

April 3, 2024

Featuring Guldem Atabay, Sinan Ciddi, Atilla Yesilada, and Howard Eissenstat,

Moderated by Yavuz Baydar

Introductory remarks by Jonathan Schanzer

SCHANZER: Welcome and thank you for joining us for this virtual discussion hosted by the Foundation for Defense of Democracies. It's Wednesday, April 3rd. I'm Jonathan Schanzer, Senior Vice President for Research here at FDD.

Today's panel will discuss the outcomes and implications, both domestically and internationally of Turkey's local elections. The AKP [Justice and Development Party] and, by extension, President Recep Tayyip Erdogan suffered their greatest electoral defeat.

By comparison, the main opposition, Republican People's Party, the CHP, delivered their best electoral performance since 1977. Many observers assume that these local elections were inconsequential because Erdogan won the presidency last year. But that was wrong.

The country appears to have lost confidence in Erdogan, they've lost confidence in the AKP, and they've lost confidence in their government. Is this finally the beginning of the end for Erdogan? In power as president until 2028, Erdogan will be. But does he have a clear mandate after these elections?

I'm now pleased to introduce our panel for today's discussion: Guldem Atabay is the former Director of Research and Strategy at Egeli&Co. Asset Management in Istanbul. She also served as Turkey Economist for Broker UniCredit Menkul Degerler, chief economist at Ekspres Invest and Economist at Raymond James Securities. Guldem has an M.A. in economics from Hacettepe University in Ankara.

Sinan Ciddi is a research fellow here at FDD, our non-resident [senior] research fellow and he's an expert on Turkish domestic politics and foreign policy. Sinan was the Executive Director of the Institute of Turkish Studies based at Georgetown University and continues to serve as an adjunct associate professor at Georgetown University School of Foreign Service. He was born in Turkey and educated in the UK.

Howard Eissenstat is an Associate Professor of Middle East history at St. Lawrence University. Howard's research focuses on nationalism in Islam in the 19th century Ottoman Empire, as well as the history of the Turkish Republic. His recent work is focused on contemporary Turkish domestic and foreign policy, especially on issues of rule of law, minority rights and the reshaping of political culture under the AKP.

Atilla Yesilada is a renowned political analyst and commentator. He is known throughout the finance and political science world for his thorough and outspoken coverage of Turkey's political and financial developments. In addition to his extensive writing schedule, he is often called upon to provide his political expertise on major radio and television networks.

Moderating today's conversation will be Yavuz Baydar. Yavuz is the Editor-in-Chief of Ahval, a trilingual independent online new site focusing on Turkey. Since the attempted coup of 2016, he has lived in exile in Europe. He was among the co-founders of the independent media platform P24, which aimed to monitor the media sector and the state of journalism in Turkey.

Before we dive into our feature discussion, a few words about FDD. For more than 20 years FDD has operated as a fiercely, independent, non-partisan research institute, exclusively focused on national security and foreign policy. As a point of pride and principle, we do not accept foreign government funding.

For more on our work, please visit our website, [FDD.org](https://www.fdd.org) and follow us on Twitter or X, @FDD. That's enough from me now. Yavuz, over to you.

BAYDAR: I'll say hello again everyone. Marking a centennial, still ongoing until late October this year, Turkey undergoes a period of massive political trimmers accompanied by periods of deep crisis, topped by the one shattering the economy. An irony or a wink of history, as Howard might, perhaps, agree.

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Political ground is rugged terrain and the citizenry, to use a term by Professor Ozer Sencar, lobotomized.

Two consecutive elections, one in last May and being the victory of President Erdogan and his power alliance. And the one four days ago, delivering him after 22 years of iron-rule, severest blow, lifting the main opposition above the dominant AKP in numbers.

In rough terms, what we have witnessed in March 20-31 is this, the turnout lower by 6 percentage points than the average ever 78 percent, main opposition CHP landed as the first party by 37.7 percent, as the AKP losing nearly 10 percentage points, coming down to 35.5 percent. The AKP lost 8 million voters nationwide, meaning its city municipalities declined from 39 to 24. CHP's gains were significant from 21 to 36. And another blow for the AKP was a solid stance of the pro-Kurdish DEM part and the mainly Kurdish Province Southeast Party increasing its city municipalities from 8 to 10.

Puzzling situation, to say the least. And probably we'll begin the word puzzled, how deeply were you surprised by the result and why? Just brief answers, please, beginning from Howard.

EISSENSTAT: I think that, for myself, I didn't have a real confidence about what the outcome was. This was certainly a much bigger win for the opposition than I expected. But given the state of the economy and the different stakes in municipal elections over national elections, the opposition did better than expected, but I think everybody expected them to do well.

BAYDAR: Guldem?

ATABAY: Well, it was the latest polls of last week before the elections that was showing that Istanbul and Ankara will be strongly gained by the opposition CHP. But the surprise was mainly in the inner Anatolia parts of Turkey. So, that was a big surprise. And the melting down of the opposition iYi Party perfect well into CHP voters. That was another big surprise. So, this is basically it.

BAYDAR: Atilla, were you caught by a surprise by this result?

YESILADA: Extremely. After the May elections, I thought democracy in Turkey was almost done. Erdogan was almost certain to win the local elections because the entire opposition were in disarray, and he would steam roll over opposition. Over the last month, I came to think, based on polls and expert commentary, that CHP will keep the three major cities. But as Guldem said, I had not expected them to do so well in the interior parts of the Anatolia, as well as grabbing several major burrows in Istanbul and Ankara.

BAYDAR: Big magnitude, indeed. And Sinan?

CIDDI: I mean, I'm surprised that it took this long for an electoral earthquake to hit the AKP. I remember the fallout from the 2001 election, in the 2002 election, following the 2001 financial crisis in Turkey, which just bludgeoned the DSP [Democratic Left Party] led government at the time because of just the sheer economic fallout. And arguably, the conditions today are worse.

So, it took the electorate, I think, some time. But I'm also surprised at the level of complacency on part of the governing party, simply because, you know, I've become accustomed to thinking, you know, what is Erdogan thinking that I'm not thinking of Right? Just these lackluster mayoral candidates for big cities like Istanbul and Ankara.

You know, we assumed, or some of us assumed, that essentially, he was going to pull another rabbit out of the hat, and it basically just did not happen. And on his concession speech, he was weak. He looked deflated and just worn out.

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BAYDAR: Maybe he was weaker than ever. Let's continue with the main takeaways. What are the most striking takeaways? How do we explain, for example, the severe contradiction between the election, the results in May '23 and elections, and this one main reasons of the results? How do we read into this? Again, that word is - the floor is with Howard.

EISSENSTAT: So, I guess I would point to three things that distinguish the elections this time versus the elections in May and June. The first is, as Sinan noted, the lackluster candidates on the part of the AKP. I think that there's a logic to why they were chosen, but it turned out to be a bad logic. They were terrible on the campaign trail. The second I would say is that the AKP took tremendous effort to keep inflation in check in advance of the May and June elections.

Once it began to sort of normalize economic policy, then the real burdens of a decade of mismanagement became evident and Turkish voters were feeling it acutely on a day-to-day basis. And the third is that because these are municipal elections, the calculations on the part of the electorate are quite different. They tend to be more strategic, they tend to be more focused on goods and services. They're less concerned with, sort of, the big cultural issues that the AKP tends to capitalize on in general elections.

BAYDAR: And Sinan?

CIDDI: I mean we could spend forever talking about this, but I'll make a few brief comments that stuck out to me. The first thing that might be a good takeaway was if this was a game of battleships, I think Erdogan's flagship has just been mortally wounded. And I think the - my assumption at this point is this will be very hard for him to turn this around administratively, economically, but also from a perspective of DNA design and just how Erdogan responds to defeat, which we've seen very few times.

But it really is a horrific defeat for him, and he's not accustomed to that, and I don't necessarily know what he's going to do about it. The initial conversations that he seems to have had with his cabinet, again, is play the blame game, fire a bunch of people, but never touch him. He seems to be like, nobody seems to identify that essentially, he might be the object of the problem at this stage.

The second thing I took away from this is, you know, it's bittersweet at some level for Mayor Ekrem Imamoglu, which I think is the biggest winner out of all of this. Right? As you know, he's really elevated himself to the national stage. I am gonna go on record here and basically say, at some stage in the future, I believe we're gonna see a President Imamoglu if the presidential system remains, or a prime minister, if it does not.

BAYDAR: And not Mansur Yavas?

CIDDI: Not Mansory Awash. No, I think, you know, the Imamoglu factor is just compelling. You can see that x factor that Turkish politicians seldom display in terms of just how persuasive they can be of the electorate. And it's bittersweet.

I say it's bittersweet because I just look at this and think, I watched his victory speech, as did many of us, and think, well, you know, had Kemal Kilicdaroglu not insisted and imposed his candidacy last year on the nation alliance, and Imamoglu was allowed to run as the presidential candidate, I can't help but think that on Sunday night we could have possibly witnessed the President Imamoglu congratulating the CHP for its splendid local election performance.

And so, in my opinion, that's been denied him. And he won about by the same percentage points as Mayor Ekrem Imamoglu which honestly, is not the same comparison. He won about by the same margin as he was projected to defeat Erdogan last year as president.

BAYDAR: Political earthquake indeed, Guldem. Your takeaways? This is, of course, there are losers and winners in this one. There are many losers and there are also a few winners, maybe just one. How do you see that, from that perspective?

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ATABAY: Well, from political perspective, the losers are definite. It's the opposition that's consulted under CHP. That's a fact. That seems like a fact. The Kurdish DEM exists on stage, CHP as the main opposition party. And of course, the emergence of Yeniden Refah Partisi, the small Islamist party.

That took six point something, 6.1, I think, percent of the vote. I think it's there to stay for a while, since they are the reaction wars to Erdogan's way of managing economy and way of managing its relations with Israel under the current circumstances.

So, these are, basically, the winners and the losers, in my opinion. But the winners will be shaped in the future, again. Around Erdogan there will be people who will stay along with him, like Mehmet Simsek. I think he's one of the guys who will stay because there's no other way out, other way...

BAYDAR: Minister of Economy, yes.

ATABAY: Minister of Economy. As the minister of - in control of everything in the economy. Because if he's eliminated, we'll directly go into another very hard, very rough current economic crisis in Turkey very immediately. And there will be early elections and everything will be messy, messier than ever in Turkish economy for the near term.

I think he'll stay. The losers, I don't know. Erdogan will pick, I think the previous guys who were in charge of the economy are responsible. But then again, it was President Erdogan's directions that they've covered during that time, during 2018 and 2023.

So, Erdogan has to look at himself, and I don't think he will ever do that, in that sense. And CHP, its future depends on whether it will be successful, as it is in Istanbul and Ankara, across Anatolia. So, that's something we'll have to see for the time, in the time ahead.

BAYDAR: Atilla, main takeaway it seems, as I read the economists, looking at the reasons why this eight-percentage point loss bleeding, the massive bleeding of AKP. They saw a main reason as the, main takeaway also, as the slap on the face by the pension holders, especially, and it seems if you look at the latest report by *Yeni Safak* reporting from the central committee meeting, Erdogan was speaking and mentioning that he failed in his own terms, of course, he failed to deliver for them, whatever the pension holders expected. Is it also your takeaway from these elections that, is the economy stupid?

YESILADA: It is largely the economy, though I would like to complement the views of the previous speakers with some nuances. Clearly, pensioners wanted more. And I think, first time ever, Erdogan understood that there are limits to pork barreling. Giving them what they want would have collapsed the budget, and it would have led to an irreversible calamity.

But there is another economic aspect that hasn't been discussed in this panel, which is that these election results are, to a large extent, the payback for his crony regime. Now, Erdogan's connections to big construction, contracting companies, etcetera, are not things that matter to the daily lives of people in the cities.

But when you become poorer by day and see everyone that's associated with the municipality, AKP and Islamic tariqas get rich and also advocate to you more poverty, you react. And I think that's one aspect of these elections that will not, cannot change. Erdogan's is a crony regime, and he cannot change the main tenets of that.

Finally, we need, again, my personal view. Erdogan, his family and AKP no longer represent the true Islamist streak in Turkey. That role has now reverted to New Welfare Party. This is the first major and irreversible split in the long tradition of Turkish political Islam. The last one was Erdogan and his colleagues splitting from legendary Erdogan in late 1990.

BAYDAR: Interesting. You call it irreversible split.

YESILADA: Yeah.

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BAYDAR: Some other observers see that as a sort of, you know, a temporary migration from AKP to Yeniden Refah, the Welfare, New Welfare Party.

YESILADA: No, I think the economic votes, the economic dissent can be reversed. We can talk about that. But all polls identify 12 to 15, maybe 18 percent of Turkish voters are hardcore Islamists in ideology. It does matter to them.

And for them, Erdogan is no longer the representative of that tradition. I can cite various reasons from LGBT. You know, LGBTQ is infectious, of course, and Erdogan is not doing anything about it. But the handshake with Sisi cost him.

But most importantly, I think we need to take Turkey's Islamic traditions seriously. A lot of his people believe in the paths of the Quran, you know, modest living, humble – humility, et cetera. Erdogan and AKP no longer represent these.

So, in my view, they are looking for a new home. And as long as that ideological basis is intact, they are going to keep voting for New Welfare, which is going to become a self-reinforcing cycle in the sense that New Welfare will gain 7 percent of the vote in the next elections and will get significant representation in the grand assembly.

BAYDAR: OK. I know, Sinan, you want to ask a question to economists, but can we take it a little bit later because where we are at the moment is that we came to an interesting point, to speaking about the loser, the AKP, but as – in my conversation with Professor Ozer Sencar congratulating him for his prediction, he mentioned something, and he said something interesting. He said, 'General elections are general elections, but in each and every local election, this is some sort of a verdict for the voter of the, you know, performance, after each and every general election.' So this is where we are. This is, sort of, a lesson to deliver to the political actors.

But, Howard, we spoke about the AKP, and in line with that, can we speak about, as some claim, because, you know, CHP now ending as the first party since 1977 and another top position in 1989, historically speaking, what does it signify, Kemalism on the rise, or a strong message from the electorate to end polarization, kind of, an alignment, or call for normality, or a massive wave of protest votes seeking temporary shelter by way of migrating out of Erdogan and also from iYi party, I suppose, a massive lead in, of course, tactical votes from DEM party?

How do you see the CHP's current situation?

EISSENSTAT: So I guess I'd like to make two points. And the – and I'll always defer to Sinan, who, after all, wrote the book on the CHP – on issues of the CHP – but I think that the CHP has actually taken a page out of the early AKP, in that the early AKP, sort of, presented itself as a party of effective governance and providing services.

And I think, at the municipal level, at least, that's what the CHP did this time. And that's what Turkish voters want, particularly from the municipal government.

I guess I'd also like to just interject that I'm less, I think, less optimistic, or less pessimistic, as it were, about the AKP's long-term future than my colleagues on the panel. I think that – I think there's a danger of over-reading municipal elections, particularly in a moment of high economic crisis. I think that there are lots of ways in which the AKP can right itself, both politically and through the intensification of authoritarian tools, as we saw in Van this week, where the candidate, the DEM candidate was elected and was not allowed to take office.

That's been a pattern after the 2016 election, and it's a pattern that continued after the last municipal elections. I don't think that we can assume that the AKP has lost its, either its political gas, there are lots of ways that it can correct itself over the next four years, or has lost access to its authoritarian tools.

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BAYDAR: Sinan, you know, the current barometer shows, of course, the big changes, and as, again, referring to Professor Sencar in my conversation with him, he mentions – underlined something. He said, "It is important that, for me, the CHP is not as a first party." These were – this is a de facto, maybe, different situation. It may seem higher in points, but – and he was saying this to deliver hopes that the CHP leadership would read into this situation more carefully and more deeply than ever before.

Where did the votes come from, support votes, tactical votes, and what did the vote overall mean?

But, again, the same question, there are some interpretations that, you know, the current note – you know, historically, into a historic context, the votes, again, you know, swinging between, sort of, you know, conservative vote and back to like in '77 to, you know, a centristic [sic, centrist] party, republican party, CHP.

You know, you are an expert on CHP. How do you see that?

CIDDI: So we haven't seen the breakdown of the numbers, and we'll have to wait to see what – you know, what this – you know, who voted how in each province and whatever. That will take time to process. But my initial thought is, looking at the CHP's, sort of, 'success,' has to be, probably, tempered, I would say. You know, the 37-point, whatever, percentage of the voting it got, I think it really has to be tempered because my honest opinion on this is, is it's not really comparable to the success it achieved in 1977 or during the '70s, under the prolific rise of, you know, Bulent Ecevit, right?

I say that because, you know, the Ecevit successes that really elevated the party's popular standing were not just limited to the leader's charisma, but the party itself really did reorient itself and really invest in its, sort of, appearance, its ideology, its doctrinal strength.

According to the conditions of the times, which really attracted labor unions, have – you know, became organically linked to a lot of voters that really was programmatically recognizable, if you look at the CHP under Ozgur Ozel and the, you know, Kemal Kilicdaroglu, Deniz Baykal, I would say the one unifying factor in all of them is this is, for me, organization is still a clown show.

I mean, one of the things that we would still – I would still reiterate is, you know, the Nation Alliance, which ran last year, has basically been decimated. It's just gone, you know, led by the CHP, that was trying to defeat Erdogan, right?

We've seen a blustery Ozgur Ozel. We don't really know what the CHP stands for. I think the votes delivered to the CHP are more representative now of just an exasperated, you know, public in Turkey, who just do not feel they have another outlet other than to vote for the main opposition, which looks probably for now less crooked, less corrupt, less incompetent.

And I say that in a tempered manner because, if you could compose an opposition field of parties and politicians that really wanted to lose this local election, you would do exactly what they did in the last three months. I think, you know, you look at characters like Meral Aksener. You look at, you know, even Ozgur Ozel who was not really, I think, really hitting hard and programmatically on targeting things like rule of law issues that the – absolute collapse of the economy. I wanted him to stand up there at some point, like Erdal Inonu did in the early 1990s and squeeze a lemon and say "This regime is squeezing you to the core."

And that was going to be the main question that I had for the economists, which we can touch upon later, but I just want to plant in the back of their mind if you could possibly just lay out for our listeners, and just I don't think people necessarily know in the United States or Europe just how bad the economy is in Turkey and what it means for that person at some stage, but that's my answer for now.

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BAYDAR: A question to Guldem and Atilla, you know, in continuity with that, we now know – I think you may all agree that there was an implosion definitely for Meral Akşener and iYi party for the great disappointment maybe for supporters, but delight for the others because to many her choreography was really mind boggling. And finally she was delivered a very bad verdict.

But also implosion, in terms of numbers, were noted for because this was a test and noted for – I mean, I went to all those Ahmet Davutoglu in the Gelecek Partisi, which won only 34,000 nationwide votes. And Ali Babacan Demokrasi ve Atılım Partisi, 138 some thousand.

And those parties are basically off the map, one could say, but very disproportionately represented in the current parliament. Some may disagree, but again, back to the Table of Six, last year's poll booster, is gone. The sort of consensus seeking is gone. And maybe Turkey, if the conjuncture allows – we don't know – goes to a sort of two or three-party system, can we foresee that?

ATABAY: Well..

YESILADA: Guldem, you go first.

BAYDAR: Guldem?

YESILADA: Ladies go first.

ATABAY: OK. OK. I'll try. I'll give my shot. Well, we're not there yet. I think as Mr. Ciddi said, it's the CHP has gained a lot of votes, but it doesn't really expect to win in this election. So it's very strong, whether it's to ride with the strength and really restructure the party is yet to be seen.

So whether this kind of votes will stay with them, or they'll be maybe a change of a leadership within iYi Party which I really don't expect to see it emerging again, but some things will change, and CHP might be losing the votes that it has gained in a couple of years' time ahead. So we don't know that.

The department will be managed by, obviously, Mr. Ozgur Ozel, party leader. Imamoglu as the Istanbul Mayor, everybody's looking up to him, what he does, where he signals, what he says is really important. And Mansur Yavas, even he says that he will not be running for another round in Akara mayorship. Whether he'll stay – whether he'll run for a presidential election is yet to be seen, so maybe CHP will have struggles within itself.

So we're not there yet, but obviously in the events of what we saw today, that CHP is there having a walk on the streets together with the Kurdish people, the Kurdish party, their members, top-level members is something new for Turkey because CHP was always like looking from the sidelines to support the Kurdish votes, Kurdish parties. And even this – they were being elected for local governments, they were just being removed from it. CHP was really not taking sides with them.

So things are changing in Turkey, and I think things will get faster to change in the years ahead. So I don't know the answer to your question whether we have two or three parties in the years ahead, but mainly, if this current system stays, we'll have the Kurds obviously, we'll have a right party, a center-right party, and Islamist party in currently as AKP and Yeniden Refah.

And CHP stands at a very strong position to attract the other votes within the country. So three parties, yes. Four or five? I don't know. Time will show I think.

BAYDAR: Atilla, do you know?

YESILADA: Yes, I do. I always know that.

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(LAUGHTER)

ATABAY: He always knows...

YESILADA: So we need to analyze the situation at the level of the presidential contest and parliamentary elections. I think, yes, from the viewpoint of the presidential election, Turkey has moved to a two-party system. That would be Erdogan and whoever rivals him. The others will, at the end, support Erdogan's rival.

In the parliamentary system, it's more nuanced. Turkey has a very long parliamentary tradition. It's based on the several parties. And also, the split in the Islamist tradition as well as the renewed strength of anti-immigrant party, the one-issue party but an issue that is becoming permanent, as well as the partial rise of the left tells me that Turkey shall remain in a multiparty system.

If I have the time, I would like to say – I would like to run a tally of how much of CHP's success is due to one-off events and how much of it can be considered permanent.

BAYDAR: Now, maybe Howard, we all see and seem to agree, there is a widespread agreement that this result places enormous responsibility for the CHP because it has in the hub of on, you know, magnetic field of so many votes. And day one, on day two, day three we have already seen what might give hints of what Erdogan and his government, his power alliance could do, reflecting spilling over to the predominantly Kurdish provinces, and one being the center of the riots because the elected Mayor Abdullah Zeydan, elected by 55 plus percent, is denied his right to resume mayorship. And this lead to – this was a spark that lit an explosion. Now the riots are still continuing as a result. Bitlis and Van are basically close to entries and exists and also curfew is declared in Siirt Pervari town.

Howard, looking at it from the historic perspective, we have seen this trustee appointments massively following the 2019 local elections, and also we have – we remember the wave of violence and the dark times following the general elections 2015 in the summer, the dark summer. Are we seeing the same movie, and why again? Because people should have gotten used to this, and still the same scenes.

EISSENSTAT: Yes, I mean, I think that it's relatively easy for the AKP to target, you know, prior HDP and now DEM. I think there's a fairly significant portion, probably a majority, of Turkish citizens are quite OK with pushing pro-Kurdish voices to the periphery, jailing them, taking them out of office.

There was no popular uproar when they did it to the HDP. I don't expect there to necessarily be a terrible popular uproar this time around. I'm glad the CHP is stepping forward. It did not do so the last time around.

But the – to me the bigger question is, is the AKP willing to go after CHP municipalities as well? The prosecution of Imamoglu is ongoing. I think the...

BAYDAR: The trial is dated on April 25.

EISSENSTAT: The risks and costs are, of course, much harder. Repression is easy but it's not free for an authoritarian government. And I think that the cost of open repression of the CHP is much higher than the cost of open repression of DEM.

But I am – I think that it's going to be a rough go. I don't expect the AKP to simply take the loss and move on. I expect them to use every tool in their very large quiver to regain power and regain access direct, whether that means transferring more responsibilities over to the governors, that's a possibility.

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Whether it means additional trials, that's a possibility. You know, we – the municipalities won – the opposition won municipalities and that's a very good thing. But the control of the courts, control of security services, control of the executive is still in the hands of the AKP. And while it's – this is not Putin's Russia, it's Sisi's Egypt, it is also not a liberal democracy.

BAYDAR: Sinan, it seems by what – the comment of Howard, that this is a sort of a test drive for CHP to see from the, you know, vantage point of Erdogan, how democratically resilient this time the party will be. And wise enough, taking lessons from before. Will the CHP be able to up to it?

CIDDI: We'll see. But just to reflect on that end and bounce off something that Howard just outlined, I agree with this. Look, what's at stake for Erdogan right now, he's no idiot, he's no sort of, you know, rookie at this. What's at stake for him now, based on Sunday's result is, I would argue, existential. He really sees for the first time, as there was apparatchiks and lickspittles, right, who've supported this regime come, you know, high whatever, right? They're worried about, can this be sustained.

So, Erdogan, I would argue is in this sort of holding pattern of processing, understanding. And per Howard's comment of like the cost of repression, he's probably calculating, has to be calculating what do I need to do in order to sort of, you know, retain but augment my base of power, given that I've just lost quite heavily.

And this will be really hard to turn around. I don't think he goes about it by essentially democratizing or, you know, making a more accountable government, because that's also a loss for him. I think most of the options for Erdogan are bad, in terms of what he does. Ultimately, I think it will falter.

I don't know the timeline of this. But he's trying to – I would, in my estimation, sort of put forward a heads I win, tails you lose, Van, Hakkari, Siirt, other provinces which has escalated in violence over the last 24 hours, you know, with – you know, AKP gunmen wondering around the streets firing Kalashnikovs. You know, the logic there seems to me is best as we can point out is, let's cause chaos, right? And contest sort of the ability of, in the case of, you know, Van, where the DEM – you know, the Kurds won, got nearly twice as many votes as the AKP guy who had not been given power, right?

And while they protest, they'll just label them as terrorists, right, and bang them up and be denied power. And again, that's the big question that Howard asks, is will he stop with the Kurds and the Southeastern provinces?

I look at somewhere like Istanbul and Imamoglu will work for him as Erdogan is the continent's, sort of, you know, bank of power. He understands that Imamoglu is his main nemesis now. He's clobbered Erdogan three times since 2019, in quite humiliating ways. I don't think he has the luxury of just ignoring that or leaving Imamoglu attended – unattended to just go on ruling Istanbul.

At the same time as Imamoglu is now beginning to clearly construct a national platform and policy agenda, he's come out in opposition of what's happening in Van. He's said things like he's investing in future things like, you know, I should learn Kurdish, he says, because he's investing in the Kurdish ruler as a likely presidential candidate.

The problem that he has with Imamoglu, obviously is, Imamoglu right now is about as strong as he can be. I mean, it's hard to just, you know, slap that political ban on him at the appeals court, because this guy just one over one out of two votes, out of 11 million who people voted in Istanbul. If they uphold that ban and, you know, remove him from office, Erdogan has to worry about how far will those repercussions be, because my estimation, just guessing here, is that it will not be limited to Istanbul. That people across the country will say enough is enough. And he's probably calculating the repression cost of this. But it's clear that he cannot leave Imamoglu unattended.

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Moderated by Yavuz Baydar

Introductory remarks by Jonathan Schanzer

BAYDAR: Now, we – those who predicted, those who might be called pessimists, saying that the political Islamists will never leave power easily, will not go quietly, will not concede defeat historically speaking, political history, those may be right, maybe, reading these hints of Erdogan's choice now becoming the hard way, maybe.

But there's also the economy, Guldem. The main reason, as the panel agrees, I think, the reason for the current results. What might be the choices of Erdogan now, economically speaking? Because the corner – he's cornered, and the way out is a big question mark.

ATABAY: Yes, as I was listening to Sinan Ciddi, his – tightening his iron-grasp on the south provinces is not going to help in his case to attract foreign investment in the country. So, he has to find the – find balance, tone down in the days ahead so that Mehmet Simsek will take stage and do whatever he does.

And going back to a question from the start, on the economic front, it's – I think the roadmap is easy. In the short term he has Mr. Simsek as his hands. He's going to be using him for the next 12 to 18 months to do – to attract foreign investors. I think we're going to be further rate hikes from the Central Bank in April and May. Maybe combined in April and May, maybe only in April. As the foreign investors are going to be asking for more yields, given the, I think in my opinion, political risks have escalated in Turkey with an uncertain future for the AKP rising after the elections – having risen after the elections. And I think we'll see further tax hikes on nationwide, VAT hikes, in the days ahead. They'll be trying to land more on selective sectors that are focused mostly on exports in Europe. And there'll – there will be some spending cuts on investments, and that's basically it.

I mean, as long as Erdogan's there and the system doesn't change, we don't have any further room to have a vision for the future of the Turkish economy changing profoundly without any leap on the democratic front.

So I think that's – the only thing that it can do is, in next couple of – one or two years, that it can be successful, and that success will be painful for the public, more painful for the public than it was in the last three or five months or last 10 months, let's say, since the appointment on Mr. Mehmet Simsek as the Minister of Economy. So his room is, like, limited to 2024 for the rest of it and 2025.

In 2026, who knows where we'll be, but we'll be attracting a few billion dollars for the Turkish equity market and for the oil market perhaps. He will be adding a couple of billions to the reserves, but the basic picture will not change.

Turkish economy will slow down very rapidly. The Turkish people will be suffering as they will be paying the cost of the previous economic policy mistakes that was also made the – Erdogan himself and his men. Now his new men is trying to work this situation around, and the costs will be high.

There'll be no early elections, no constitutional referendum. The economic Erdogan doesn't really permit that, and I think he has to be controlling his repression urge to – just to keep the foreign policy coming into the country.

BAYDAR: Yeah, early elections are out of the question because Turkey is unable to hold another election economy, as many point out. But success, as Guldem says, Atilla, can it be really sustainable on increased collective paying on the society? How do you see the way out for Erdogan in the economy?

YESILADA: First of all – and I need to emphasize this point – that the – at the risk of reiterating what has been said before, I think, A, Erdogan is as shocked as – by these results as CHP and I myself.

He will make his final decision regarding economic policy at the end of Eid, the religious holiday. Had he won Istanbul, I would have said he would have immediately started negotiations on a new Constitution, early elections, whatever.

Yeah, I agree with Guldem. That doesn't make sense. So my bias is towards thinking that Erdogan is going to be much more flexible in terms of giving Mehmet Simsek the authority to do, quote-unquote, "whatever it takes."

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And yeah, yeah, if your object is reducing inflation to, say, 20 percent and monthly inflation to 1 percent, the sustainable current – yeah, these can be achieved. It takes about a year, some pain, but with elections long way away in the horizon, why does Erdogan care?

What cannot be changed – and this is why we need to understand that even a well-performing economy may not deliver Erdogan to victory next time – is income distribution, because it's not necessarily caused by the very structure of the Turkish economy but by Erdogan's crony regime, as well as what I call the informal caste system in Turkey.

Regardless of my merits as – say, as an Alawite or a Kurd, there is no way I can make money in Turkey. This is how bad it is. So yeah, stabilization is perfectly possible, and we can even have a virtuous cycle of financial flows being followed by FDI [Foreign Direct Investment].

I am not going to waste the time of this audience with my line – my sideline issues, but if Trump is re-elected and if EU, as it's naval gazing and starts new negotiations on a customs union, which is basically cost-free for EU, then we could even see some FDI flowing into Turkey.

(CROSSTALK)

CIDDI: ... Atilla can I just ask something, and to Guldem too? Look, my understanding of the economy is very rudimentary. I got a B minus in macroeconomics in college. So I'm very proud of that.

But my understanding of this has always been, look, if Erdogan was serious about, you know, restructuring the economy back to an even keel, right, to attract voters and make people, you know, satisfied, then it – the approach to me is basically allowing Mehmet Simsek to project a cause similar to what Kemal Dervis was allowed to do in 2001, right, which is – you know, I don't care about the politics, I want a free hand.

Spending has got to be constrained by the government. You know, in – you know, printing money to pay and continuously increase public salaries, retirement size, has to stop, which equals public misery. And without that, without actually real suffering to actually heal inflation and allow the current account deficit to fall, right, and restructure the balance of payments of the private sector and the government, then we're not going to get anywhere, right?

And but...

BAYDAR: Question.

CIDDI: ... painful if you were to implement such a strategy, that's not going to be attractive to voters because they just clobbered him on Sunday. So, you know, how does he – how – is there – is he serious about economic reform or is it just, you know, punt it down the road day by day and see what happens?

YESILADA: Go ahead, Guldem. You're first.

ATABAY: Thank you. Well, he cannot be serious about economic reform. He doesn't have the room for that, as you said. He –he's binded himself with the system. So it's only a couple of years of better macroeconomic management and no other reforms, maybe a few ones like in the employment sector or something, right?

I don't think there's going to be a profound change during the term of next Erdogan government. Basic answer.

BAYDAR: Atilla?

YESILADA: Yeah, I think the international experience of austerity or belt tightening programs shows us that within 12 to 15 months, the economy bottoms and then moves to a more sustainable path, which also delivers prosperity, assuming Erdogan is not scheduling his early election or constitutional change fantasy or objective to 2027.

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There is enough time to make the population suffer the pain at the expense of improving economic performance, and then give them a good deal or two before they forget that and move back to Erdogan's side. But Guldem's quite right. No one has time to discuss these issues.

But the real economic issue is how are you going to become a high value added or export-driven economy if you don't have any investment in education? And even your own business communities now migrating, of all countries, to Egypt because regulations are easier to understand there, that is not going to change. We're going to get stability, but it should actually be called stagnation.

Turkey is ...

BAYDAR: Thanks. And that will reflect on even the opposition municipalities.

YESILADA: Yeah, I proposed to explain how much of the vote is borrowed from CHP's perspective and how much of it is permanent.

Let me just, if you'll – if I am allowed two minutes, let me tell you that.

BAYDAR: Just one minute because we are – clock is ticking.

YESILADA: I think in presidential elections, CHP and Kemal Kilicdaroglu stay in good stead to beat Erdogan. In parliamentary elections, it's not that simple, simply because new welfare voters are more likely than not to support Erdogan in a presidential election.

BAYDAR: Presidential election or general elections, 2028. And we are now back to central politics again, Howard, because local election results aren't there, but Parliament is – has a composition, and Erdogan holds the majority. And also, potential cooperators, like iYi Party, and others are there. And the way is still open for Erdogan, realistically speaking.

So each and every one, you have about two minutes to go. Please, in this context, what do you see – what is your last word about the future? Howard?

EISSENSTAT: So I – I'm not going to predict elections that are four years out.

I think that Erdogan has envisioned his last – had envisioned his last term as sort of a seamless handoff to a new generation of AKP technocrats. His own son-in-law for starter, but I think Murat Kurum represents – I mean, he was a terrible candidate, but he represents a sort of person who's come up through the AKP bureaucracy and could represent a legacy.

That legacy is now very much at risk. I don't know that the – I'm less pessimistic about the AKP's long-term future than I think other panelists are, but I do think that Erdogan's going to have to reassert himself into the future of the AKP in ways that he may not have planned to.

BAYDAR: Guldem?

ATABAY: Well, I think what we're having is a creative destruction at moment in Turkish political landscape. Within CHP, with – to defeat all the AKP, things are always changing. There's going to be further volatility, very severe uncertainty. Economy will not be functioning at its best, even if we – Mehmet Simsek was to do the reforms that he would like to. Unless we have an anchor like an IMF, I think things are more likely to sour before they get better.

And as we were speaking, I – you know, I wrote you from the back the one election was giving to DEM Party, the mayorship back. So that's, I think, very symbolic of what people can do if they increase their voices and stand together. I think that's a lesson for the years ahead. I think things will get worse before they get better.

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BAYDAR: Atilla? Pessimistic or optimistic?

YESILADA: I have two piece of bad news and one piece of good news for our audience.

Bad news item one – as long as Erdogan remains in power, Kurds – people of Turkey – I'm sorry – obviously we're also Kurds and Arabs. People of Turkey will neither experience social peace nor prosperity. Two, judging the local election results, I cannot make a prediction that Erdogan's days are numbered. These are the bad news.

The good news is eventually Erdogan retires or joins his or her ancestors, and when that unfortunate day happens, the rebound of Turkey at every level, from democratization to economic development, is going to be incredibly fast because we haven't lost our muscle memory from the first decade of the 21st century.

BAYDAR: And Sinan, the last word is yours.

CIDDI: You – we may have a couple more minutes outside of my thing, but you could do a final say, but I will go.

I mean, yeah, I'm going to go with Howard and say I'm not going to predict what's going to happen at the next presidential election because we – Turkey seems to be stumbling from one election to the next, and we don't seem to get a respite, but I agree.

As long as Erdogan's around, you know, I agree – tend to agree with Howard to the extent that I think, you know, don't count him out, nor the AKP's chances of, you know, tinkering around the edges of authoritarianism. And we've seen how might – how effectively they can hold onto power, both nationally and locally. We'll – that we'll have to see how the weeks and months progress after this, you know, in terms of AKP and legal actions taken against persons, parties and entities.

What I will say, though, is this – we've been having this discussion in and amongst sort of Turkey analysts and watchers for awhile, suggesting that Erdogan's ability to name a successor, I think that is a huge flaw.

If these elections have showed anything, one is – you know, sort of, you know, leader's ability to nominate his or her successor in terms of politics has never really been successful. Turkey's political system, as these elections sort of reveal, is just too pluralistic. It's not like Putin's Russia, right, when he just names Medvedev for awhile and just see what happens.

I think whoever he names – Bayraktar, Soylu, whoever – it – I don't think it's going to matter because even within his own circles there will be contenders and naysayers to that. So mainly I think Bulent Arinc, think – you know, if you can – if you humor me on this, Abdullah Gul.

People are going to speak up and just not take it. They're all hungry for power, not to mention, like, the CHP sort of emerging sort of leadership. I think the successor argument is gone. I think Turkey will – I agree with Atilla about that – at that point.

Post-Erdogan, there'll be vibrancy. I – I'm not sure how quickly it will take for the country to sort of re-find it's sort of, you know, fast setting after Erdogan, as Atilla pointed out, simply because I think the country needs a certain amount of collective therapy, but also the reassertion of institutional governance, rights and wrongs, just the rule of law, respect for the rule of law, just these basics about a new social contract, which Erdogan has, I think, torn apart.

But I'll also make this prediction, and it's not for the immediate future. The day that Erdogan is finally out of the national picture one – one way or another, I think in – in the future, we will not – the AKP will be done.

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Look at parties like ANAP. You know, the only parties I see remaining in the long future is the CHP, the MHP and, you know, others like iYi, DEVA, Gelecek. That photograph of the Table of Six from last year, there is nobody left from that table, right, as political leaders. They're all gone, right? They're basically, you know, irrelevant at this point, and so will the AKP be.

Once Erdogan is done, AKP is a shell that will just collapse.

BAYDAR: We have some seconds, Howard. Sentential of Turkey – is the presidential system something irreversible? Very briefly.

EISSENSTAT: No. I mean, I think that there's – that that will depend on who's in power and what sorts of arrangements bring the – that new president and that new parliament to power, what sort of coalitions and coalition agreements are created.

So, I mean, we – it – we're again, you know, sort of looking in the coffee grinds and trying to read the future, but I don't think anything's written in stone.

BAYDAR: Thank you, Guldem, Atilla, Sinan, and Howard, for, yeah, trying to bring – shed light on...

CIDDI: Great moderation ...

(CROSSTALK)

... we loved it. Really good questions. Well-prepared, good numbers. I like it.

BAYDAR: So thank you all. And let's see, let's keep following Turkey's puzzling course until the future.

Thank you again.

ATABAY: You're welcome.

END