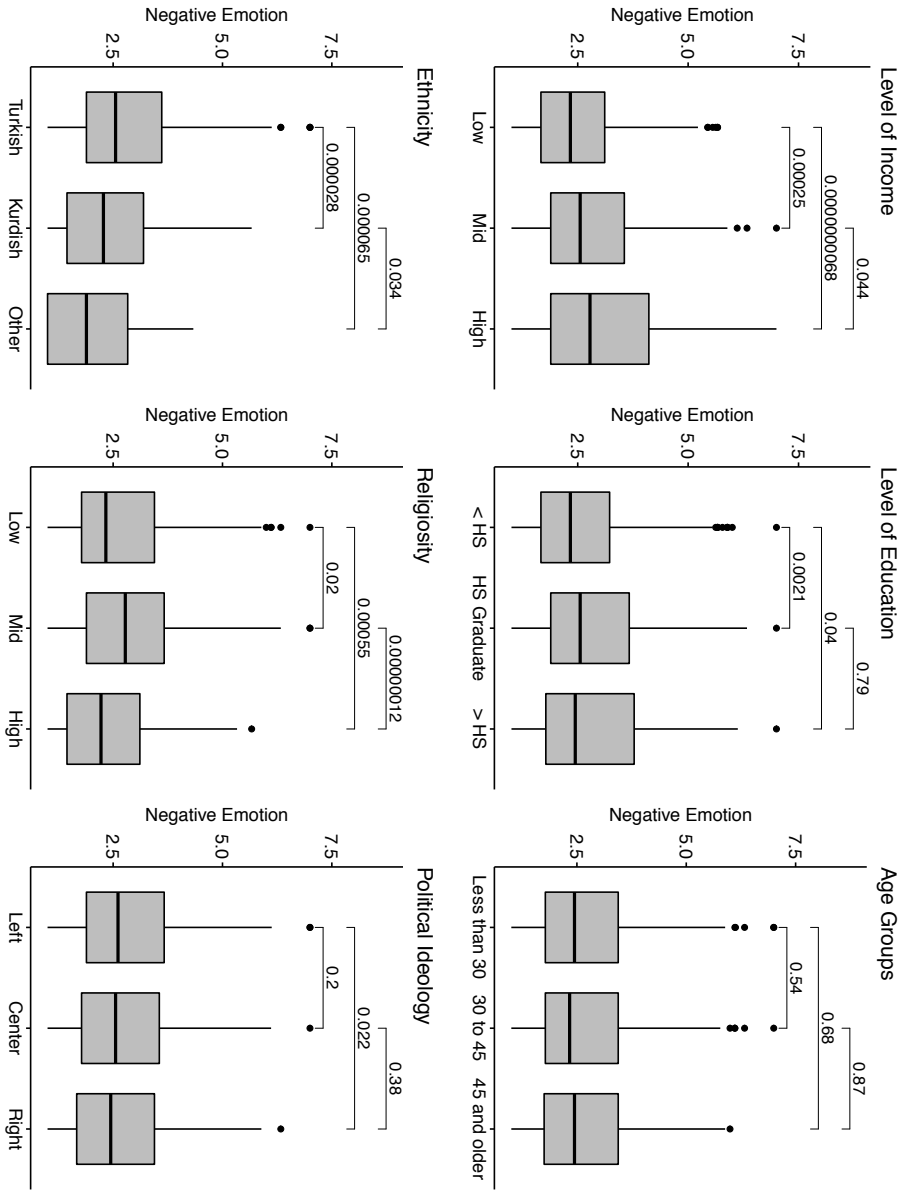


Figure 3. Distribution of control variables on the level of negative emotions



5.2. Testing Allport's Intergroup Contact Hypothesis

I begin by testing the intergroup contact hypothesis by predicting the level of prejudice toward the Syrian refugees via the primary explanatory variable of social distance. As introduced above, social distance is a combined measure of seven different social situations where the participants would agree to socially accept Syrians in bonding situations (such as accepting them as a family member or living with them in the same neighborhood or building, etc.). Model 1 (in Table 2) presents that as people want to dissociate themselves from engaging in socially bonding situations with Syrians, their level of prejudice significantly increases ($p<.001$). Socially refusing Syrians or Syrians families is a robust predictor of why individuals become prejudiced toward them.

Next, in Model 2, we introduce exposure to the Syrians measure to see if daily exposure could decrease prejudice. We thus predicted prejudice by using two primary variables of interest and found that as social distance increases people are still more prejudiced toward the Syrian refugees ($p<.001$). However, as exposure to refugees increases, people become less prejudiced toward them as well ($p<.001$). In that regard, exposure to Syrians in various contexts in daily life in fact promotes greater tolerance and understanding toward them whereas the consideration of accepting them in bonding situations (as a family member, or as a neighbor, or an as a colleague, etc.) significantly increases prejudice.

Since Syrian refugees are not distributed across the country equally, the latter situation is not possible for all Turkish citizens, but the former is more likely for the public. It is thus important to note that Allport's intergroup contact hypothesis may provide a solution to the dissociation between the Syrians and the Turkish public.

When we include all the control variables (in Model 3) as previously used, the findings still hold. That is social distance significantly increases prejudice across the public whereas the effect of exposure to refugees is only marginally significant ($p<.07$). All of the control and demographic variables are insignificant in this model.

Following these models, in Model 4, I include emotional reactions as potential indicators of prejudice. In line with the expectations, neg-

ative emotions about Syrians significantly increase prejudice (p<.001) whilst positive emotions significantly decrease it (p<.001). That is, positive evaluations about Syrians lower the level of prejudice toward them as opposed to the negative evaluations which evidently increase the level of prejudice. These effects are quite robust in comparison to the other two primary variables of interest, social distance and exposure to refugees. In addition, we should note that these effects are confirmed while controlling all the remaining variables (shown in Model 5) as included in the previous models.

As a result, one could indicate that the emotional reactions are potential new factors altering the level of prejudice toward Syrians. These results should be taken within the growing comparative political behavior literature exploring the various roles emotions play in understanding the attitudes on immigrants, refugees, and minorities in populist regimes (Erişen & Kentmen-Cin, 2017; Vasilopoulos, Marcus, & Foucault, 2017; Vasilopoulou & Wagner, 2017).

Table 2. Testing the Intergroup Contact Hypothesis

	Model 1	Model 2	Model 3	Model 4	Model 5
Social Distance	0.423*** (0.0293)	0.411*** (0.0292)	0.428*** (0.0326)	0.252*** (0.0315)	0.264*** (0.0354)
Exposure to Refugees	-	-0.0420*** (0.0111)	-0.0233^{+} (0.0126)	-0.0368*** (0.0100)	-0.0214^{+} (0.0114)
Negative Emotions	-	-	-	0.0985*** (0.0192)	0.128*** (0.0232)
Positive Emotions	-	-	-	-0.232*** (0.0232)	-0.246*** (0.0270)
Constant	2.109*** (0.114)	2.569*** (0.180)	2.463*** (0.274)	3.359*** (0.188)	3.092*** (0.274)
Controls Included	No	No	Yes	No	Yes
N	1203	1203	969	1203	969
R2	0.21	0.22	0.25	0.31	0.34

Note. Ordinary least regression coefficients are reported with robust standard errors in parentheses. Control variables include political knowledge, political ideology, religiosity, vote for AKP, gender, ethnicity, income, social class, education, and age. Population weight is used in the estimation of these models. $^{+}$ stands for p<.10, * stands for p<.05, ** stands for p<.01, and *** stands for p<.001.

In sum, those who are exposed to the Syrians are significantly less likely to be prejudiced against them although this exposure does not primarily lead to social acceptance of the refugees in various contexts. I thus find supporting evidence for Allport's intergroup contact hypothesis for the Syrian refugees in Turkey. Equally important in these findings is that emotional reactions toward Syrians present major effects in changing levels of prejudice. As a result, there are additional indicators that we should take into account when studying prejudice. Yet, these results do not necessarily answer the public support for the potential policies that the government has considered (or has been considering) to deal with the issue. I tackle these in the following multivariate models.

5.3. Preferences on Policies Dealing with the Syrian Refugees

As explained above, six governmental policies (three of which are anti and three of which are pro) were used to address the issues with regards to the Syrian refugees in the country. Each participant was able to report his/her disagreement or agreement toward the policy on a 1-5 scale. Since the dependent variable is ordered, Table 3 reports the ordered logistic regression models with odds ratios of change (z-values of statistical significance shown in parenthesis). Odds ratios present the degree of change in odds for one-unit increase in a continuous predictor variable or when changing levels of a categorical variable, holding other variables in the model constant. Population weight is used in estimation of the following models.

Among all indicators, we see that social distance toward the Syrians is a robust and consistent predictor of individual policy preferences. As people prefer distancing themselves from the Syrian refugees, they

become significantly more likely to support the anti policies that would take Syrians away from the public and significantly more likely to oppose the pro policies that would benefit the Syrians. Regardless of the policy domain, whether it focuses on begging in the country or citizenship opportunities for the Syrian investors, social distance imposes major effects on policy preferences of the Turkish public.

Unlike the consistent effects of social distance, exposure to Syrian refugees in distinct social contexts appears to be influential in two particular policies, the begging ban and the government's encouragement of refugees to leave Turkey. On both of these anti-refugee policies, as people get exposure to the Syrians refugees during their daily lives, they are significantly more likely to oppose these policies. Hence, these individuals with more exposure to refugees in fact prefer taking an opponent position against policies that would ban begging and get them out of the country given the opportunity. In other words, these individuals disapprove of these two specific anti-refugee policies. Specific for these policies is the fact that having voted for the government equally and significantly lowers the level of support for the anti-policies as opposed to those who voted for another political party in the previous elections.

In evaluation of the emotional reactions, we see a number of interesting results. First, both negative and positive emotional reactions present consistently significant effects across almost all policy domains. Second, as expected, positive emotional evaluations of the Syrians increase the probability of support for the pro policies and decrease the probability of support for the anti policies (except for the begging ban policy). In contrast, negative emotional evaluations increase the probability of opposition for the pro policies and increase the probability of support for the anti policies (except in two policy domains). Thus, there is significant evidence for the hypothesis that emotional reactions strongly and consistently alter how one evaluates governmental policies. Finally, the substantive effect of emotional reactions reveals a number of interesting issues. The positive feelings of association toward a group promote an approach behavior by supporting the policies that protect

the group members in every possible way, in this case with the support of pro policies and opposition of anti policies. In a similar vein, negative feelings of association toward a group is a primary source for growing opposition and withdrawal from the group in every possible way, in this case with greater opposition of pro policies and greater support of anti policies. These results strongly correlate with earlier studies where affective reactions are central to individual thought and behavior in politics (e.g., Marcus, Neuman, & MacKuen, 2000).

An overview of the control variables and demographics suggests no consistent effects across the policies. It is interesting to observe no effects of political ideology, political knowledge, or religiosity on policy preferences. Similarly with regards to the demographics, we do not see any major effects of education, social class, gender, ethnicity, age, and income. There is only one exception with high-income earners who are eager to ban begging. Furthermore, for the citizenship item, those who place themselves on the right of the political spectrum and tend to be older than the median participant are more likely to support this policy. We should however note that these effects are mostly policy-specific.

Having said that, it is equally important to emphasize the conceptual importance of intergroup related indicators in assessing public opinion on policies that deal with the Syrian refugees. More importantly, these indicators are the essential concepts to understand the integration process of Syrians to the Turkish society, as this will become a more pressing issue over the following years.

Table 3. Preferences on Politics Dealing with Syrian Refugees

	Anti Refugee Policies			**Pro Refugee Policies**		
	Begging should be prohibited	**Government should encourage refugees to leave Turkey**	**Refugees increase the danger of disease outbreak**	**Refugees should have the same access to welfare as citizens**	**Refugees should be given the right to work in Turkey**	**Refugees that invest 500.000TL in Turkey could receive citizenship**
Social Distance	1.229* (2.13)	1.528*** (4.46)	1.516*** (4.07)	0.709*** (-3.97)	0.608*** (-4.97)	0.607*** (-4.89)
Exposure to Refugees	0.915* (-2.28)	0.920* (-2.43)	1.041 (1.27)	1.035 (1.13)	1.021 (0.69)	1.007 (022)
Negative Emotions	0.969 (-0.45)	0.764*** (-4.01)	1.290*** (3.95)	0.801*** (-3.33)	0.808*** (-3.35)	1.036 (0.53)
Positive Emotions	0.942 (-0.83)	0.831*** (-2.62)	0.764*** (-3.40)	1.706*** (7.14)	1.456*** (5.30)	1.335*** (3.52)
Political Ideology	1.032 (0.94)	1.042 (1.34)	0.945+ (-1.83)	0.987 (-0.48)	1.034 (1.21)	1.082* (2.50)
Vote for AKP	0.665* (-2.17)	0.530*** (-3.67)	0.824 (-1.15)	0.965 (-0.23)	0.972 (-0.18)	1.021 (0.12)
Political Knowledge	0.955 (-0.75)	1.113+ (1.75)	0.968 (-0.59)	0.951 (-0.93)	0.948 (-1.03)	0.966 (-0.57)
Religiosity	0.964 (-0.56)	1.036 (0.57)	1.110+ (1.82)	0.989 (-0.19)	0.992 (-0.14)	0.915 (-1.40)
Female	0.909 (-0.61)	1.091 (0.59)	1.130 (0.86)	0.995 (-0.04)	1.106 (0.72)	1.152 (0.94)

Kurdish	1.413	0.742	0.822	0.755+	0.741+	0.747
	(1.60)	(-1.43)	(-1.02)	(-1.66)	(-1.85)	(-1.59)
Income	1.253**	1.058	1.017	1.003	1.088	0.951
	(3.18)	(0.83)	(0.26)	(0.05)	(1.30)	(-0.73)
Social Class	1.015	1.110	0.905	0.974	0.934	0.905
	(0.20)	(1.40)	(-1.59)	(-0.40)	(-1.05)	(-1.37)
Education	0.929	1.113+	0.968	0.951	0.948	0.966
	(-1.58)	(1.75)	(-0.59)	(-0.93)	(-1.03)	(-0.57)
Age	1.000	1.003	0.996	0.993	1.003	1.015*
	(0.06)	(0.55)	(-0.69)	(-1.26)	(0.52)	(2.49)
N	966	966	932	961	961	948
Chi2	39.54	118.2	144.8	127.2	157.4	146.1

Note. Odds ratios from ordered logistic regression are reported with z statistics in parentheses. Population weight is used in the estimation of these models. + stands for p<.10, * stands for p<.05, ** stands for p<.01, and *** stands for p<.001.

6. Conclusion

In this brief article, my goal was to provide a test of the intergroup relations and level of prejudice toward the Syrians with the use of representative survey data. The results are in partial support of Allport's intergroup contact hypothesis motivating greater exposure to the Syrians decreasing the level of prejudice toward them. However, this effect is not a stand-alone direct finding as social distance toward the Syrians and emotional reactions about the Syrians impose greater effects. Most especially, the results demonstrate that negative and positive emotional reactions on Syrians produce significant effects in altering the level of prejudice and the probability of showing support for (or opposition to) the governmental policies dealing with the issue.

In sum, this article offers a basic introduction to the study of Syrian refugees' integration to the Turkish society. Although the presence of the Syrians in the Turkish society is well-known, the potential of having them stay in Turkey for good and become a part of the society is not acknowledged at all. The importance to understand and address the needs of the Syrians and Syrian refugees living in Turkey for the last few years is an important task for decision-makers as well as for academics, journalists, non-governmental organizations and other relevant parties interested in this issue.

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The Factors Affecting Using Professional Judgment in Independent Auditing: Evidences from Turkey

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Abstract

Using professional judgment, which constitutes the essence of financial reporting in accordance with newly released issues in the audit process at different levels, is one of the leading important issues for independent auditors as well as accounting process in the rapidly changing world. In this study, the opinions related to the factors affecting using professional judgment in independent auditing in Turkey have been determined. Due to importance of experiences and individual opinions of independent auditors, qualitative research method has been used in this study.

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Bağımsız Denetimde Mesleki Yargı Kullanımına Etki Eden Faktörler: Türkiye Örneği

Öz

Hızla değişen dünyada, muhasebe sürecinde olduğu gibi bağımsız denetim sürecinde de yeni çıkan konular ve standartlar doğrultusunda finansal raporlamanın özünü de oluşturan farklı düzeylerde mesleki yargı kullanım gerekliliği, bağımsız denetçiler için de önemli konuların başında gelmektedir. Bu çalışmada, Türkiye'de bağımsız denetimde mesleki yargı kullanımına yönelik bağımsız denetçilerin görüşleri belirlenmeye çalışılmıştır. Bağımsız denetçilerin tecrübeleri ve konu ile ilgili bireysel görüşleri önemli olduğu için, bu çalışmada nitel araştırma yöntemi kullanılmıştır.

Anahtar Kelimeler: bağımsız denetim, bağımsız denetçi, mesleki yargı, denetçi yargısı, Türkiye

1. Introduction

Personal assessments play an important role in our lives. The decisions we take, the conclusions we arrive, and the suggestions we make under possible situations of uncertainty generally arise based on our own judgments (Kahneman & Tversky, 1982, p. 32). The judgment concept in general means forming an opinion, a view, or an estimate about an event, a situation, or a subject (Bonner, 1999, p. 385). Professional judgment is an action undertaken by experts and experienced people. To carry out an action, initially, the events should be cognitively assessed. While performing these assessments, the rules that are unique to each profession should be considered.

Professional judgment in auditing is using the education, knowledge, and experience within the framework of the relevant legislation, Independent Auditing Standards (IAS), accounting standards, and ethical standards while making decisions based on the information about the steps to be taken in accordance with the situations present during the conduct of the audit (IFAC, 2010, para. 13f).

Owing to the changes in accounting and reporting fields in the world, the reporting process of companies has also started to take a more complex structure. It is clear that the auditors should use their professional judgment more in such a complex structure. Therefore, in this study, it is aimed to determine the views of the independent auditors on factors affecting the use of professional judgment in independent audits in Turkey.

2. Professional Judgment in Independent Auditing

Professional judgment constitutes the cornerstone of the audit. American Institute of Certified Public Accountants (AICPA) indicated that judgment is a significant element of the audit in 1955 (as cited in Trotman, 2006, p. 6). Mautz (as cited in Trotman, 2006, p. 6) stated that judgment had an inevitably important role in auditing in 1959. Ashton systematically analyzed the process of using professional judgment in independent auditing and it is observed that notable studies have started to emerge on the professional judgment process of the auditor after his work (Messier Jr, Quilliam, Hirst, & Craig, 1992, p. 123).

It is observed that the professional judgment and the decision making process of the auditor are in the center of the professional conduct of auditors. An experienced auditor should focus on how she/he will form her/his professional judgment and make decisions while conducting the audit work. In this respect, professional judgment and decision making require an auditor to have professional competence for carrying out the audit work effectively (Bik, 2010, p. 28). The professional competence of the auditor is built upon her/his training, knowledge and experience.

In addition to these aforementioned situations, due to the fact that the reporting process of companies has also started to take a more complex structure owing to the changes in accounting and reporting fields in the world, it is necessary for the auditors to use their knowledge, training, and experience together with an increased level of professional judgment (IAASB, ICAS, & IAAER, 2015, p. 3). Therefore, it is of utmost importance for the auditors to have general information about the sector in which the organization operates, the system that is used to prepare the financial information and the economy (The Canadian Institute of Chartered Accountants, 1995, p. 29).

3. Factors Affecting the Professional Judgment of the Independent Auditor

Professional judgment has always been an important issue for accounting and auditing. Professional standards based on general principles generally provide guidance to auditors; however, these standards require the auditors to use higher levels of professional judgment in the audit process (Schmutte & Duncan, 2009, p. 35). Professional judgment in general refers to a process in which the information is collected and the results are synthesized. In this process, there are some factors that affect an auditor's using her/his professional judgment. According to The Canadian Institute of Chartered Accountants (1995), there are five major factors that affect the professional judgment of an auditor. The general content of these factors is briefly summarized as follows:

- Audit task environment (Accountability, knowledge of the busi-

ness, client acceptance and continuance, audit committees, competitive pressures and professional standards),

- Auditor characteristics (Independence, objectivity and integrity, knowledge, experience and expertise, professional competence, judgmental biases and professional skepticism),
- Audit evidence in relation to materiality and audit risk (Sufficient and appropriate evidence, materiality and audit risk, enhancing profession-wide uniformity),
- Decision making in Auditing (Identifying the crucial issues, gathering information, identifying possible solutions, evaluating alternatives and reaching conclusions),
- Qualitative attributes of audit judgments (Accuracy and consensus, consistency and stability, problem indicators and self-insight, defensibility, consultation and documentation).

Since professional judgment is affected by many factors as noted above, it may vary from one person to another. Therefore, it is not possible to say that the process of forming a judgment is trivial. One of the fundamental conditions of being a good accountant and auditor is being capable of forming a good professional judgment (The Institute of Chartered Accountants of Scotland, 2012, p. 3). The basic condition for the ability to form a good professional judgment is to have the sufficient know-how. It is necessary for an accountant and auditor to use adequate information on the situation when using her/his professional judgment. The practical use of knowledge provides an active and significant learning experience (Rutter & Brown, 2015, p. 25).

4. Literature Review

In this part of the study, previous studies that had been conducted on independent auditors' usage of their professional judgment while carrying out their audit work across the world and in Turkey are reviewed.

Socol tried to establish the fundamental differences between subjectivity and professional judgment in auditing in her study titled *"Materiality in the Context of an Audit between Professional Judgment and Subjectivism"*. This study emphasized the importance of using profes-

sional judgment when determining the materiality level. Moreover, the operating environment of the audit, the character traits of the auditor, the audit evidence, and the decision making process were among the factors that influence the professional judgment of the auditor (Socol, 2008, pp. 209–216).

Cianci and Bierstaker sent their study titled *"The Impact of Positive and Negative Mood on the Hypothesis Generation and Ethical Judgments of Auditors"* to 400 auditors registered on the email list of AICPA over the internet in the form of a questionnaire survey and according to the results of the study, they determined that the judgments of auditors were affected by the mood of the auditor (Cianci & Bierstaker, 2009, pp. 119–144).

Wang and Tuttle investigated the impact of mandatory auditing firm rotation on the negotiation between the auditors and the clients in their study titled *"The Impact of Auditor Rotation on Auditor–Client Negotiation"*. Wang and Tuttle (2009, pp. 222–243) determined that auditors that were subject to mandatory auditor rotation accepted collaborative negotiation strategies with the customers (for example, allowing less concession, etc.) less than other auditors.

Lehmann and Norman considered the effect of experience in their study titled *"The Effects of Experience on Complex Problem Representation and Judgment in Auditing: An Experimental Investigation"* and conducted research on novice and expert groups to investigate the differences indicated in the problems. According to the results of their study, expert individuals were determined to provide more succinct explanations than novices and intermediate level individuals (Lehmann & Norman, 2006, pp. 65–83).

Peytcheva and Gillett provided a case study on auditors and students in their paper titled *"How Partners' Views Influence Auditor Judgment"*. In this paper, the hypotheses were constructed as follows: the auditor learns the views of her/his superior and makes a judgment or the auditor makes a judgment and then learns the views of her/his superior to check if it is different from her/his judgment. According to the results of the study, it was concluded that the judgment of the auditor made

without learning the superior's views was the same with the judgment of the superior (Peytcheva & Gillett, 2011, pp. 285–301).

Nolder investigated the relationship between the auditor's emotions and judgments as a response to the information provided by the clients in her study titled *"The Role of Professional Skepticism, Attitudes and Emotions on Auditor's Judgments"*. This study extended the research on the negative mood and its impact on the judgments of the auditor. According to the results of the study, a negative mood was found to have different effects on the judgments of the auditor (Nolder, 2012).

Aghazadeh examined the impact of trust expressed by the clients on the judgments of the auditor in her work titled *"Expressed Confidence and Skepticism: The Effect of Expressed Confidence on Auditor Judgments"*. According to the results of this study, it was determined that the auditors did not use the expressed confidence when their clients had a stronger control and business environment; however, they used the confidence heuristic when the client has a weaker control and business environment. She concluded that expressed confidence provided new theoretical insights for decision-makers (Aghazadeh, 2012).

Chiang and Lin analyzed semi-annual and annual auditing reports of public companies in Taiwan between 1999-2008 in their study titled *"Effect of Auditor's Judgment and Specialization on Their Differential Opinion between Semiannual and Annual Financial Reports"*. In terms of the auditor-client relationships, hypotheses were built around the fact that negative reports issued in semi-annual audits were becoming positive reports in annual audit reports. According to the results obtained, it was found that different audit reports were issued for a significant client. Moreover, it was concluded that improving the auditors' expertise and independence could decrease the level of issuing differential audit reports (Chiang & Lin, 2012, pp. 1–22).

Bhattacharjee and Moreno examined the effect of auditors' emotions and moods on the audit judgments in their study titled *"The Role of Auditors' Emotions and Moods on Audit Judgment: A Research Summary with Suggested Practice Implications"*. As a result, they determined that the moods and the emotions of the auditors had a potential to affect

their audit judgments (Bhattacharjee & Moreno, 2013, pp. 1–8).

Wittayapoom investigated the relationship between the auditors' dedication to the profession, as well as sector and business know-how and their professional judgment in her study titled *"Professional Judgment Effectiveness: A Study of Tax Auditors in Thailand"*. According to the results of this study, she determined that the dedication to the profession, and sector and business know-how were strongly and positively related to the professional judgment (Wittayapoom, 2014, pp. 585–593).

Danescua and Chira identified the factors that affected the professional judgments of the auditors in Romania in their study titled *"Professional Judgment and Reticence to Apply Sampling Techniques"*. It was determined as a result of the study that experience, technical skills, and moral principles were the three most important factors affecting the professional judgment (Danescu & Chira, 2014, pp. 1253–1258).

Figueroa and Cardona searched, whether experience affected the professional judgment of an auditor within the framework of an audit planning in their study titled *"Does Experience Affect Auditors' Professional Judgment? Internal Controls and Fraud Decisions"*. They considered Hofstede's dimensions of culture in this work. According to the results of their study, experience does not have an effect on the decisions to be taken during the audits of firms that were located in different countries and that had different cultural characteristics (Figueroa & Cardona, 2013, pp. 221–222).

Erturan interpreted the effect of auditors' cultural characteristics on the audit process according to the results of a survey in his work titled *"Influence of Culture on Auditor and Audit Process: A Study on Auditors on Turkey"*. The survey was prepared by incorporating Hofstede's cultural dimensions. According to the results of this study, the auditors were determined to have been affected by cultural elements in all stages of the audit process (Erturan, 2007).

Tanç and Gümrah identified the level of importance of the factors that had an effect on the professional judgment decisions and determined the frequency of professional judgment decisions in each stage

of the audit activity in their work titled *"A Survey to Determine Factors Affecting Professional Judgment Ability on Independent Audit"*. The findings of the study emphasized that independence, experience, and objectivity were the most important factors affecting the professional judgment decisions (Tanç & Gümrah, 2015, pp. 525–538).

5. A Study on Factors Affecting the Professional Judgments of Independent Auditors in Turkey

In the literature review conducted, not many studies were found on the auditors' professional judgment and decision making processes in Turkey. This study aimed to determine the views of independent auditors on the factors affecting the use of professional judgment in independent audits in Turkey. Since the experiences and individual opinions of independent auditors were important, a qualitative research methodology was employed.

The sample of the study comprises independent audit companies authorized by the Public Oversight, Accounting and Audit Standards Authority (POA) and have revenue over TRY 1 million according to the 2014 transparency reports. POA is an institution established to oversee and monitor the audits of large-scale companies, primarily publicly-listed companies, banks, and insurance companies and to set and publish the Turkish accounting and auditing standards that are compatible with the international auditing standards. It is a public organization with administrative autonomy. The reason for choosing companies with an independent audit revenue of TRY 1 million or higher as reported in the 2014 transparency reports is the fact that they represent this group at 92.04% in terms of the revenues from independent audits. Although there are 12 companies with independent audit revenues exceeding TRY 1 million as published in the transparency reports, one company expressed that they wished not to be included in this study. Therefore, 14 responsible partner lead auditors and one lead auditor were interviewed. Since the auditors in the four big auditing firms (Deloitte, PriceWaterhouseCoopers, Ernst & Young, and KPMG) specialized in real sector and financial sector; two auditors who perform real sector audits

and two auditors who perform financial sector audits were interviewed from each of these companies. The face-to-face structured interview technique was selected to collect the data. Prior to the primary data collection through face-to-face interviews, a pilot study was conducted with one responsible partner lead auditor from each of the four big audit firms to identify the most important factors affecting professional judgment and to test the understandability of the designed questions. The participants were initially asked closed-ended questions and then requested to explain their justifications for their answers in detail. In this study, the content analysis method was used for the classification, summarization, and coding of the data collected from the interviews.

5.1. General Information

In this section, initially, the descriptive information about the independent auditors surveyed is presented.

According to responses, 80% of the independent auditors were married; 27% of them were women and 73% were men. 73% of the auditors were 35-45 years old, whereas 14% were aged 46-55, and 13% were aged 56-65. 14 of the independent auditors had an undergraduate degree in Turkey and one auditor had an undergraduate degree abroad. Moreover, one auditor who did their undergraduate degree in Turkey also did a master's degree abroad.

Among the 15 independent auditors interviewed, only one was a lead auditor and the remaining 14 were responsible partner lead auditors. Among the 14 responsible partner lead auditors, 8 stated that they were employed in their company in this position for 1-5 years, 3 were employed for 5-10 years, 1 was employed for 11-15 years, and 2 were employed for 16-20 years. The lead auditor was employed for 1 year in his company in this position.

In terms of the questions on certification and titles of the independent auditors, 8 indicated that they had certificates of Independent Accountant and Financial Advisor (IAFA), Capital Markets Independent Audit License (CMIAL), and Public Oversight Authority Auditor (POAA); 1 auditor had certificates of IAFA, Certified Public Accountant (CPA),

Certified Internal Auditor (CIA), CMIAL, and POAA; 1 auditor had certificates of IAFA, CPA, CMIAL, and POAA; 1 auditor had certificates of IAFA, CIA, CMIAL, and POAA; 1 auditor had certificates of IAFA, CMIAL, POAA, and Other (Treasury Auditor); 1 auditor had certificates of CAFA, CPA, CMIAL, and POAA; 1 auditor had CAFA, CMIAL, and POAA; and 1 auditor had only the CAFA certificate.

In terms of the independent auditors' answers to the question on the total time spent in independent auditing and previous job experiences, 57% indicated that they had been conducting independent audits for 16-20 years, 36% for 11-15 years, and 7% for 1-5 years. Moreover, 7 auditors stated that they had worked as a Chief Financial Officer (CFO), Account Specialist, Capital Markets Board (CMB) Auditor, Lead Account Specialist, Corporate Governance and Financial Affairs Coordinator, General Manager in Intermediary Firms, Inspector at CMB, and Tax Inspector before they became a responsible partner lead auditor.

When the independent auditors were asked in which sector they conducted audits the most frequently; 8 auditors answered the real sector, 4 auditors answered the financial sector, and the remaining 3 auditors answered both the real sector and the financial sector.

Following the general characteristics of the independent auditors, the next section presents the content analysis of the results obtained from the auditors via interviews on the factors that affect the use of professional judgment in independent audits, which constitutes the main subject of the study. While the answers to each question are presented in a table, the auditors are divided into three categories as those from the real sector working in one of the 4 big audit firms (4 big real sector), those from the financial sector working in one of the 4 big (4 big financial sector), and auditors employed in audit firms other than the 4 big companies (firms other than the 4 big). Hence, it is possible to see how the obtained data is explained by which independent auditor in the above-mentioned three groups.

5.2. Information on the Factors Effective in the Use of Professional Judgment

This section presents the analysis of the data obtained from the interviews with the independent auditors about the personal factors involved in the use of professional judgment, the factors related to the audit environment, and other factors.

5.2.1. Personal Factors Affecting the Use of Professional Judgment

In this part of the study, views of the independent auditors on selected certain personal factors which have an effect on the use of professional judgment, such as education, experience, psychological condition, and sector expertise are presented.

Table 1 presents the data obtained from the question on whether the independent auditors' education in the country (domestic) or abroad (international) had an impact on the decision making process when they used their professional judgment.

Table 1. Does domestic or international education (undergraduate or graduate) of the auditor have an impact on the decision making process when using professional judgment?

	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
Yes	3	2	5	10
No	1	2	2	5

As it can be seen in Table 1, 10 of the independent auditors interviewed stated that the education in the country or abroad had an impact on the decision making process when auditors used their professional judgment. Of these 10 participants, 3 auditors work in 4 big real sectors, 2 auditors work in 4 big financial sectors, and 5 auditors work in audit firms other than the 4 big.

Building on the data obtained from Table 1, a content analysis was performed on the responses received from the independent auditors to

determine the effect of domestic or international education on their decisions related to professional judgment and the results are presented in detail in Table 2. In Table 2 and all following tables, the negative views of the auditors about the corresponding question are presented in italics.

Table 2. What effects does domestic or international education (undergraduate or graduate) of the auditor have on the decision making process when using professional judgment?

Codes	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
Their worldview would be broader and they would have a different perspective.	1		3	4
To observe different auditing standards at a different dimension provides you an added value when performing comparisons.	1	1		2
Sometimes observing different ways of doing business contributes to your work.	1	1		2
The auditor experiences a multi-dimensional decision making process.			1	1
The auditor develops better strategies and policies in each case.			1	1
If the auditor has studied abroad, then the subjects are better understood since she/he would have learned the legislation from the exact source.			1	1
Studying abroad always has positive contribution on self improvement.	1			1
Since there is a long history of the independent auditing profession abroad, an international education makes a positive difference.			1	1

They provide a higher quality service. The client is more satisfied. Since the audit firms cannot advertise, when the client is satisfied, they tell other clients and it creates a chain effect.			1	1
The training is provided to those working abroad to really teach something. On the other hand, many firms in Turkey pretend that they do it.			1	1
I do not think that the education in Turkey is significantly different from the education abroad.		*1*	*1*	*2*
In terms of the training provided by the companies, domestic or international does not differ; they would be very similar in global firms.		*1*		*1*
Having an undergraduate or a graduate degree abroad is not sufficient. What is important is whether you have been trained on the job in this profession.			*1*	*1*
Domestic or international does not matter, but the content of the education makes a difference (in terms of technical competence, setting a foundation, and risk perception).		*1*		*1*
Having studied in the country or abroad does not matter. If the auditor receives the right professional training, then she/he can arrive at that professional judgment easily.	*1*			*1*

As it can be seen from the content analysis in Table 2, training abroad was emphasized to have a positive effect considering that the auditors studied abroad would have a broader perspective when they use their professional judgment. Moreover, it was indicated that observing different auditing standards at a different dimension when studying

abroad provided the auditor with an added value when performing comparisons on similar cases in Turkey. The education received abroad was emphasized to benefit the auditor in terms of having a multidimensional decision making approach, developing professionally, and creating better strategies and policies in each case. Since studying abroad provides the auditor with the opportunity to learn the legislation from its source, the issues encountered in an audit activity in Turkey could be better understood, and consequently the professional judgment would be more effective. At the same time, it was indicated that there existed a long history of the independent audit profession abroad, and therefore, the education systems were more advanced and higher quality.

Above, although in general many auditors stated that having studied abroad had a positive effect on the decision making process when using professional judgment, some auditors emphasized that having studied in Turkey or abroad did not have an effect in terms of using professional judgment. According to the auditors who have this view, there is no longer a significant difference between the education systems in Turkey or abroad; they are almost identical. Again, another auditor indicated that there were no differences between the domestic and international education in general; there could be differences between the two systems only in terms of technical competence and the perception of risk.

Table 3 presents the information on whether the independent auditors had any experience in any audit process abroad.

Table 3. Do you have any experience in any audit process abroad?

	Big 4 Real Sector	**Big 4 Financial Sector**	**Firms other than the Big 4**	**Total**
Yes	2	2	4	8
No	2	2	3	7

As it can be seen in Table 3, only 8 participants among the independent auditors interviewed were involved in an audit process abroad. It is observed that, of those auditors who had an audit experience abroad, 2 participants worked in the Big 4 real sector, 2 participants worked in

the Big 4 financial sector, and 4 participants worked in auditing firms other than the Big 4.

Table 4 presents the data obtained from the question on whether the independent auditors' having an international experience had an impact on the decision making process when they used professional judgment.

Table 4. Does having an international auditing experience have a different effect on the decision making process?

Codes	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
Yes	2	2	5	9
No	2	2	2	6

It is observed in Table 4 that 9 participants among the independent auditors interviewed stated that having an auditing experience abroad had an impact on the decision making process when using professional judgment. Of these 9 participants, 2 auditors work in Big 4 real sector, 2 auditors work in Big 4 financial sector and 5 auditors work in auditing companies other than the Big 4.

General information obtained from the independent auditors about having an international experience both for auditing and other purposes are given in Table 3 and 4. Moreover, more than half of the participants indicated that having an international experience would have an impact on the auditor's decisions about using professional judgment when conducting an audit. Building on this point, content analysis was performed on the responses received from the independent auditors to determine what effects an international experience could have on the decisions to use professional judgment and the results are presented in detail in Table 5.

Table 5. What kind of effects would have an international experience have on the decision making process when using professional judgment?

Codes	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
The perspectives of those who are abroad are rather different.	2	2	2	6
Owing to the long history of the independent auditing profession abroad, the level of theoretical knowledge would be high.		1	2	3
Working in a different sector, a different country, or different companies has an important effect on using judgment correctly.	1	1		2
Since there is a long history of the capital markets abroad, the experiences in various cases may reinforce the professional judgment here.			1	1
Since the legislation in Turkey is based on the translations, it is possible that there are no examples in some topics or applications. When abroad, it is important that the cases are experienced through practicing.			1	1
Ethical values of those that are abroad are higher.			1	1
Since the legislation in Turkey is imported, having auditing experience abroad would cause small differences of opinions in the detail and the interpretations.			1	1
Since the accounting culture and the perspectives on auditing in Turkey are yet to become mature, we are missing the big picture. Those that are abroad could focus on more important parts.		1		1
Those that are abroad spend more time in communicating with the clients.		1		1
Those that are abroad could fully concentrate on their profession and perform a full audit.			1	1

Companies abroad can conduct more risk-based audits.			1	1
Independent audit is perceived as full confirmation in Turkey.			1	1
There are audit methodologies which have been developed practically over the years in the companies abroad.			1	1
The independent audit companies abroad that are in the top 4 or 10 have very serious training and auditing programs.			1	1
Domestic or overseas, it does not matter. Since the work done is the same, it will not have an effect on the professional judgment. They could only have an opportunity to observe cultural differences.		*1*		*1*
It will not have an effect on the decision making process. There would only be a reaction change.		*1*		*1*
Even if you work in Turkey or abroad, at the end of the day, the decision you would work at the point where you use your professional judgment will not change. Only the time you spend arriving at certain judgments with your experience might be shorter or longer.	*1*			*1*
There is a more routine system abroad. Conducting independent audits in Turkey may result in facing situations that require you to use your judgment more.	*1*			*1*
It would be in terms of gaining experience. However, it would not have a direct one-to-one effect on professional judgment.	*1*			*1*
If this job has a rule and if we say that it is performed professionally here, then it should not have a very significant effect.		*1*		*1*

As it can be observed in the content analysis presented in Table 5, the majority of the independent auditors working in Big 4 real sector, Big 4 financial sector, and in audit firms other than the Big 4, it was emphasized that those that were abroad had very different viewpoints of the events. In addition, owing to the long history of the independent auditing profession abroad, the level of theoretical knowledge was stated to be higher. At the same time, having conducted audits in different countries and different sectors was again stated to have a positive effect on the decisions to use professional judgment.

Apart from these, another important point that was highlighted is the fact that the history of capital markets abroad is much longer and an auditor's experience of these would be helpful in making the professional judgment that should be used here, more effective. This is because the related legislation in Turkey was taken from abroad and therefore, the solution methods for each case encountered do not always exist in the legislation. However, it was emphasized that having lived abroad and experienced these cases would make it much easier to arrive at the professional judgment that needs to be used in similar cases. Another important point is that the participants indicated that ethical values of those that were abroad were higher than those that were in Turkey.

It was stated that the auditors missed the big picture because the accounting culture and the perspectives on auditing in Turkey had not fully matured yet. On the other hand, it was mentioned that there did not exist any negativity in the auditors abroad in this respect, the auditors there could easily focus on the accounts that really need to be examined in financial table audits, in particular, by conducting a risk-based audit.

Observations that the auditors abroad could communicate with their clients at higher levels, examinations of the audit methodologies of the firms abroad, and the opportunities to participate in higher quality audit training were indicated as the other reasons why having an experience abroad would have an impact on the decision making process when using professional judgment.

Above, although in general, many auditors stated that having experience abroad had a positive effect on the decision making process when

using professional judgment, some auditors emphasized that it would not have an effect in terms of using professional judgment apart from observing the cultural differences because the application methods of audit studies both abroad and in Turkey were identical. Another auditor indicated that having an experience abroad would not change the professional judgment decisions, but it would shorten or lengthen the time required to arrive at the professional judgment owing only to the presence of the experience. In addition, another auditor stated that since the audit firms abroad have routine systems, they would need less professional judgment; however, because the cases encountered in Turkey were rather different, there would be a higher need to use professional judgment here.

In the assessments of the independent auditors on whether experience had any impact on the decision making process when using professional judgment, all of the independent auditors from both the Big 4 and the audit firms other than the Big 4 indicated that experience had a very important effect on the decision making process when using professional judgment. Table 6 presents the responses of some participants to question on what kind of effect the experience would have on professional judgment.

Table 6. What kind of effects would experience have on professional judgment?

Codes	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
It would be very effective, especially on the basis of sectors.			2	2
As the experience increases, it is learned that one should be a skeptic and should not trust the clients.	1	1		2
In the independent audit, it is absolutely a must to conduct the audit within the hierarchy.	1		1	2
The titles are earned with experience.			1	1
The more issues and situations one faces and experiences, the easier it gets to use professional judgment in the related issues.	1			1
The experience has an impact on professional judgment, not only in terms of the time worked, but also in terms of the problem or error types encountered in the firms that are audited.	1			1

As it can be seen in Table 6, it was emphasized that experience has an effect on especially sector-based professional judgment decisions. Moreover, it was indicated that the auditors become more skeptical with increasing experience and learn that they should not trust their clients. The experience was also indicated to have an impact on the use of professional judgment in terms of both the time worked and the problem types encountered. It was noted that the more issues and situations an auditor faces, the easier it gets to use their professional judgment.

Table 7 presents the assessments of the independent auditors on how much experience an auditor should have in order to use their professional judgment when conducting audits.

Table 7. How much experience should an auditor have in order to use their professional judgment?

	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
3+	1		1	2
5+	1	2	2	5
7+	1			1
8+	1	2		3
10+			2	2
15+			1	1
Undecided			1	1

As it is observed in Table 7, 13 of the independent auditors interviewed indicated that an auditor should have at least five years of experience to use their professional judgment when conducting audits. Among the independent auditors interviewed, two participants stated that an experience of three years would be sufficient. One participant from the audit firms other than the Big 4 noted that it would not be correct to give a net duration since it would change depending on the characteristics and the skills of the person.

In the assessments of the independent auditors on whether the experience of the team had any impact on the decision making process when using professional judgment, all of the independent auditors from both the Big 4 and the audit firms other than the Big 4 indicated that the experience of the team had an important effect on the decision making process when using their professional judgment. The results of the content analysis performed on the effects of the experience of the team on professional judgment are presented in Table 8.

Table 8. What kind of effects would the experience of the team have on professional judgment?

Codes	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
I expect an experienced person to use their professional judgment more effectively.		1	1	2
While you want to work with a team that is more experienced in a complex job, you may be able to face the risks with a person who is less experienced in a job that is less complex.	1		1	2
It is important that your team has experience related to the sector.		1	1	2
In professional training, if the people who are more experienced in this job teach the other employees, then all people could use more correct professional judgments and work much more effectively.	1		1	2
An experienced team may find what to investigate more easily by doing less work.	1	1		2
First and foremost, because it is the team that prepares everything, it is important what the team brings and does not bring to you. You make a professional judgment based on what they bring.			1	1
The team is directing you by passing on information to you.			1	1
The rapport, the education, and the experience of an independent audit team increase the speed of the audit in the first place. And this shortens the decision making process.			1	1
Those with experience focus on areas where results could be reached swiftly.			1	1
The more experience you and your teams have, the better you carry out that audit program.			1	1

Previous experiences and the results of previous studies may help focus on certain areas more.		1		1
As is indicated in the literature, if less experienced people work at a higher level of detail and go outside the procedure we prescribe and spend a lot of time, then they increase the cost of the audit.			*1*	*1*

As it can be observed from Table 8, one of the most important topics emphasized was the expectation that experienced people in the team should use professional judgment more effectively. In addition, it was desirable to work with a more experienced team in a more complex audit study whereas it was possible to face the risks with less experienced auditors in a less complex job. Another important point highlighted was that the team should have sector-specific experience.

It was also stated that if there was a very experienced auditor in the team who would teach the less experienced members of the team what kind of planning should be done, then all auditors in the team would work more effectively and make more correct professional judgments. Moreover, it was indicated that a more experienced team would conduct a narrower study and have interpretations made more easily about where they should focus.

It was also highlighted as an important aspect the kind of information the team would bring to their senior manager. That is because the content and the reliability of the information is very important at this point since the senior manager would use their professional judgment based on the information brought by the team. At the same time, it was stated that when the auditors in the team were experienced, trained, and in rapport, the speed of the audit would increase. Consequently, it was emphasized that the decision making process in using professional judgment would take much shorter.

Again, it was mentioned that carrying out an audit program with an experienced team would make it possible to focus on areas where

results would be reached much faster. It was stated that it would be much easier to make a decision which areas should be focused more as a result of the previous experiences of the team members.

Apart from these positive views on the experience of the team mentioned above, one participant stated that if less experienced auditors in the team go outside the scope of the procedure prescribed by their senior managers, this might result in spending more time unnecessarily and creating an additional cost for the audit firm.

Table 9 presents the assessments of the independent auditors about whether psychological conditions of the auditor had an effect on the decision making process when using professional judgment.

Table 9. Does the psychological condition of the auditor have an effect on the decision making process when using their professional judgments?

	Big 4 Real Sector	**Big 4 Financial Sector**	**Firms other than the Big 4**	**Total**
Yes		1	3	4
No	3	3	4	10
Undecided	1			1

In Table 9, it is observed that 10 participants among the independent auditors interviewed stated that the psychological condition did not have an effect on the decision making process when making professional judgment. On the other hand, 4 participants interviewed stated that the psychological condition had an effect and 3 of these participants worked in audit firms other than the Big 4. The details on what kind of effects the psychological condition would have on the decision making process when using professional judgments are presented in Table 10 as expressed by the independent auditors.

Table 10. What kind of effects would the psychological condition of the auditor have on the decision making process?

Codes	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
Together with their psychological condition, if there are problems in the character of the person, then the professional judgment that would emerge from there might be weak.		1	1	2
If the auditor has a bad psychological condition, then it affects the professional judgments of other colleagues.			1	1
The hypercritical approach of a person in a bad mood might be offensive to the client. The client cannot not speak the truth.			1	1
If we have a bad mood that day, then it might decrease the effort we would put in.		1		1
It might affect our employees at lower levels more.		1		1
Solution Suggestions				
If this issue poses a problem for the company, then we talk with the person about the situation and help them solve it.			1	1
We help relocate a person whose problem is not resolved, in a different job.			1	1
In companies that have a human relations department, this situation can be controlled better because the employees might be subject to certain career planning or character tests.			1	1
To prevent this situation, relatively longer working periods might be allowed. They might make a decision more comfortably because they would have a longer time.		1		1

In periods when we know we have such moods, we check certain things twice. We try to put extra care on certain things.	1			1
If we have a colleague with such a problem in the team, then we question their professional judgment on areas that we know are risky.	1			1
To resolve this problem, a person with such a mood is not allowed to make important decisions on their own.			1	1
It will not have an effect unless it is a clinical case.	*1*		*3*	*4*
One has to be professional; it will not have an effect.	*2*	*1*	*1*	*4*

As it can be seen in Table 10, two participants, one from the Big 4 finance sector and one from the audit firms other than the Big 4 indicated that the negative effect of an auditor's psychological condition on professional judgment is only possible if there is a problem in the personality traits of a person. Moreover, it was stated that when the psychological condition of an auditor is bad, it would affect the decision making processes of other colleagues.

As indicated in the literature, the hypercritical approach of auditors who have a negative mood was not approved by one of the participants interviewed. It was also stated that more hypercritical approaches of the auditors towards the client could be offending to the client and the client might be affected from this attitude and refrain from telling the truth.

It was mentioned that when psychological problems constitute an issue for the company, the related person would be counseled to solve this problem and offered help as much as possible. It was indicated that people who continue to have the problem are relocated into other jobs. It was highlighted that, in particular, the companies that had a human relations department carried out character tests prior to employment and therefore it was possible to identify a person who might have such a problem right at the beginning.

It was noted that people who had a psychological problem were given a little longer working time and therefore allowed to produce healthier results since they would spread their assessment over a longer period. They also mentioned that in order to avoid any mistakes that might be made by an auditor in such a mood, they might run a second audit process to review the cases carefully. Moreover, if an employee with such a problem was identified in the team, the risky studies they had performed would be reviewed and the results that might have a negative impact on the professional judgment decisions might be prevented.

It is observed in Table 10 that the majority of the participants indicated that psychological conditions did not have any effect on the professional judgment decisions. The majority stated that the main reason was the necessity to be professional when conducting audit work irrespective of the auditor's mood. It was asserted that as long as the psychological condition of the person is not at the level of a clinical case, it was not possible for it to have any effect on professional judgment decisions.

Table 11 presents the assessments of the independent auditors about whether sector expertise had an effect on the decision making process when using professional judgment.

Table 11. Does sector expertise affect professional judgment?

	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
Affects	4	4	6	14
Does not affect			1	1

As it can be seen in Table 11, 14 of the independent auditors interviewed stated that the sector expertise had an important effect on the decision making process when using professional judgment. Only 1 participant from the audit firms other than the Big 4 stated that the sector expertise did not have an effect on professional judgment.

It is observed in the responses to the question about the kind of effect the sector expertise would have on the professional judgment de-

cisions that a person who had a sector-specific experience would have the ability to use stronger, more certain, and more robust professional judgments. For example, while less experienced auditors perform only a stock count test, an auditor with the sector-specific expertise investigates the appropriate stock valuation methods.

Moreover, since an auditor with sector-specific expertise not only knows the audit legislation but also knows that sector's own legislation, the sector-specific expertise was indicated to have a positive effect on professional judgment. Financial tables and related legal regulations of certain sectors could be very different. Therefore, there are differences in recording and measuring accounting transactions. Prior to making an audit decision in a certain sector, if the auditors with sector-specific expertise have a practical experience in that sector, then it will be easier for them to command the events.

5.2.2. Factors Related to the Audit Environment with an Effect on Professional Judgment

In this part of the study, views of the independent auditors on certain selected factors related to the audit environment such as the team member effective in using professional judgment, the auditor carrying out quality control activities, peer-review, auditor-client relationship, the large proportion of the client's company in the total revenues of the audit company, and organizational culture, all of which have an effect on the use of professional judgment are presented.

Table 12 demonstrates the assessments of the independent auditors about whether a team member had an effect on the decision making process when using professional judgment.

Table 12. Does a team member affect professional judgment?

	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
Affects	4	3	6	13
Does not affect		1	1	2

As it can be seen in Table 12, 13 of the independent auditors interviewed indicated that the team members would have an effect on the decision making process when using professional judgment. Only 2 participants stated that a team member did not have an effect on professional judgment. The results of the content analysis performed on the effects a team member might have on the professional judgment decisions are presented in Table 13.

Table 13. What kind of effects would a team member have on professional judgment?

Codes	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
It would affect in terms of the experiences in previous years.	1		2	3
It would affect with the information she/he brings.	1	1		2
Everybody has a task and a responsibility.	1		1	2
It would affect in terms of consultation with each other.			1	1
It would affect in terms of identifying the opinions on different issues how they are in line with the corresponding legislation.			1	1
The logical errors made might result in audit firms losing their customers.			1	1
Certain opinions on some subjects might be changed owing to a team member.			1	1
Team work helps to reduce the auditing time.			1	1
Since the auditing profession is based on a mentor-protégé relationship, how employees assess the issue and whether they behave skeptically or not are learned in these processes.	1			1
The judgment power of people develops with teamwork.		1		1

Most of the time partners catch the points missed by the manager or the senior manager.			1	1
It helps discuss and assess different issues and different experiences.	1			1
It affects in terms of learning the operations performed.		1		1
Information becomes a circulating living thing.	1			1
It is possible to have a discussion in the team when there are disagreements in the professional judgment.			1	1

In Table 13, the highest impact of a team member on professional judgment decisions is observed in terms of the experiences in previous years. Moreover, the information brought by team members during audit studies was mentioned to have an impact on the professional judgment processes. It was highlighted that it was possible to apply more effective professional judgment decisions since everybody had a task and a responsibility. The team member was indicated to affect professional judgment in terms of identifying which legislation was appropriate for different opinions on an issue. The team member is also useful in preventing the loss of customers due to logical errors made during the audit work because it is possible to change certain opinions on some subjects owing to a team member. Moreover, it was indicated that it was possible to have a faster timing with a team member.

Apart from these, it was indicated that since the auditing profession depended on a mentor-protégé relationship, less experienced auditors learned how they should assess cases and how they should approach events skeptically during the process of team work. It was highlighted that, consequently, the judgment power of auditors could improve.

It is possible for the responsible partner lead auditor to notice points missed by the manager or the senior manager. It was indicated that it was possible to use an effective professional judgment owing to discussing, assessing, arguing, and consulting different issues during the team work process. It was emphasized that the information became a circulating living thing.

Table 14 presents the assessments about the effect of auditors tasked with quality control activities on the professional judgment decisions of the responsible partner lead auditor.

Table 14. Does an auditor performing quality control activities affect professional judgment?

	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
Affects	4	4	5	13
Does not affect			2	2

As it can be seen in Table 14, 13 of the independent auditors interviewed indicated that the auditor performing quality control activity would have an effect on the decisions made when using professional judgment. Only 2 participants from audit firms other than the Big 4 stated that there was no such effect. The results of the content analysis performed on the effects of an auditor performing quality control activity on the professional judgment decisions are presented in Table 15.

Table 15. What kind of effects would an auditor performing quality control activity have on professional judgment?

Codes	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
If there is something left incomplete, then one must go back and complete it.			3	3
Owing to the effect of experiences, the ability to view the same case from different angles sometimes affects the results.	1		1	2
It might affect depending on the issue or situation. It might bring a different point of view. It might be a more independent eye.	1	1		2

The auditor who signs the report puts her/his initials on each page. After that the auditor in quality control checks once again all of the corrected records.			1	1
The auditor in quality control considers the risk in the job and reviews the report once more.			1	1
On very critical issues, partners sometimes make a decision after having received the views of the technical team.	1			1
It is important that the auditor in quality control should have expertise in the same sector where the partner is conducting the audit.		1		1
The auditor performing quality control activities becomes like one of the people at the highest level on this subject.			1	1
At the end of the day, the auditor responsible for quality control is obliged to express their opinion; however, the final responsibility lies with the person who will sign the report.	1			1
If the quality control is performed properly, the risk of blindness in the audit will be eliminated.	1			1
Since the auditor in quality control attends opening meetings, she/he has as much authority on the events as the responsible partner.		1		1
When there is a disagreement, initially the views of technical department are asked; if it is not resolved with them, then our unit abroad is consulted.	1			1
Even if there is a disagreement, the report has already been signed and sent.			*1*	*1*

As it can be observed in Table 15, when there are deficiencies in the audit work, the auditor performing quality control has a role in completing these deficiencies and therefore has an effect on the professional judgment decisions of the responsible partner lead auditor. At the same time, since the auditor performing the quality control activity has different experiences, she/he may have different points of view in certain cases. The auditor performing the quality-control activity can review and assess the events independently. Moreover, the auditor performing the quality control activity may review the reports once more depending on the risk of the audit job.

The participants indicated that the auditor performing the quality control activity may have an effect on the professional judgment decisions of the responsible partner lead auditor when both auditors are working on the same sector. Apart from these, another benefit of the responsible partner lead auditor's considering the decisions of the auditor performing the quality control activity is that it eliminates the risk of blindness that occurs during the audit. It was also emphasized that, since the auditor performing the quality control activity attends the opening meetings, she/he has as much responsibility and authority on the events as the responsible partner lead auditor.

When the independent auditors were asked whether peer review had an effect on professional judgment decisions, 87% of them indicated that peer-review had an effect. On the other hand, 13% of the participants stated that it would sometimes have an effect.

Table 16 presents the information collected from the independent auditors about the effect of auditor-client relationship on professional judgment.

Table 16. Does auditor-client relationship affect professional judgment?

	Big 4 Real Sector	**Big 4 Financial Sector**	**Firms other than the Big 4**	**Total**
Yes	1	2	5	8
No	2	2	2	6
Undecided	1			1

As it can be seen in Table 16, 8 of the participants indicated that the auditor-client relationship had an effect on the professional judgment decisions. The majority of these 8 participants worked in independent audit firms other than the Big 4. 6 participants stated that auditor-client relationship did not have an effect on the professional judgment decisions, the majority of these participants are observed to work in the Big 4 audit firms. The specific effects the auditor-client relationship on professional judgment decisions as expressed by the independent auditors are presented in Table 17.

Table 17. What specific effects does the auditor-client relationship have on the auditor's professional judgment?

Codes	**Big 4 Real Sector**	**Big 4 Financial Sector**	**Firms other than the Big 4**	**Total**
Auditor's blindness may occur as a result of working with the same client for a long time.	2	1	1	4
If your client gave you confidence, it may have a positive effect on your professional judgment.		1	2	3
With clients who behave aggressively, the auditor may be discomforted and suspect other things underlying the behavior.	2		1	3
One should neither be too distant nor too close. It should be balanced.			1	1
Clients may convince the auditor.			1	1
The advantage of working with the same client is that both sides get used to each other's culture.			1	1
We may be harsher, more investigative, and more questioning towards a client that is audited for the first time.		1		1
Solution Strategies				
Rotation is in placed to prevent this.	3	2	1	6

Knowing the CFO should not affect your judgment assuming that you are an independent and objective person.		*1*	*1*	*2*
It is out of question to ignore problems of a client who treats us very well.	*1*			*1*
It should not have an effect since it is conflicting with professional ethics.			*1*	*1*

When Table 17 is analyzed, it is observed that the auditor's blindness may occur after working with the same client for a long time and therefore, this situation may have an effect on the auditor's professional judgment. It was stated that legislation was brought forward around auditor rotation to resolve this issue.

It was mentioned that if the client gave confidence to the auditor, it would have a positive effect on the professional judgment decisions. It was highlighted that this originated from the familiarity of both sides with each other's cultures owing to the long period of working with the same client. However, it was indicated that clients that behaved aggressively might be hiding something and therefore the auditor-client relationship might have a negative impact on the professional judgment.

Those participants who indicated that the auditor-client relationship did not have an impact on professional judgment decisions put forward as reason for their thinking the fact that an auditor should always carry out her/his work independently and objectively irrespective of the conditions and always behave in accordance with the professional morals.

Table 18 presents the independent auditors' assessments related to whether a large share of the client company in the total revenues of their firm had any impact on the professional judgment decisions.

Table 18. Does the client company's having a large share in the total revenues of your com,pany have an impact on your professional judgment decisions?

	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
Yes		1	2	3
No	4	3	5	12

In Table 18, it is observed that 12 of the independent auditors interviewed stated that a large share of the client's company in the total revenues of their company did not have an impact on their professional judgment decisions. 3 participants on the other hand stated that a large share of the client company in the total revenues of the auditing firm would have an impact on the professional judgment decisions and 2 of these participants are observed to work in auditing companies other than the Big 4.

Table 19 presents responses to the question whether the organizational culture of the firm had an impact on the auditor's professional judgment.

Table 19. Does the organizational culture of the auditor's company affect their professional judgment?

	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
Yes	4	3	4	11
No		1	2	3
Undecided			1	1

As it is observed in Table 19, 11 of the independent auditors interviewed indicated that the organizational culture of the firm where the auditor worked had an impact on their professional judgment decisions. 3 participants on the other hand, stated that the organizational culture of the firm did not have an effect on the professional judgment decisions. The details on what effects the organizational culture could have on professional judgment decisions are provided in Table 20.

Table 20. Does the organizational culture of the auditor's firm affect her/his professional judgment?

Codes	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
Your company's approach to events and perspective is very important.		1	2	3
The perspective on risk has an effect.	1	1		2
Companies with a rather limited client portfolio might appease in order not to lose their clients.	1	1		2
The style of the top management is important.	1	1		2
We have global standards and rules.	2			2
If the organizational culture is low, the study is completed without checking certain events.			1	1
Your organization's culture affects your way of doing business.			1	1
We can be more professional and skeptical thanks to our technical controls and independent quality controls.	1			1
Since resources are more limited in small firms, the judgments may involve errors.	1			1
The effect of culture on professional judgment might be in line with the confidence and trust given by your clients.			1	1
Whether the company has international connections might have an effect.		1		1
Organizational culture affects the thought process.		1		1
If the organizational culture tends to flex the independence rule, then the professional judgment might be affected.	1			1
Some companies do not care about the quality of the audit; they only focus on winning more customers.			1	1
Not so much, it affects at most 10-20%.		*1*		*1*
Organizational culture does not affect professional judgment; it is against the ethical values.			*1*	*1*

As it can be seen in Table 20, it was indicated that the approach of audit firms to events and their perspective had an effect on the professional judgment decisions. It was also emphasized that the organizational culture had an impact on the auditor's professional judgment decisions in terms of the perspectives on risk. It was stated that depending on the organizational culture, audit firms with a rather limited client portfolio might appease in order not to lose their client. Some auditors stated that organizational culture had an impact on ways of doing business.

Especially, the auditors working in the Big 4 real sector stated that they could be more professional and more skeptical when they assessed the events owing to their organizational culture as they had global standards, technical controls, and independent quality controls.

It was stated that the judgments of small audit firms may involve errors because the resources are more limited in small firms. It was asserted that such type of firms might have an organizational culture that flexed the independence rule.

In the independent auditors' assessments about whether they arrived at a shared judgment across the company on topics where they were undecided to use their professional judgment, 80% of the independent auditors stated that a shared judgment was arrived across the company, and 13% stated that they did not arrive at a shared judgment across the company.

One participant from the audit firms other than the Big 4 indicated that in case a shared judgment was not reached within the company, there always existed a process of convincing each other. The majority of the participants mentioned that when it was not possible to arrive at a shared judgment within the company, they would consult with the technical team, other audit firms, experts, POA, CMB, Banking Regulatory and Supervisory Agency (BRSA), foreign sources, and academics. Moreover, the Big 4 would convene for some issues and establish joint decisions and set a common attitude. One participant from the audit firms other than the Big 4 indicated that in case they did not reach a shared judgment, they would consult with quality control units and risk partners, but not all firms had this opportunity.

5.2.3. Other Factors Affecting the Use of Professional Judgment

In this part of the study, the views of the independent auditors on other factors affecting the use of professional judgment are presented. Table 21 presents the details of the independent auditors' explanations about other factors that could affect the decision making process when using professional judgment.

Table 21. What are the other factors that might affect the decision making process when using professional judgment?

Codes	Big 4 Real Sector	Big 4 Financial Sector	Firms other than the Big 4	Total
As an external factor, the intensity of competition.		1	3	4
There is a strong client pressure in Turkey.		2	1	3
The shortage of the reporting period.			3	3
Not receiving the information and the documents on time.			2	2
The team's lack of experience.	1		1	2
Price negotiation.		1	1	2
A costing problem emerges in high-risk audits because of the elongated process.			1	1
The uncertainty in the environment.		1		1
Internally, there might be direction towards a specific area.		1		1
Internal audit, internal control.			1	1
Agreement and counts.			1	1
Incomplete files.			1	1
A problems originating from the firm's not fulfilling certain requirements on time.			1	1
Failure to prepare financial tables on time.			1	1
There is a serious problem in terms of legal notice periods.			1	1
Not being able to establish an independent audit culture with our clients.			1	1

In order for us to be able to perform the audit work efficiently, the firms should have reached a corporate structure.			1	1
Poor quality of clients, the fact that the clients do not know their company well.			1	1
Resignation of a person from the audit team in the middle of an audit.			1	1
Factors such as the perception the company had created in the society, social responsibility aspects, experiences in previous years, information from previous years, resolution of issues in previous years, how they approach the findings, and how they monitor the findings might have an effect.		1		1
Any subject involving the estimates and the assumptions of the client affects professional judgment.	1			1
The fact that my clients have an important place in my portfolio.			1	1
Internal and external factors do not affect professional judgment.	*3*	*2*	*1*	*6*
We do not have a fear of losing clients.			*3*	*3*
We do not change our judgment to gain benefits.			*1*	*1*
I did not have any pressure until so far. However, there is no guarantee that I will not have in the future.	*1*			*1*

As it can be seen in Table 21, the majority of the auditors who were especially from the Big 4 indicated that internal and external elements among other factors that might affect the decision making process when using professional judgment did not actually influence professional judgment. Some auditors from audit firms other than the Big 4 stated that they did not have a fear of losing clients. Some of the auditors who indicated that they were not affected by internal or external elements emphasized that they did not change their professional judgment to gain benefits.

Some participants highlighted especially the competitive pressures had an impact on the professional judgment decisions. Moreover, they indicated that the client pressure in Turkey was very high. The timing problem in relation to reporting periods was included among other factors that could affect the decision making process when using professional judgment. Independent auditors underlined that price negotiation sometimes had an effect on professional judgment decisions. Not being able to collect information and documents from the clients on time and the lack of experience of the team are again other important factors mentioned during the interviews. In terms of internal factors, elongated process times in high-risk audits were indicated to cause costing problems.

Apart from these, inefficient internal audit and internal control mechanisms of clients that are audited, clients' failure to fulfill their certain responsibilities on time, clients' lacking an independent audit culture, poor quality of clients and their not knowing the business well, clients' having an important place in the portfolio of the audit firm, and resignation of a team member in the middle of an audit are indicated among other factors that could affect the decision making processes when auditor is using her/his professional judgment.

6. Conclusion

Auditors have to make subjective, in other words, personal assessments in some situations when they audit financial tables. It is not possible to explain this subjective information directly due to the nature of the information. One of the limitations of the study is that it is trying to measure these subjective assessments. Since it is very difficult to measure subjective assessments, this study employed a qualitative research using the interview method. This study tried to obtain detailed information from independent auditors about professional judgment, which is very difficult to measure. It is highly probable that if the same participants were asked the same questions at a different time, the results would be different than what is reported here. However, subjective and unmeasurable factors are as important as measurable factors. The fact

that subjective information cannot be explained directly does not mean that the people who will make judgments are not going to use subjective elements in their decisions. If it were possible to take all decisions based on measurable and verified data, then there would be no need for judgment since everything would be performed by a computer system.

According to the results of the study, when factors affecting professional judgment are assessed, the following conclusions become prominent. Education and experience are at the top priority among these factors.

It was determined that having an international experience had a positive impact on professional judgment decisions of the auditors in terms of both education and work experience. An international experience provides the auditor with positive added value to apply her/his professional judgment in a broader scope for different situations encountered. That is because the education and training received abroad are indicated to be beneficial to the auditor in terms of making multidimensional decisions, developing herself/himself, and creating better strategies and policies in each case.

It was concluded that experience had an effect on professional judgment decisions especially on a sector basis and the auditor started to become more skeptical with increasing experience. An auditor who has sector expertise would be capable of using a stronger professional judgment because she/he would know not only the auditing legislation but also that sector's own legislation. Moreover, new topics and new risks are emerging every day in the globalized world economy. As a result of these new risks, the expert who will make a professional judgment call, must learn about the new risks in that field and form her/his professional judgment accordingly. That is because if the information about the new risks are not learned, then problems may be encountered in relation to finding a solution in terms of what responses should be given to these risks. In such a situation, it is not possible to make an appropriate professional judgment to resolve the events.

It is observed that when using professional judgment, the members of the team and the experience of the team have a very important effect

in the decision making process. When the auditors in the team are experienced, trained, and coherent, the speed of the audit is increased and consequently, the decision making process using professional judgment can be completed in a much shorter period. Therefore, it becomes possible to complete the audit work effectively in a shorter period of time. Moreover, with a team member, it is possible to change views and judgments on certain topics where mistakes were made and professional judgment can be used effectively by discussing and evaluating different experiences and consulting with each other. Sometimes there could be different views among the members of the audit team. If certain issues are not resolved within the team, consulting with an independent expert could be beneficial at this point. For challenging and debatable issues that emerge during an audit, consultations that are held both within the audit team and among other persons help the auditor arrive at reasonable judgments.

Contrary to the literature, according to the information obtained from the independent auditors, it is possible to state that psychological conditions do not have any effect on the professional judgment decisions.

It could be asserted that when there are points that are left incomplete in the audit work of the responsible partner lead auditor, the auditor responsible for quality control activity can be helpful in completing these points and arriving at an efficient professional judgment. Moreover, it is observed that the auditor responsible for the quality control activity is more effective on the professional judgment decisions of the responsible partner lead auditor when both auditors work on the same sector. Apart from that, another benefit of the responsible partner lead auditor's considering the decisions by the auditor responsible for the quality control activity is that it eliminates the risk of blindness during the audit. Therefore, by establishing a quality assurance system, the auditors can make their assessments related to the entire audit process more healthily, and form an audit view appropriate to the situation using the necessary professional judgment at the end of the process.

Especially in audit firms other than the Big 4, the client's reassur-

ance to the auditor is observed to have a positive impact on professional judgment decisions.

It was concluded that the Big 4 audit firms are more professional and more skeptical when they assess events because they have global standards, technical controls, and independent quality controls. On the other hand, small audit firms have an organizational culture that flexes the independence rule when they use their professional judgment because they have more limited resources.

It is possible to state that other factors affecting professional judgment are the client pressure in especially audit firms other than the big 4, the fear of losing the client, competitive pressures, the uncertainty in the environment, price negotiations, and costing problems. It is observed that such effects do not exist in the Big 4 audit firms. Another important factor that may affect the decision making process when using professional judgment is the timing problem in relation to reporting periods. In such a situation the auditors are not able to detect important mistakes in financial tables. Therefore, the quality of the judgment arrived at the end of the audit work could be poor.

Not being able to collect information and documents from the clients on time, the clients' inefficient internal audit and internal control mechanisms, the clients' failure to fulfill certain responsibilities on time, the clients' not having any independent audit culture, poor quality of clients and the clients' not knowing their organizations well, the clients' having an important part in the audit firm's portfolio, the resignation of a team member in the middle of the audit, and the lack of experience of the team are again concluded to be among the other important factors affecting the professional judgment.

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Energy Dependence and Economic Growth

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Abstract

European economies' dependence on imported energy supply is one of the main problems of the region within the last 50 years. European Commission along with the World Bank emphasizes the importance of the diversification of the energy sources to renewable energy through the Climate Policies. This paper focuses on the possible solution of energy supply dependence of the region through energy productivity. Energy is one of the leading inputs in production and essential for the economic growth. This paper examines the effect of energy productivity on the economic growth for the selected energy importer countries. Standardized General Methods of Movements method is used for econometric analysis for the 1990-2015 period for 49 European and Commonwealth countries. Findings in this study shows that, when controlled for productivity being an importer does not affect the economic performance of these countries. Further, energy productivity by itself significantly improves the economic performance.

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Enerji Bağımlılığı ve Ekonomik Büyüme

Öz

Avrupa ekonomilerinin enerji arzındaki dışa bağımlılığı, son 50 yıldır bölgenin önemli sorunlarından biridir. Avrupa Komitesi, Dünya Bankası ile birlikte, iklim politikalarında enerji kaynaklarının çeşitlendirilerek yenilenebilir enerjilere dönüştürülmesinin önemini İklim Politikaları yoluyla vurgulamaktadır. Enerji üretim için ana girdilerdendir ve ekonomik büyüme için elzemdir. Bu çalışmada seçili Avrupa ülkelerinde enerji verimliliğin ekonomik büyüme üzerine etkisi incelenmiştir. Ekonometrik analizde 1990-2015 yılları arasında 49 Avrupa ve Milletler Topluluğu ülkeleri için Genelleştirilmiş Momentler Metodu (GMM) metodu kullanılmıştır. Çalışmanın bulguları verimlilik göz önüne alındığında enerji ithalatçısı olmanın ekonomik büyümeyi etkilemediğini göstermektedir. Dahası, enerji verimliliğinin kendi başına ekonomik büyümeye anlamlı bir etkisi bulunmaktadır.

Anahtar Kelimeler: Ekonomik büyüme, enerji, Avrupa, panel analizi, enerji bağımlılığı

1. Introduction

In meeting its current energy demands, the European Union is heavily dependent on imports of fossil fuels, with up to 80% imports of oil and 60% natural gas. Almost 97% of uranium used in European nuclear reactors is imported from countries including Russia, Canada, Australia, Niger, and Kazakhstan, with only 3% mined in Europe (Eurostat).

EU Energy policy was laid down in 2006 with the release of the Commission's green paper "A European Strategy for Sustainable, Competitive and Secure Energy". In launching the strategy, it was noted that Europe requires the importation of 50% of its energy for fuel and that global hydrocarbon reserves are being depleted. Investment of one trillion euros is required by 2020 in order to meet the expected energy demand and replace aging infrastructure.

One of the crucial setback against European sustainable economic growth is the rising imports of energy at rising prices. Access to energy resources will in the medium term play a more important role with the potential to risk seriously compromising EU economic growth. This explains why energy efficiency is one of the main aspects of the Europe 2020 flagship initiative for a resource-efficient. Energy efficiency is the most cost-effective and fastest way to increase security of supply, and is an effective way to reduce the greenhouse gases emissions responsible for climate change. As outlined in the Commission Communication 'A Roadmap for moving to a competitive low carbon economy in 2050', energy efficiency can help the EU achieve and even outperform its greenhouse gas emission reduction target (European Climate Foundation, 2010).

Making the EU economy more energy efficient will also have positive impacts in terms of economic growth and job creation. Energy savings free up financial resources that can be reinvested elsewhere in the economy and can help alleviate public budgets that are under strain. For individuals, energy efficiency means paying less on their energy bills. Energy poverty can be tackled strategically by taking energy efficiency improvement measures.

Finally, producing more with less energy should improve EU indus-

tries' competitiveness and give them the lead in the global markets for energy efficiency technologies. Energy efficiency and savings benefit the EU economy, the public sector, business and private individuals. For these reasons, the European Energy Strategy 2020 identified energy efficiency as one of the key priorities of EU energy policy for the following years (European Comission, 2015). The linkages between energy consumption and economic growth are explored in several studies, for example Lee (2005); Al-Iriani (2006); Lee & Chang (2005); Mahadevan & Asafu-Adjaye (2007); Huang, Hwang, & Yang (2008); Narayan & Smyth (2008); Apergis & Payne (2009).

This paper outlines the energy dependence of the 49 European and Commonwealth countries covering the period 1990-2015 and empirically shows the importance of productivity, in terms of using energy efficiently, on economic performance. Generalized Method of Movements (GMM) method is employed for the panel of 49 countries (Norway excluded) 28 EU Member countries and Norway and Switzerland also included. The findings in this suggest that, being an energy importer does not significantly affect the economic growth once the productivity is taken into account. In other words, a country may be dependent on energy imports, but once the imported energy is used efficiently, the effect of being an energy importer on economic performance would be minimal if any. Further, once energy productivity is taken into account, the effect of energy consumption by 10 times. In this case 10 increase in energy consumption, economic growth increase by 2.6. From this perspective, EU policies of energy should also emphasize the importance of efficient use of energy. There are distinct differences in terms of the way energy consumption affect economic growth between energy exporter and energy importer countries for. The energy endowment and high subsidization on energy inputs lead to low energy prices and therefore make energy as a cheap factor of production in energy exporter countries (Damette & Seghir, 2013). This further leads to distribution state benefits of energy endowments for the welfare of population and eventually contributes to economic growth of energy exporter country. Keeping recent increase in demand for energy and energy-intensive in-

dustries in view, it can be safely claimed that energy exporting countries are the energy intensive countries as well (Damette & Seghir, 2013). In countries as in this study these factors further set back the economic performance of the energy importer countries. Although not included in econometric analysis, Norway is the leading energy exporter in Europe and has significantly higher levels of energy productivity.

On the other hand, in energy importer countries technological costs increases, more financial resources are consumed which crowds out other economic activities (Chen & Galbraith, 2011). These facts stress the importance of energy productivity as a tool against the divergence between economic growth of energy importer and exporter countries. The policies in oil importer and oil exporter countries are different in relation to the nature of the macroeconomic determinant of the economic growth.

This paper is organized as follows. Section 2 outlays the energy dependency, productivity and consumption data of the region. In section 3 Methodology and Findings are represented. Section 4 concludes.

2. Energy Consumption and Dependency in Europe

This section outlays the characteristics of selected European countries in terms of energy, energy productivity and energy dependence data. This study uses balanced panel of 49 European and Commonwealth countries. 28 EU Member countries, (Norway and Switzerland are excluded) covering the period 1990-2015. Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden, United Kingdom, Iceland, Montenegro, Macedonia, Albania, Serbia, Turkey, Bosnia and Herzegovina, and Kosovo are the countries selected for this study.

Data in this study is obtained from the World Development Indicators (WDI) online database published by the World Bank, EUROSTAT and International Energy Agency (IEA). Annual data for real GDP in constant 2010 US dollars as a measure of economic output. Depen-

dence on the energy is measured by the share of energy imports in total energy consumption. Labor force and real gross capital formation in constant 2010 US dollars are used as measures of labor and capital stock respectively.

Energy consumption data are also from WDI database. Energy productivity measure is part of the EU Sustainable Development Goals (SDG) indicator set. It is used to monitor progress towards SDG 7 on affordable and clean energy and SDG 12 on ensuring sustainable consumption and production patterns. SDG 7 calls for ensuring universal access to modern energy services, improving energy efficiency and increasing the share of renewable energy. To accelerate the transition to an affordable, reliable, and sustainable energy system, countries need to facilitate access to clean energy research, promote investment in energy infrastructure and clean energy technology. SDG 12 envisions sustainable consumption and production, which uses resources efficiently, reduces global food and other waste, disposes safely toxic waste and pollutants. The indicator measures the amount of economic output that is produced per unit of gross inland energy consumption.

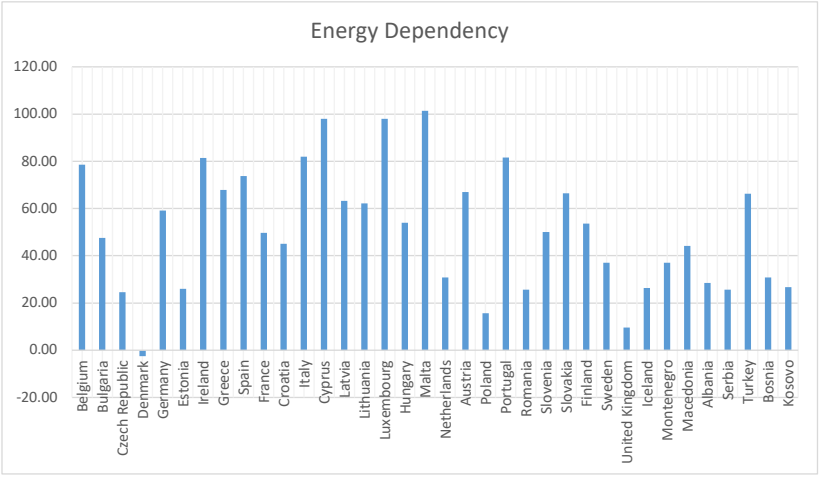
As defined by the Eurostat, Gross inland consumption represents the quantity of energy necessary to satisfy the energy needs of a country or a region. The ratio between net imports and gross inland consumption indicates the ability of a country or region to meet all its energy needs. In other words, it shows the extent to which a country or a region is dependent on energy imports. (Eurostat, n.d.).

In 2015 in EU-28, the highest need (gross inland consumption + international maritime bunkers) were for petroleum products, 602 Mtoe, of which 88.8 % were imported. For natural gas the needs in 2015 was 358 Mtoe, 69.1 % of it covered by imports. The production of solid fuels in EU-28 has been in decline over the last two decades as was its gross inland consumption. At EU-28 level in 2015, 42.8 % of solid fuels consumed were imported (Eurostat, n.d.).

The long trend since 1990, when import dependency was 44.3 %, shows an increased import dependency. On the aggregated level, this is increasing for all fuels, however in recent years some stabilization of

this increase is evident (Eurostat, n.d.). The average energy dependencies of the each selected European countries for the 1990-2015 period are illustrated in Figure 1.

Figure 1. Average Energy Dependency of the selected European countries between 1990-2015



Note. Data retrieved from Eurostat.

Table 1. Energy Dependence in Europe

Country	1990	2000	2005	2010	2016
Belgium	75.1	78.1	80.1	78.2	76
Bulgaria	62.8	46			37.2
Czech Republic	15.3	22.8			32.8
Denmark	45.8	-35	46.7	39.6	13.9
Germany	46.5	59.4	27.8	25.5	63.5
Estonia	45.1	32.2	-50	-15.7	6.8
Ireland	68.6	84.9	60.5	60.3	69.1
Greece	62	69.5	26.1	13.6	73.6
Spain	63.1	76.6	89.7	86.6	71.9
France	52.4	51.5	68.6	69.1	47.1
Croatia	39.8	48.4	81.4	76.7	47.8
Italy	84.7	86.5	51.6	48.9	77.5
Cyprus	98.3	98.6	52.5	46.6	96.2
Latvia	88.9	61	83.4	82.6	47.2
Lithuania	71.7	59.4	100.7	100.8	77.4
Luxembourg	99.5	99.6	63.9	45.5	96.1
Hungary	49	55.2	56.8	81.8	55.6
Malta	100	100.3	97.4	97.1	100.9
Netherlands	24.1	38	62	56.4	45.2
Austria	68.5	65.4	100	99	62.4
Poland	0.8	9.9	37.8	30.2	30.3
Portugal	84.1	85.1	72	63.2	73.5
Romania	34.3	21.8	17.2	31.3	22.3
Slovenia	45.7	52.8	88.6	75.1	48.4
Slovakia	77.5	65.5	27.6	21.9	59
Finland	61.2	55.1	52.5	48.7	45.3
Sweden	38.2	40.7	65.3	63.1	31.9
United Kingdom	2.4	-16.9	54.1	47.8	35.3
Iceland	32.9	30.5	37	36.9	19.2
Norway	-437.1	-733.1	13.4	29	-633.4
Montenegro			31.1	13.9	34.7
Macedonia	47.7	39.9	-703.2	-522.8	58.7
Albania	6.6	46.6	42.1	26.3	21.1
Serbia	30	13.7	41.8	43	28.9
Turkey	52.9	65.7	50.5	30.5	74.9
Bosnia and Herzegovina			35.3	33.2	31.1
Kosovo		27.1	71.8	70.6	23.6

Note. Data retrieved from Eurostat.

Changes in the level of energy dependence during 5 year intervals can be seen from Table 2. Commonwealth countries energy dependence have increased mainly due to the fall of Soviet Union. Turkey's energy dependence has significantly increased for the past 16 years. Negative signs in Table 2 indicates that country is an energy exporter for the selected period.

Productivity indicator measures the amount of economic output that is produced per unit of gross inland energy consumption. The gross inland energy consumption is the primary energy consumption plus energy carriers employed for non-energy purposes. Countries with higher energy productivity even with higher dependence on energy still can grow at a considerable rate. The next table shows the relationship between energy productivity and the economic growth for the given period.

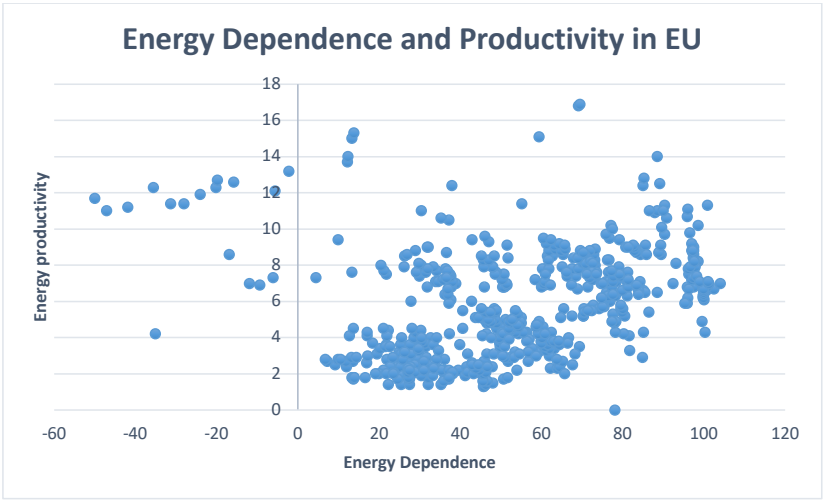
Table 3 shows the energy productivity rates of the selected countries. As seen from the table Norway is the leading exporter of energy but also has a considerably high productivity rate. Denmark, which is an energy importer has also higher level of energy productivity. Germany and Netherlands are examples of energy importers which also manage to increase their production with the same level of energy. Commonwealth countries' productivity rates are below the average of EU.

Table 2. Energy Productivity in Europe

Country	2000	2005	2010	2016
EU (28 countries)	6.5	6.7	7.3	8.4
Euro area (19 countries)	7	7.1	7.7	8.7
Belgium	5.2	5.8	6	6.8
Bulgaria	1.3	1.6	2.2	2.4
Czech Republic	2.8	3.1	3.4	4.2
Denmark	11.4	12.3	12.1	15.1
Germany	6.9	7.1	7.8	9
Estonia	2.1	2.7	2.4	2.9
Ireland	8.6	10.6	11	16.9
Greece	6.7	7.3	7.9	7.6
Spain	7	7.1	8.3	9.1
France	6.9	7	7.5	8.5
Croatia	4.2	4.5	4.8	5.4
Italy	8.9	8.6	9	10.2
Cyprus	5.9	6.7	7	7.5
Latvia	3.2	4	3.8	4.9
Lithuania	2.6	3	4.1	4.9
Luxembourg	8.4	7.4	8.7	11.4
Hungary	3.2	3.6	3.7	4.3
Malta	6.7	6.4	7	12.4
Netherlands	7.1	7.1	7.4	8.6
Austria	8.8	8.1	8.7	9.4
Poland	2.8	3.1	3.6	4.3
Portugal	6.6	6.4	7.4	7.5
Romania	2.3	2.8	3.5	4.7
Slovenia	4.3	4.5	4.9	5.6
Slovakia	2.3	2.8	3.8	4.8
Finland	4.9	5.2	5	5.5
Sweden	6.1	6.7	7.3	8.6
United Kingdom	6.9	7.7	8.7	11
Iceland	2.3	2.8	1.8	2.2
Norway	10.5	11.4	9.8	12.6
Montenegro	:	:	2.8	3.6
Macedonia	2	2	2.5	3.1
Albania	2.9	3.1	4.2	4.5
Serbia	1.4	1.7	1.9	2
Turkey	5.1	5.8	5.5	6
Bosnia and Herzegovina	:	:	:	2.1
Kosovo	:	:	1.7	2

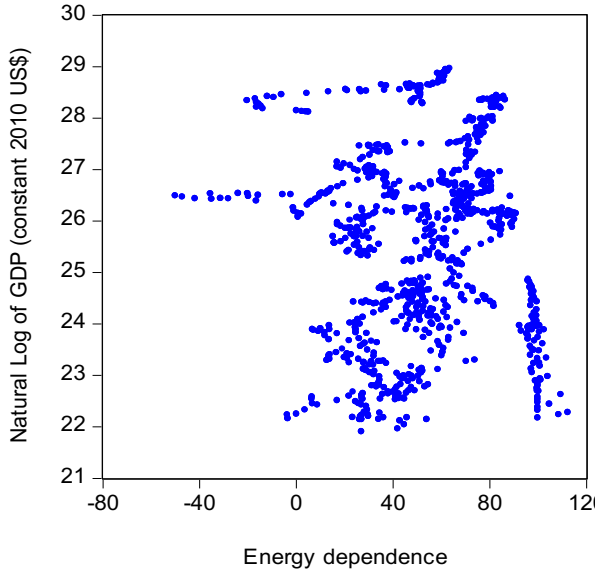
Note. Data retrieved from Eurostat.

Figure 2. Energy Dependence vs Energy productivity



Note. Data retrieved from Eurostat.

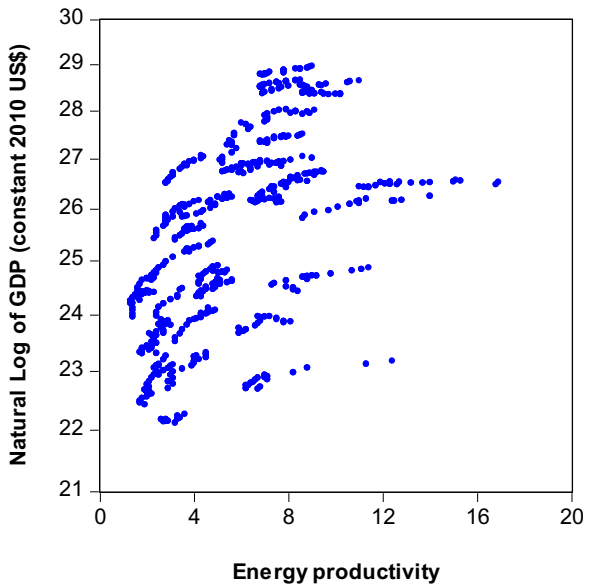
Figure 3. Energy Dependence vs Log GDP



Note. Data retrieved from Eurostat.

Figure 3 depicts the relationship between energy dependence and GDP for 49 European and Commonwealth countries between 1990 and 2015. Minus values for energy dependence indicate the country is an exporter of energy. As seen from the scatterplot, at a first glance there is no distinct positive or negative relationship. Seems more like there is another factor affecting the GDP.

Figure 4. Energy Productivity vs Natural Log of GDP



Note. Data retrieved from Eurostat.

Figure 4 shows the energy productivity GDP relationship for the selected 49 countries over the period 2000 and 2015. Although the nature of the relationship is positive, there is a distinct trend differences between countries. In other words, according to this data set, we may say for the European economies there is a positive relationship between energy productivity and GDP. However, it should be kept in mind that the countries benefit from the productivity differently, thus the magnitude of the effect differs for different countries. This is one of the

reasons that country specific fixed effects in econometric analysis are being used, as will be shown in part 3.

3. Methodology and Findings

Following the literature (See, for example, among others Collins and Bosworth, 1996) a simple Cobb-Douglas production function which integrates energy as an additional factor along with the traditional physical capital and labour inputs is used in this study.

$$lnGDP_{it} = \alpha_i + \beta_0 \ln GDP(-1)_{it} + \beta_{1i} lnGCPF_{it} + \beta_{2i} lnLABOR_{it} + \beta_{3i} lnENERGYCONS_{it} + \varepsilon_{it} \quad (1)$$

$$lnGDP_{it} = \alpha_i + \beta_0 \ln GDP(-1)_{it} + \beta_{1i} lnGCPF_{it} + \beta_{2i} lnLABOR_{it} + \beta_{3i} lnENERGYCONS_{it} + \beta_{4i} lnENERPROD_{it} + \varepsilon_{it} \quad (2)$$

$$lnGDP_{it} = \alpha_i + \beta_0 \ln GDP(-1)_{it} + \beta_{1i} lnGCPF_{it} + \beta_{2i} lnLABOR_{it} + \beta_{3i} lnENERGYCONS_{it} + \beta_{4i} lnENERGYPROD_{it} + \beta_{5i} lnENERGYIMP_{it} + \varepsilon_{it} \quad (3)$$

GDP is the total output measured as Gross Domestic Product based on constant in 2010, US dollars, *GCF* is the physical capital stock as measured gross capital formation, *LABOR* is the total labour force. *ENERPROD* denotes energy productivity and *ENERDEP* is the share of imports in total energy consumption. *ENERCONS* is the total energy consumption within the economy. The subscripts i and t denote country and time respectively. All variables are in natural logarithms.

The model is estimated with Dynamic Generalized Method of Moments. This method was originally developed by Holtz-Eakin, Newey, & Rosen (1988) and Arellano & Bond (1991). Since then, similar techniques have been applied in growth research by Benhabib & Spiegel (1997, 2000), Easterly, Loayza, & Montiel (1997), and Levine, Loayza, & Beck (2000) among others. In this method, regression equation is written as as a dynamic panel data model by taking the first-differences

to remove unobserved time-invariant country-specific effects. Further, levels of the series lagged two periods or more, under the assumption that the time-varying disturbances in the original levels equations are not serially correlated, are used as instruments for the right-hand-side variables in the first-differenced equations. In studying economic growth, this procedure has important advantages over simple cross-section regressions and other estimation methods for dynamic panel data models. First, estimates will no longer be biased by any omitted variables that are constant over time (unobserved country-specific or 'fixed' effects). Secondly, the use of instrumental variables allows parameters to be estimated consistently in models which include endogenous right-hand-side variables, such as investment rates, labor force and energy variables, in the context of a growth equation in this paper (Arellano & Bond 1991).

Taking the first difference of the model is

$$\Delta GDP_{it} = \alpha_i + \beta_0 \Delta GDP(-1)_{it} + \Delta\beta_i X_{it} + u_{it} \quad (4)$$

Where X_{it} stands for all the explanatory variables defined in specifications.

Panel Unit Roots Tests

GMM estimators require stationary data, so it's necessary to investigate the order of the panel series. To examine the degree of integration between variables, the panel unit roots test is used. The panel-based methods of Levin, Lin and Chu, Im Peseran, PP and ADF are employed in this paper. Table 1 shows the test results for robustness of the variables of interest in panel framework. All tests in Table 1 assumes individual intercepts. According to Table 3 majority of the test results (except for the Levin Lee Chu, for the levels of GDP, GCF, LABOR and ENERDEP) indicate that all variables are integrated in first differences that is I (1). In other words, based on the methods listed in Table 3, it can be concluded that series are generated by a stationary process.

Table 3. Generalised Method of Movements Estimates

	Levin Lin Chu		IM PESERAN		Fisher ADF		Fisher PP	
	Level	1st difference	Level	1st difference	Level	1st difference	Level	1st difference
GDP	-4.331***	-9.842***	2.336	-12.516***	72.142	301.935***	85.216	366.796***
GCF	-2.745***	-14.378***	-0.916	-16.365***	79.767	411.503***	58.876	531.651***
LABOR	-1.297*	-10.099***	3.666	-12.757***	77.176	318.500***	57.635	361.682***
ENERPROD	3.104	-17.670***	7.145	-14.057***	21.198	319.944***	18.455	396.604***
ENERCONS	0.377	-16.673***	0.309	-17.711***	74.945	452.761***	122.668	595.702***
ENERDEP	-1.863*	-19.429***	-1.024	-20.524***	101.051	468.534***	134.414	714.762***

Notes: All variables are in natural logarithms Panel unit root tests are: respectively Levine Lin Chu- the test results of Levine et. al.(2002), Fisher ADF and Fisher PP tests of Maddala and Wu(1999) Pesaran tests are of Im et al.(2003). The Levine, Fisher ADF, Fisher PP and Peseran unit roots tests examine the null hypothesis of non-stationarity. ***,** and* indicate the 1%,%5 and 10% level of statistical significance, respectively.

Table 4. Generalised Method of Movements Estimates

Dependent variable : Difference in GDP			
Independent Variables (in differences)	(1)	(2)	(3)
Lagged GDP	0,779***	0,577***	0,575***
GCF	0,130***	0,109***	0,115***
Labor	0,094***	0,035**	0,032*
Enercons	0,025***	0,270***	0,264***
Enerprod		0,053***	0,053***
Enerdep			-0,0003**
Instrument rank	300	254	254
SSR	0,896	0,219	0,213
J-Statistic	611,422	719,362	704,629
P value	0,000	0,000	0,000

Notes: Dependent variable is energy consumption. All variables are in natural log. Robust standard errors in parentheses. ***, ** and * indicate the coefficients are significant are 1%, 5% and 10% respectively.

In all specifications in Table 4 country fixed effects are employed. All variables are in differences. Coefficients, in this case show the relevant elasticities. As shown in Table 4 above, lagged GDP per capita emerges the significant determinant of economic growth at 1% level across all specifications. This finding indicates that there is not a convergence among the extended EU. Previous economic performance of the economy significantly increase the growth rate. Energy productivity coefficient is significant in all specifications and for every 1% change in productivity, economic growth would increase by about 5%.

One of the most interesting results of this study is that when controlled for productivity, the effect of energy consumption on economic growth significantly increases by nearly 13 times. In other words, 1% increase in energy consumption increases GDP growth by 2 % when productivity of use is not take into account. On the other hand, when energy productivity is included in the specification 1% increase in energy consumption increases GDP growth by almost 26%. This finding

suggests that countries using energy efficiently can benefit from the same energy consumption in terms of economic prosperity by ten times.

Although the effect is marginal, imported energy has a significant negative effect in all specifications except for the case in which energy productivity is taken into account. The effect of imported energy approaches to zero and becomes insignificant.

The instruments validity and reliability are indicated by the Hansen test. Hansen test shows that we are unable to reject the null hypothesis of overall exogeneity of the instruments used in the estimation of dynamic system GMM.

In Table 4 the reported J-statistic is simply the Sargan statistic, and the instrument rank is greater than the number of estimated coefficients (6 at most), we may use it to construct the Sargan test of over-identifying restrictions (Sargan, 1958). Under the null hypothesis that the over-identifying restrictions are valid, the Sargan statistic is distributed as , where ρ is the number of estimated coefficients and κ is the instrument rank. Related p values of the Sargan test are given at the last row of Table 4. In all specifications the null hypothesis of over identifying restrictions are rejected.

The underlying assumption in the model is that, once controlled for the productivity being an energy importer does not affect the total economic output much. Countries like Germany are importers though use energy efficiently, benefit from the economic prosperity. One might argue that the factors which influence total productivity of the country's economy would also accelerate the efficient use of energy, thus the causality also goes from GDP to energy productivity also. This is a reasonable argument, but again it does not diminish the importance of energy productivity on economic growth.

4. Conclusion

The main purpose of this study is to stress the importance of productivity on energy especially for those who depend energy from the outside world. The sample of the study consists of 49 European and Common Wealth countries. Generalized Method of Movements anal-

ysis estimation results suggests that the effect of energy consumption on economic growth increases by the level of energy productivity. As the amount of production increases with the same level of energy consumed, more resources are turned into further production. According to the findings of this study, when controlled for productivity the effect of energy consumption on economic growth increases from 2 % to 26 %. In other words, once the countries use energy productively the marginal gain from energy consumption increases by 13 times. Further, the results are robust to being an importer. In other words, when we include energy dependency into equation, the effect of energy productivity on economic growth remains the same which is; 10% increase in productivity significantly increases the economic growth by 5%. Energy productivity, not only solely affect the economic growth but also increase the effectiveness of the energy consumption on economic growth.

This study stresses the importance of energy productivity for energy importer countries. Further studies should focus on the magnitude of the effect of energy productivity in a country base. This way, country specific factors could be outlined and policies regarding the productivity of energy can be outlined. The causal relationship between economic growth and energy productivity could be examined in future studies. Policies aim to increase energy productivity would be much effective once the factors causing increase in energy productivity outlined in detail for each economy.

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Identity and Woman: Status of Woman in the Constitution of Islamic Republic of Iran

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> At the limit, when the nation-state does not represent a powerful identity, or does not provide room for a coalition of social interests that empower themselves under a (re)constructed identity, a social/political force defined by a particular identity (ethnic, territorial, religious) may take over the state, to make it the exclusive expression of such an identity. This is the process of formation of fundamentalist states, such as the Islamic Republic of Iran. (Castells, 2010, p. 339)

Abstract

Identity is a socially constructed, multidimensional, changeable concept and an outcome of open-ended processes. Therefore, it is actually identification of a personal or collective belonging. Its dynamic feature may result in several identical constructions or versions such as religious identity. In this regard, identity, power, and interest are three major components and affect each other. Post-revolutionary Iran's official identity

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has this vital triangle and in this vein, Shia identity was transformed into political philosophy, official religion and a route of state affairs. Iranian women and young Iranian women, especially reformist young Iranian women compose the most fragile group in the society. My research question is "Is Shia identity determining factor on status of woman in the constitution?" This paper's essential pillars are identity (as a theoretical framework), constitution of Iran, legal status of Iranian women according to Shia identity and the constitution (which are intertwined to each other).

Keywords: identity, woman, Iran, constitution, constructivism

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Kimlik ve Kadın: İran İslam Cumhuriyeti Anayasası'nda Kadının Statüsü

Öz

Kimlik toplumsal olarak inşa edilen, çok boyutlu, değiş(tiril)ebilir bir kavramdır ve açık uçlu süreçlerin bir sonucudur. Dolayısıyla, bireysel ya da kolektif aidiyetin kimlikleşmesidir aslında. Onun dinamik niteliği dini kimlik gibi farklı kimliksel oluşumlar ya da versiyonlar sonucuna varabilir. Bu bağlamda, kimlik, iktidar ve çıkar üç temel bileşendir ve birbirlerini etkilerler. Devrim sonrası İran'ın resmi kimliği bu yaşamsal üçgene sahiptir ve bu çerçevede Şii kimliği siyaset felsefesine, resmi dine ve devlet işlerinin rotasına dönüşmüştür. İranlı kadınlar ve genç İranlı kadınlar, özellikle reformcu genç İranlı kadınlar ise toplumdaki en hassas grubu oluşturmaktadırlar. Araştırma sorum şudur: "Şii kimliği anayasada kadının statüsü üzerinde karar verici bir faktör müdür?" Bu makalenin temel sütunları kimlik (kavramsal çerçeve olarak), İran anayasası, Şii kimliğine ve anayasaya göre İranlı kadınların yasal statüsüdür (ki ikisi birbirini etkiler).

Anahtar Kelimeler: kimlik, kadın, İran, anayasa, inşacılık

1. Introduction

"Asserting, defending, imposing and resisting collective identification are all definitively political" (Jenkins, 2008, p. 43). Iranian women are famous all around the world with their long-standing, courageous struggles against several injustices in pre and post-revolutionary eras. Early Republican years witnessed the beginning of the women's protests against the Islamic regime. From time to time, they have initiated sometimes silent, but sometimes active movements. Especially radical feminists have faced (the potential of) state precautions, bans, and/or punishments. In this regard, one of the basic clichés is to consider all Iranian women in the same category. However, they belong to various categories from their ideology to daily life. For instance, when we say reform-minded or reformist women, it does not automatically mean a group irrespective of belief. On the contrary, a reformist woman can be both pious and reformist at the same time. Therefore, Iranian women should be analyzed from their own special case. "When we say who we are, at the same time we are trying to tell what we are, what we believe, what we want" (Weeks, 1998, p. 86). On the other hand, although those women compose different combinations, the state's official attitude is general and similar.

"[T]he social world is constituted by shared meanings and significations, which are manipulable by rhetorical practices" (Wendt, 1994, p. 391). Iran's political-organizational structural gives a significant example to this suggestion. First of all, the founder and first Supreme Leader[1] Ayatollah Khomeini performed this kind of manipulations from the Islamic Revolution to his death in 1989. Especially Islamic Revolution's principles were shared by several wings of the society, including millions of women from different perspectives. However, since the early years of the Islamic Republic, the prominent actors of the state manipulated this sharing constitution. Fundamental changes began particularly

1 Supreme Leadership constructs the first position of Iran's admistrative hierarchy. All decisions of the state depend on his approval and he is the most authoritative person even beyond President. There have been two Leaders until today. The first is Khomeini, the second and existing is Khamenei.

in the disadvantage of women's working and daily lives. After Khomeini, the second and existing leader Khamenei attempted to continue his predecessor's decisions. In Iran case, instead of the suggestion, "[i]dentity is formed and changed with interaction between individuals and surrounding social atmosphere" (Gleason, 2014, pp. 33–34), we have seen a religion-based authoritarian forms and changes. In other words, "[i]dentity is not just what defines a person, or a larger collectivity. It also insists on the experience of the subject, especially his or her experience of oppression" (Farhi, 2005, p. 13).

Many articles of the constitution give references to Islam and Koran. On the one hand, the essence of "Iranian identity" is multidimensional; on the other hand, whether primary identity is national or religious is a widespread discussion. This study aims to mirror Iranian women's official position based on the most important text of the state: constitution. Thus, speculations or subjective comments are replaced by objective data. Islam or Shia Islam is no longer opium of the masses for many Iranians and I will also reflect how much daily life differs from the official rhetoric. Constructivism is useful in this vein to point out identical problematic relations between Iranian regime and the status of women.

2. The Constitution of the Islamic Republic of Iran

The constitution of the Islamic Republic of Iran gives clear place to women in four articles. These articles approach Iranian women's status with constructivist arguments. Constructivism priorities a triangle consist of identity, power, and interests. These magical key words are valid in all kinds of identical analyses. In this case, religious identity should be examined as well. Iran's socially constructed religious identity was transformed into a state religion. Shia sect also appears as the regime's political philosophy. Respective of these circumstances, the power belongs to conservative regime officials and they (first of all the Supreme Leader) determine the frame of identity of the society, including women by following the regime's interests. Hence, this triangle is constructed in the disadvantage of pro-change Iranian women, because "social construction of identity always takes place in a context marked by power

relationships" (Castells, 2010, p. 7).

The quotations from that constitution take place below, they were taken from the website of the Ministry of Foreign Affairs of Iran ("Constitution," n.d.) and the website of iranonline.com. From the beginning, Article 3 claims providing women legal protection and equality before law. Nevertheless, many Iranian women deny these statements due to the fact that there are crucial differences between texts and realities. It is not possible to talk about the equality between women and men in Iran, regarding many domains. Even because of the increasing numbers of university educated women more than men, the state needed to take some precautions to decrease those numbers by forbidding some departments to women.

Article 3: "In order to attain the objectives specified in Article 2, the government of the Islamic Republic of Iran has the duty of directing all its resources to the following goals: […] securing the multifarious rights of all citizens, both women and men, and providing legal protection for all, as well as the equality of-all before the law".

Article 8: "In the Islamic Republic of Iran, *al-'amr bilma'ruf wa al-nahy 'an al-munkar* is a universal and reciprocal duty that must be fulfilled by the people with respect to one another, by the government with respect to the people, and by the people with respect to the government. The conditions, limits, and nature of this duty will be specified by law. (This is in accordance with the Quranic verse; "The believers, men and women, are guardians of one another; they enjoin the good and forbid the evil" [9:71])."

The phrase "*al-'amr bilma'ruf wa al-nahy 'an al-munkar*" is a magical statement that actually it means prevention from evil and directing beneficence. However, what about the reality? Evil or beneficence is not a monopoly of religion or in other words, it is not related to religion. For instance, an atheist person may prevent himself or herself from evil to lead beneficence or a pious-seemed person may do the vice versa. Furthermore, this article aims to reach a conclusion with this frame

that the spouses should perform this motto with the responsibility toward each other. And the eventual conclusion is the husband, the son, the brother -as the leader figure in the patriarchal family structure- can oversee all behaviors of female members of the family, based on the permission of even the constitution. This is not equality obviously.

Article 20: "All citizens of the country, both men and women, equally enjoy the protection of the law and enjoy all human, political, economic, social, and cultural rights, in conformity with Islamic criteria."

Article 21: "The government must ensure the rights of women in all respects, in conformity with Islamic criteria, and accomplish the following goals:

1. Create a favorable environment for the growth of woman's personality and the restoration of her rights, both the material and intellectual;
2. The protection of mothers, particularly during pregnancy and childbearing, and the protection of children without guardians;
3. Establishing competent courts to protect and preserve the family;
4. The provision of special insurance for widows, and aged women and women without support;
5. The awarding of guardianship of children to worthy mothers, in order to protect the interests of the children, in the absence of a legal guardian."

Article 20 and 21's main phrase, "conformity with Islamic criteria" is actually an obvious and profound indication towards women rights in Iran that all pro-women projects or legal drafts may be opposed with the ostensible excuse of these criteria. Due to the fact that Islamic criteria are the first and foremost priority of the Islamic Republic, no other criteria can be more important. Article 21 says: "The government must ensure the rights of women in all aspects", but the limitation deriving from "conformity with Islamic criteria" draws a conflictual picture. If

the first principle is implemented completely, the latter one becomes invalid and vice versa. On the other hand, in Iran case, the second alternative is more likely to emerge. Islamic-Sharia laws are more crucial than global woman rights in this respect. Islamic Republic just allows those rights in the frame of Islamic bans and freedoms.

Iranian women's struggle for their rights is actually struggle for human rights basically. For example, they are not free to choose to be veiled or unveiled. They have to wear scarf or *hejab* (Iranian traditional cloth) outside. Some women try to release this rule with "light *hejab*", opening a part of their scarf. It is interesting that there was a veiling rule in the Shah era as well, but with an adverse version. In the 1930s, dynastic Iran became the first country which banned to veil. However, post-revolutionary Iran ordered women to veil immediately. Another noteworthy fact is cities may differ from each other in terms of the rigidity of this rule that for example, in capital city Tehran's rich districts, women find more opportunities for "light *hejab*", on the other hand, Qum or Mashed (in which clerics get education) morality police does not tolerate the former model.

Family as a basic core of Iranian social structure is so significant to emphasize Iranian women's social roles. As a family membership, motherhood is shown as the supreme goal for committing Islamic ideals in the eyes of regime's primary actors. This view results in the potential of more housewives and less employed women. Even high education is evaluated as unnecessary with respect to conservatives, due to the motherhood ideal. Women from different educations, different family backgrounds and material classes may suffer from similar social difficulties tragically. Therefore, we should not suppose a homogenous identity of Iranian women. The tragic reality of those women is that all of them face (almost) the same issues by the officials despite their different conditions. For example, Iranian women have to get permission by their father (if she is single) or husband (if she is married) in order to go abroad, such as university education.

Some women are pleased for their legal status in the state and the society. They are mostly conservative ones who live in parallel line with

the regime's route. In my opinion, conservative does not have equal meaning with pious, because religion is not equal to politics. A person may be pious and reformist at the same time. Those conservatives are generally conservative voters in the elections and prefer conservative way of life, including separation of male and female domains as much as possible. And different rights and duties of women and men are welcomed. On the other hand, Iranian women have the right to elect and to be elected in an Islamic Republic, when we think even some welfare states gave this right after Iran. Nevertheless, although on the paper Iranian women seem they can be elected, the possibility of their Supreme Leadership and Presidency appear on the paper, far away from the reality; especially when we remember inadequate female members in Iranian parliament.

"Gender is also best understood as a primary identity" (Jenkins, 2008, p. 70). The rules based on gender are one of indications to describe the nature of a society. For example gender is important for some jobs in Iran. In other words, there are male-gendered and female-gendered jobs. The most dramatic examples are in politics. First of all, a female Supreme Leader cannot be imagined, because it is thought that a woman cannot reach such a supreme status mentally, educationally, religiously, epistemologically and especially for Sharia law. Sharia generally disapproves administrative position of women. In addition to Supreme Leader, a female President cannot be imagined in Iran and even if women candidates have applied for the elections, Guardian Council blocked them with various reasons.

3. Identity

> "[A]ll identities are constructed. The real issue is how, from what, by whom, and for what" (Castells, 2010, p. 7).

"Identity comes from *idem* in Latin" (Gleason, 2014, p. 23), they are not fixed constructions; on the contrary, they are complicated, changeable, learned and re-learned. Many words with "re-"are valid as a result of identities' nature. Due to the processes of identities, the

word "identification" can be more accurate, since it implies processes inside. Sometimes those identical categorizations may be constructed by self-identification. In my opinion, the most important identification is the self-one, "people who make and do identity, for their own reasons and purposes" (Jenkins, 2008, p. 9). Hence, when one highlights her/his one identity than others, (s)he has own reasons and purposes related to that identity.

Identity is a socially constructed, complicated, and controversial concept, pertaining to various disciplines. We need to describe "identity" with the help of multidimensional thoughts, rather than one single perspective. In order to evaluate impacts of "identity" concept with respect to Islamic sects, it is necessary to consider a variety of definitions. It has had different contents in different contexts, and "identity is the most important terminology of contemporary politics' word reservoir" (Brubaker & Cooper, 2014, p. 403). In Preston's (1997, pp. 4, 49) words, "identity is the outcome of a complex series of social processes, and does not arise spontaneously but is learned and relearned over time." According to Castells (2010, pp. 6, 7), "[i]dentity is people's source of meaning and experience […] for the actors themselves, and by themselves, constructed through a process of individuation." For Parekh (2014, p. 53), besides all other factors, identity is a concept, which expresses phenomena that differentiate a person from others. Özdemir (2012, p. 172) and Gleason (2014, p. 34) noted that "identity is a matter of being described with a definite name, accepting this description, adopting the appropriate roles and behaving with its rules." Weeks (1998, p. 85) suggested that "identity is a belonging problem regarding what are in common or are not with other people." Melucci (2014, p. 84) pointed out that identity implies a unity notion which constructs the limits of the subject and separates her/him form everyone; and a relationship which makes two actors recognize mutually. İmançer (2003, p. 234) asserted that identity is a form of reflection from the way of answering the questions (such as who s/he is, how s/he is perceived, her/his role, needs and merit) to behaviors. In summary, we can also see Constructivist touch when we read those identity descriptions.

Dynamic nature of identity is one of the widespread qualifications of the identity concept. Many scholars or authors such as Hall (2014), Jenkins (2008), Parmar (1998), Preston (1997), Rutherford (1998) have discussed this point in their studies. This dynamic nature is also one of the principles of Constructivism. It is often argued that Constructivism is an approach more than a theory, because it includes criticism towards mainstream theories more than new suggestions. If so, this approach frequently underlines identities' dynamic and changeable nature, with other arguments like power and interest factors. Similarly, Constructivism's arguments are quite compatible with the subject of this paper.

As Brubaker & Cooper (2014, p. 430) noted, "State is a powerful determiner." There are some identical categorizations, which are built and formalized by power. On the one hand, Iran is a powerful determiner as a state regarding both the pressure on the citizens and influence over the region. On the other hand, the first and foremost actor in the process of determining the policies to be followed is Supreme Leader as the ultimate figure for the approval of every single act or project. Especially, it is the Supreme Leader who determines (in the name of the State) the extent and bounds of the foreign policy actions of the Iranian government in power. Another "determined" issue has wide spectrum, concerning the role of the Supreme Leadership. It was the first Leader Khomeini who decided leadership spectrum for every leader including himself. Thus, although existing Leader Khamenei is not as powerful as the former Leader Khomeini, he has the same legal rights, which are guaranteed by the Constitution.

Collectively shared belonging is one of the notable factors regarding the concept of identity. This belonging includes similarities among the members and differences from the rest of people, a kind of exclusion. In other words, it is "we" versus "they" situation. These processes are multi or bilateral, instead of unilateral. In terms of social identities, all people have their one primary identity, which is the main question. If Iranian women's primary identity is their gender, more than their nation or sect, it indicates how those women give precedence to their gender identity or their existence as a woman.

Many Islamists (some of them are Iranians) suggest that the Koran is their essential constitution. This point of view substantially points out the basic raw material of Iranian constitution: Koran. In this regard, it is not surprise to face Koranic verses in the several articles related to the state instructions. "Conformity with Islamic criteria" is one of them obviously. Taking all these components into consideration together causes a question mark. Are all these an ostensible action to "protect people from moral corruption"? The real belief should be beyond Shariatic comments regarding women and men's daily lives. No regime can provide "conformity with Islam" by force, without internalization.

Internalization is one of the basic parts of the identity processes that "they become identities only when and if social actors internalize them, and construct their meaning around this internalization" (Castells, 2010, p. 7). Therefore, actually regime's pressures cannot complete those processes without internalization of opponent women. "Internalization may occur if an individual authoritatively labeled within an appropriate institutional setting" (Jenkins, 2008, pp. 42–43). However, Iranian women are authoritatively labeled with a negative and oppressive meaning. Both institutions and actors are really important for the construction of post-revolutionary Iran's Islamic identity, since as Lawrence writes (as cited in Castells, 2010, p. 16), "Islam is not merely a religion. It is a religion and more. It encompasses both the spiritual and the political, the private and the political domain". Thus the founder Khomeini and his followers utilized this comprehensive impact and involved Islam into all these areas.

"Not only do we identify ourselves in the internal-external dialectic between self-image and public image, but we identify others and are identified by them in turn" (Jenkins, 2008, p. 42). In terms of the subject of this paper, internal-external dialectic is Iranian women and the Islamic regime. Opponent women see a huge gap between their self-image and their public image in the eyes of the regime officials. They identify themselves and the regime and as a response, they are identified by the regime bilaterally. As a result, those regime opponents have constructed "an attempt to transform individual identification based on

categorical differentiation into collective group identification asserting shared similarity" (Jenkins, 2008, p. 83).

3.1. Identity with Regards to Social Constructivism[2]

Constructivism mostly covers comprehensive explanations and appearances of conceptual identity. As a post-modernist theory or (similar to someone's argument) an approach, constructivism is mostly based on the criticism towards the older theories, especially realism. On the other hand, there are not much more constructivist suggestions after those criticisms and this point has been described as the biggest deficiency of constructivism. As its name implies, constructivism actually depends on construction of regarding concepts, actors, institutions, and so forth. The key factor is that those are existing because they were constructed, otherwise they cannot exist. In addition to this argument, constructivism includes some processes from the assertion of a construction until the defense or struggle of survival against the threats of destruction.

With respect to constructivist processes, there is a vital triangle of three concepts which are attached briefly above: identity, power and interest. What does it mean? It means both the importance of identity for constructivism and the linkage between these three concepts that it is nearly impossible to think them individually in that vein. Whether personal or collective identities are socially constructed and they need to some processes such as assertion of an existence of identity, acceptance by "the others", spread of identity among new members, internalization, getting power and interests and defense those interests, to be involved in internal and/or international politics, struggle for survival against all the threats, and so on. Similarly, status of women in Iran is constructed that this construction and Iranian women identity have experienced those processes mentioned above. The turning point is to have dominance in the society. Due to the power of the regime, official

2 The author of this article is also wrote her PhD dissertation on the basis of the constructivist approach: Kamacı, Y. (2017). *The Role Of Religious Identity in Foreign Policy: A Comparison of the Khatami and Ahmadinejad Periods with Respect to Turkey* (Unpublished PhD Dissertation). Yeditepe University, İstanbul.

women status seems more powerful, although Iranian women do not give up their struggles.

There are several constructivist scholars such as Alexander Wendt, Peter Katzenstein, John Gerard Ruggie, Stefano Guzzini, Vendulka Kubalkova, Nicholas G. Onuf, Friedrich Kratochwil, Emanuel Adler, Christian Reus-Smith, and so on. Those scholars and authors gave a great contribution to the constructivist literature. On the other hand, they have their own way to understand end reflect their point of constructivist view. Hence, I personally decided to apply Wendt's academic line; because he is known as a middle-ground scholar with his priority to states regarding identities and interests are so crucial. Also, his article "*Anarchy what states make of it*" has enlightened many minds of international relations students in terms of the direct connection between the (constructed) anarchy and state behaviors. And his book "*Social Theory of International Politics*" is one of the cult works for Political Science and International Relations. Finally Wendt's arguments are the most suitable ones to reflect my post-revolutionary Iran politics.

Identity is the first concept comes to one's mind, when constructivism becomes the focal point. Even though several constructivist scholars discuss with several perspectives and various priorities, the importance of identity is always there. What is more, this concept carries many anti-theses inside such as public identity – social identity, personal identity – collective identity, formal identity – informal identity, dictated identity – internalized identity, primary identity – secondary identity, and so forth. It have socially constructed, dynamic, (re)learned, processual angles. The significant aspect is that whether this concept is adequately analyzed for internal and external issues with cause-effect relationship or not. Constructivism is criticized in this case because of the absence of those analytic arguments. In this study, I am attempting to elaborate Iranian women's identical causes and effects.

3.2. Identity and Power Politics

If one would like to examine this title in the frame of Iran case, s/he can come across many historical turning points. The Islamic Republic

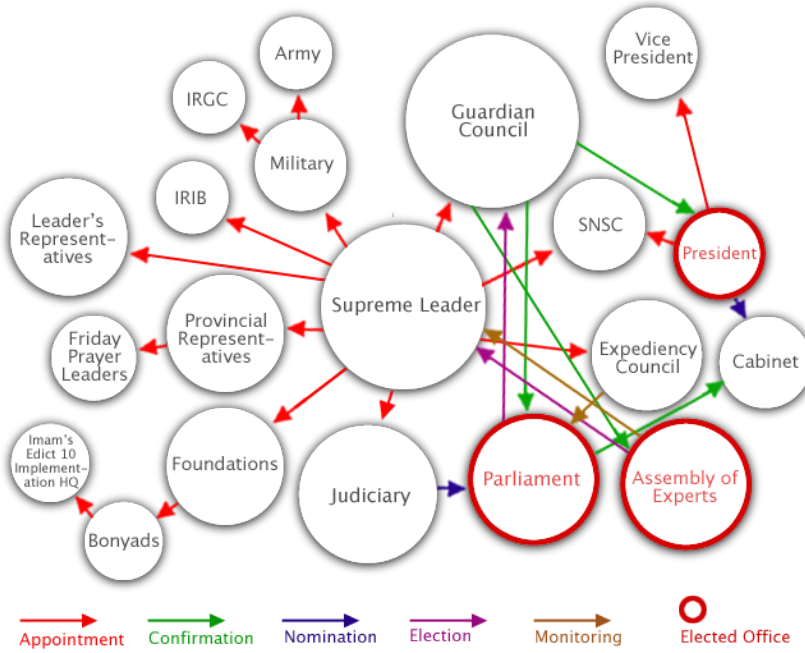
of Iran has declared itself with an adverse identity, since the first day of the state. From then on, Iran's identical power politics existed with mostly struggle for survival and challenge against Western hegemony. Iran's official Islamic and sectarian (Jafari school) identity caused an antipathy among powerful states and it continued with mutually conflicting state policies. Today there are polarized power politics in the world together with collective identity organizations and Iran is mostly excluded from them basically because its enmity against the United States of America and Israel, which are so powerful directly and indirectly. Even nuclear "agreement" was transformed into a huge question mark due to those states' opponent positions.

Iran's international identity problem has echoed the country inside as well. There are millions of Iranians who have identical problems and are stuck in a deadlock between their personal identical needs and regime's dictated way of life. Iranian women, especially reformist ones are one of these groups. The struggle of reform-minded women composes another type of power politics, this time against the regime of their own country. "Asserting, defending, imposing and resisting collective identification are all definitively political" (Jenkins, 2008, p. 43) and those women have experienced all mentioned phases. "Invention of traditions" is everywhere in Iran, from the establishment of state onwards and for an opponent Iranian, dealing with such traditions is tremendously difficult.

The role of Islamic principle is also undeniable over the status of Iranian women. Similarly, Iran's Religious-Supreme Leader determines (such as for women) as both the state and religious authority at the same time. Repeatedly all of these are (the existence of a Supreme Leader, existence of *velayet-e faqih*, his authority and rights, his rules and bans, etc.) socially constructed and power politics are socially constructed. Hence, they may be deconstructed one day in theory; but in practice, it is obviously hard to come to this phase. It is also interesting that some Iranians women have several identities in addition to "woman identity", such as institutional identity; for example, one female minister serves for which identity is complicated. "Internalization may occur if an in-

dividual is authoritatively labelled within an appropriate institutional setting" (Jenkins, 2008, pp. 42–43).

Figure 1. Iran's Power Structure



Note. SNSC: Supreme National Security Council, IRGC: Islamic Revolution's Guard Corps, IRIB: Islamic Republic of Iran Broadcasting. Boroujerdi, M., & Rahimkhani, K. (n.d.). Iran Primer: Iran's Power Structure. Retrieved May 28, 2018, from http://www.pbs.org/wgbh/pages/frontline/tehranbureau/2010/11/iran-primer-irans-power-structure.html

Table 1. Female Members of Parliament in Post-Revolutionary Iran

Date of Election	Number of Female Candidates Elected	President
26.02.2016	17	Hassan Rouhani
02.03.2012	9	Mahmoud Ahmadinejad
14.03.2008	8	Mahmoud Ahmadinejad
20.02.2004	12	Mohammad Khatami
18.02.2000	13	Mohammad Khatami
08.03.1996	10	Akbar Hashemi Rafsanjani
10.04.1992	9	Akbar Hashemi Rafsanjani
08.04. 1988	4	Ali Khamanei
15.04.1984	4	Ali Khamenei
14.03.1980	4	Abdolhassan Banisadr

Note. Inter-Parliamentary Union. (n.d.). Retrieved May 28, 2018, from http://archive.ipu.org/english/home.htm; Parliamentary Elections. (n.d.). Retrieved May 28, 2018, from http://irandataportal.syr.edu/parliamentary-elections.

The number of female deputies within 290 members-Iranian parliament (*Majles*) is one of the noteworthy indicators with respect to their impacts on state affairs. This impact is also able to enhance the defense of women rights in the public space more loudly. And with the help of more representative power, Iranian women can protect their identities against hegemonic masculinity. What is more, the above-mentioned table is needed to be analyzed that the first parliamentary election after the Islamic revolution was held in 1980 and the last one was in 2016. Throughout this process, there have been several governments, along with their own ideological backgrounds. In other words, this table also reflects parliamentary consequences of ideological zigzags.

During the regarding period, the lowest number of female deputies is 4 and the highest number is 17. While 4 had been valid for three parliamentary terms, 17 appeared only in Rouhani government, which is a moderate-traditional government. On the other hand, although there was a clear difference between Khatami and Ahmadinejad eras from ideology to administrative routes, it is interesting that there is no big difference in

terms of female deputies. Probably, due to the strict conservative institutional structure blocked the reformist attempts of Khatami and his government could not provide a different picture compared to radical conservative Ahmadinejad governments. For now, the best option for Iran's administration seems Rouhani's moderate-traditional route as an alliance of reformist demands and regime's traditional conservative-archaic rules.

4. Conclusion

During this study, I attempted to construct a frame of Iranian women's legal status. Firstly, I gave a place to constitution of the Islamic Republic of Iran, especially the articles which include women. Then some contradictions appeared that daily life differs from textual statements in many ways. Moreover, the constitutional criterion of "conformity with Islam" automatically blocks global standards for women. After that I examined theoretical identity issue related to this paper. Furthermore, I elaborated constructivism's linkage with this study. And I reached a conclusion that although the regime dictated an Islamic-ideological schematic identity to women, today it is impossible to imprison women with chains. Some women accept those conservative conditions, but some opponent women demand change.

What is "true identity", Iranian women's emotion of belonging or a dictated-official identity? In this vein, a regime can use plenty of methods, what is called "invention of traditions"[3]. Similarly, the Islamic Republic of Iran activated many symbols, special days, anthems, flags, myths, friends and enemies and so forth in order to make their "constructed identity" spread. On the other hand, despite regime's longstanding efforts, there are millions of Iranians who live in abroad as migrants. Most importantly, Iranians brain drain is a well-known reality. They chose or they had to go, but it is clear that Iranian migrants, especially women ones keep their identities alive in the rest of the world as well, however, not Iran's official identity, their inner identity as women.

3 This concept was created by Eric Hobsbawm (1983) to depict state methods.

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