



By: [Emre Alkin](#)

# Turkey at the crossroads between Chinese state capitalism and European rational policies



During the first week of June, I had the chance to discuss with some experts about the current state of the world economy in the light of recent global and national developments.

With a focus mainly on the Sino-US conflict, we discussed the fact that China has been working to ensure a shift in global power in their favour for the last decade, while the US has been taking various measures to prevent that from happening.

In order to become a global power, first of all, China should be able to improve its human rights and democracy.

“China does not issue an annual Human Rights Report like the US does. It is clear that it does not require its potential partners to cherish democracy, human rights, or justice”.

This striking fact emphasised by Professor Cagri Erhan, member of Foreign Relations and Security Council to the Presidency, also tells us that China funds lawlessness, autocracy or turmoil in countries to which it pledges cooperation and mutual financial gain.

Naturally, this act of funding increases China's influence in every continent, while helping it make money.

### China remains a major risk in terms of spreading its system to the whole world

With its current economic system, described by Professor Isin Çelebi, former minister of Finance (1989–1990), as state capitalism, China remains a major risk in terms of spreading its system to the whole world.

All this shows us how influential and manipulative politics and diplomacy are on economies.

After listening very carefully to these two political experts, we decided to delve into the philosophy of the issue it by pointing out the fact that economic developments take shape according to the preferences of those in power.

As Turkey seeks a new direction amid the current conjuncture, it is obvious that it will determine its new economic model in line with the results of its search.

However, if Turkey is to behave like China, it means that it will violate the core philosophy of its republic. If it is to behave like the Europeans, it must first ensure peace within its society.

“Turkey has no choice but to revive and accelerate the accession talks with the EU”, said Professor Çelebi in response to Professor Erhan who stated that a complete alliance among Russia, China and India may result in dangerous consequences.

### Turkey might be tempted to incline toward state capitalism as the China-Russia-India trio defies the world

Experienced politician and academic Çelebi seemed particularly worried about the possibility that Turkey might be tempted to incline toward state capitalism as the China-Russia-India trio defies the world.

Two important questions stood out amongst others we that emerged during the session: “what will happen to the FX volatility-hedged deposit scheme?” and “will the government actually start implementing rational policies?”

Frankly, there is not much to say about that scheme. It will either be replaced by another instrument or it will disappear within a couple of years.

An urgent return to rational policies, on the other hand, is imperative, whilst it is also subject to President Erdoğan's decision.

Clearly, there has been some discomfort regarding the perception that recent appointments to top regulatory positions is "a heroic act to save the country".

If the verb "save" is used, it means that the economy is troubled. This statement indicates that everything that has been done so far was wrong, and I do not think that it will be easily accepted by the government.

Apparently, the framework of the economic programme will be shaped by President Erdoğan, and the data provided by the economy officials will be made into a calendar.

It looks like they will try to carry out an agenda that is solely determined by the head of the state, not an agenda covering all segments, especially the lower echelons of society.

### Business people were worried about the increasing costs and the difficulty of accessing financing

When I met with business people in the provinces this month, they all were worried about the increasing costs and the difficulty of accessing financing.

However, I do not think that the members of the economy management are fully aware of or actually care about the details of these problems.

I have warned my acquaintances in economic positions and my friends in professional organisations many times before:

"Do not implement new projects, new programmes or prescriptions without properly

analysing the economic impact of previous practices and measuring their success rate. As you do this, you tire both the country and its economy."

This is true not only for the macro scale, but also at the micro scale practices. If an organisation constantly changes its strategy, constantly tries out new models, after a while the staff would have difficulty in following up, and eventually they would give up being engaged or committed.

A certain degree of stress is necessary for success, but putting pressure on employees to perform practices that do not have clear goals and cannot be measured is the absolute wrong style of management.

### Normalisation or rationalisation will never be possible unless the government admits that it is applying the wrong policies

The economy administration needs to see that it can replenish Turkey's insufficient foreign currency reserves only with the right monetary policy, not by seeking and finding funds alone, that it can improve the budget deficit by having fiscal discipline, not by financing it through debt, and that it can eliminate the deterioration in pricing behaviour by restoring the supply-demand balance, not by controlling the market.

Normalisation or rationalisation will never be possible unless the government admits that it is applying the wrong policies.

Some of you might think that whether Turkey will be a global power or not is more important than its major inflation problem and its rapidly depreciating currency.

Allow me to remind you that if you are a globally powerful country in multiple domains such as popular culture, art, sports, education,

diplomacy, justice, civil liberties, healthcare and welfare, you are a “soft power”.

If Turkey attempts to become a global power using military power alone, then it will be betraying the founding philosophy of the Republic. Peace brings prosperity, but mobilising all resources for war power damages public welfare.

It is best to have rational policies and carefully consider the resources that Turkey has before determining a path forward, which was in fact perfectly designed 100 years ago by Mustafa Kemal Atatürk. Once again, I cherish his memory with respect and gratitude.