



This has to be Turkey's last crisis

Turkey is currently experiencing the deepest economic crisis of her history that began in the first months of 2001. The Adjustment Program, which the government had undertaken at the end of 1999, was a well-prepared program and it was beginning to have positive affects on macroeconomic balances. However by the middle of 2000, deviations from the program began to appear. The government started to lose its credibility both on the domestic and international markets. The deviations from the program led to the drying up of domestic and international funds, causing a decline in liquidity. The shortage of liquidity

experienced in the markets in turn, put pressure on the main economic balances. The reluctance of the government in implementing the structural reforms it promised that were included in the original letter of intent submitted to the IMF, put an end to the positive expectations for recovery that was anticipated for the end of 2001. The government's lack of political determination together with its economic and financial mismanagement resulted in the twin crises of November and February. The decision to leave the value of the Turkish Lira to float, taken in February, resulted in a devaluation in excess of 80 percent.

Initially, when remedial measures had to be taken urgently in order to contain and manage the crisis, the government's lack of political commitment to substantive reform made itself felt once again. This period exposed to us all the unpleasant political and economic facts of Turkey. Yet, in due time the confusion of the first days left its place to a better understanding of the causes of the crisis. It was clear that this economic crisis did not resemble the previous crises in Turkey. In fact, this time the country was facing a more severe and deeper structural collapse.

Today we all know that for the last 10 years Turkey has been grossly mismanaged. Finally, we are forced to come to terms with the unhealthy economic and political consequences of this failure in governance. The political crisis that lurks behind the economic crisis has cost our country dearly and we will continue to pay the bill for a long time to come. But as a result of this crisis we have also understood many realities that we were reluctant to acknowledge. We have changed the priorities on our agenda accordingly. We now know that to be able to rescue the country from a fate of recurring crises we have to adopt a new understanding of administration, of production of goods and services in line with the requisites of the new century. We need to be effective and efficient. We also need a total transformation of the existing political system that has proved to be fully corrupted and paralyzed.

The international community has also come around to seeing the economic crisis in Turkey as one that emanates primarily from our political crisis. As a result, the fundamentally sound and IMF-backed economic program put together by the Economics Minister Kemal Derviş and endorsed by the government suffers from a lack of confidence. In order to overcome this confidence crisis, we need strong signals of political commitment to reform on the part of the government. Implementing the reforms that are going to activate the wheels of the economy and creating a stable, rationally functioning structure is vital to overcome this crisis. On the other hand, we cannot be contented just by the success of the new program. We have to prove that we have learnt from our experiences, that we are ready to change the structure that has created these crises, that we have the capacity to manage our economy rationally

and that we have the will to rid our political system from the scourge of patronage and populism.

Therefore our problem is not limited to overcoming the current economic crisis since it will eventually end and the environment will stabilize. What is important is to keep the time needed to reach that point as short as possible and to contain the social damage that the crisis can inflict. The existing resources of Turkey, its manufacturing and service industries' vitality, the condition of the domestic markets, our integration with the international economic system all provide the conditions we need to overcome the economic crisis. The private sector, the public sector and the bureaucracy have experienced staff who have the practical knowledge and training to manage the process of ending the crisis. We only need the current administrative system to be transformed into a structure that enables us to activate those resources at the optimum level. Therefore, it is imperative that our economic structure be reorganized in such a way that it no longer produces such crises and that our political structure be rehailed so that our economy enjoys good governance.

This transformation is a process that is much more difficult than is commonly believed. It necessitates very brave steps to be taken and it imposes historical responsibilities on the parliament, the cabinet and various agencies of the state. To be able to create the infrastructure for this transformation, we need to change the political parties law first and then the electoral law. We believe that the power of public opinion will play an important role in this process. The politicians' resistance to transformation will be broken by public pressure.

Turkey has experienced crises in various periods of her history. Despite such experiences it also failed to stabilize its economy and politics. In the aftermath of each crisis the Turkish Public has heard the same promises but is yet to witness the assumption of responsibility for the recurrent failures by the people who caused them. The society got accustomed to this vicious cycle. However this time we do not want a repetition of the old script. This crisis must take its place in our history not only as the worst but also as the last crisis of Turkey.