

# CRS Report for Congress

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## Turkey: Situation Update

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### Summary

Turkey's year-long experiment with Islamist-led government ended in July, when a multi-party secularist coalition headed by Prime Minister Mesut Yilmaz took office for what is viewed as a transition to early national elections sometime in 1998. The political situation is fluid. The government is addressing some economic problems and redirecting Turkey's foreign policy back toward the West and toward Turkic kin in Azerbaijan and Central Asia. There are problems in Turkey's relations with the European Union, with efforts to reach an international settlement on Cyprus, and in Turkish-Greek ties. The Administration and Congress are continuing to focus on security, democracy, and human rights in the U.S. dialogue with Ankara.

### Background

Turkey has had three governments since an inconclusive national election in December 1995, when five parties gained seats in parliament. Necmettin Erbakan's Islamist Refah Party (RP) took the lead in votes, with two center-right parties, the True Path Party (DYP) of former Prime Minister Tansu Ciller and the Motherland Party (ANAP) of former Prime Minister Mesut Yilmaz, close behind. The first government was a short-lived coalition of archrivals Yilmaz and Ciller designed to avoid Islamist rule. When Prime Minister Yilmaz refused to shield his partner, Ciller, from parliamentary inquiries into her alleged corruption, DYP pulled out of the coalition.<sup>1</sup>

The second government was formed when Ciller sought shelter in an unprecedented alliance with Refah, enabling Islamists to head a government for the first time in Turkish

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<sup>1</sup> For more on this and some other issues discussed below, see CRS Reports 97-462, *Turkey's Unfolding Political Crisis*, April 11, 1997; 97-799, *Greece and Turkey: Aegean Issues -- Background and Recent Developments*, August 21, 1997; 96-858, *The Iran-Turkey Pipeline Deal: The Geopolitics of Natural Gas*, October 10, 1996; and 94-267, *Turkey's Kurdish Imbroglia and U.S. Policy*; and CRS Issue Briefs 89140, *Cyprus: Status of U.N. Negotiations*, and 86065, *Greece and Turkey: Current Foreign Aid Issues*, both updated regularly.

history. Refah's populist domestic policies were not unlike those of its predecessors, but its foreign policy was different as it tried to redirect Turkey from its traditional ties with the West toward selected Muslim countries, including Iran and Libya. When Refah brought its domestic Islamist agenda to the fore in early 1997, it provoked the military, the constitutional guarantor of Turkish secularism, and a sense of crisis befell the country.

On February 28, the military-dominated National Security Council issued a series of ultimatums to the government, demanding initiatives to combat the threat of Islamism. Erbakan stalled implementation and clung to power, prompting the military to mobilize secular forces against the government. To stay in office, Erbakan and Ciller agreed to exchange positions and have the secularist Ciller become Prime Minister. This required the government to resign and President Suleyman Demirel to select Ciller to form a new government. The government resigned in June. But Demirel chose Mesut Yilmaz, not Ciller, to form a government. Demirel's action reflected the will of the military and of other secular elites. He also resented the upstart Ciller who had succeeded him as DYP party leader in 1993, gradually eased out his cronies, and failed to heed his advice.

## **Political Situation**

The present government, formed in July 1997, is a coalition of Yilmaz's ANAP, Bulent Ecevit's Democratic Left Party (DSP), the fledgling Democratic Turkey Party (DTP) formed by Demirel-supported defectors from the DYP, and several independent deputies. It is a minority government, depending on the support of Deniz Baykal of the leftist Republican People's Party (CHP), who chose to stay outside. The government is seen as a transition to early elections, which Yilmaz prefers to hold in autumn 1998 after he creates a record to present to the voters, but may call sooner.

The political scene remains fluid. The long-desired merger of center-right parties to serve as a bulwark against Islamism is not in sight. DYP appears to be disintegrating beneath Ciller; over 40 DYP deputies have defected to ANAP and DTP or became independent. The ambitious DTP may be ANAP's new rival. It is headed by former Speaker Husamettin Cindoruk, a Demirel ally whom Ciller had outmaneuvered within the DYP. He chose not to accept a government post in order to build his party. Although DTP's numbers in parliament are low, it is growing and insists on equality in the governing partnership. It obtained the Defense portfolio and some other ministries, and has been pressing Yilmaz for closer consultation on bureaucratic appointments.

Yilmaz and the leftist Ecevit are getting along better than Yilmaz and his seemingly more natural center-right ally, Cindoruk. Ecevit, a former Prime Minister, clearly relishes his return to power after 18 years, and has emerged as the government's pre-eminent foreign policy spokesman. Ecevit is Deputy Prime Minister and his party holds the Foreign Ministry and other state ministries with foreign affairs responsibility for Cyprus and Central Asia. The left remains divided, with rivals Ecevit and Baykal as unlikely to reach an accommodation and merge their parties as their counterparts on the center-right.

Refah, the largest vote-getter in 1995, is fighting for its existence. The chief public prosecutor filed suit on May 21 to ban the party because it threatens the constitutionally required secular nature of the state, and because of some of its members' inflammatory

statements. Some suggest that the military is insisting on Refah's closure. Refah's followers have demonstrated against the new eight-year compulsory secular education law and the abolition of religious (*imam hatip*) schools, which had been among the military's key demands in February.

The military appears to want to recede somewhat from politics after its recent activism and the change in government. The retirements of four service commanders occurred on schedule in August. That Chief of the General Staff Ismail Hakki Karadayi and his outspokenly anti-Refah deputy General Cevik Bir have extended their terms is not unusual, but signals that military oversight will continue. Karadayi said that the military no longer views Islamism as a threat, but it remains an interest.<sup>2</sup>

## **Prime Minister Mesut Yilmaz**

Mesut Yilmaz, age 50, was born in Istanbul, but his family's roots are in Rize on the Black Sea. Yilmaz is a veteran politician. He was a founder of ANAP, a party which began as a "big tent" for advocates of a market economy, traditional believers, and nationalists. Yilmaz has been a Member of Parliament since 1983, and served briefly as Prime Minister in 1991 before leading his party to defeat in national elections that October. Yilmaz and Ciller are rivals. When Ciller was accused of corruption and implicated in other scandals, Yilmaz denounced her. Their 1996 coalition probably was doomed from the outset. She then bested Yilmaz by forming the government with Refah. Yilmaz was unsuccessful in several parliamentary votes of confidence taken to bring down the RP-DYP government. The military and Demirel are responsible for his current ascendance.

Yilmaz is an unlikely standard bearer for secularism. His personal convictions are unclear. Before the 1995 election, Yilmaz brought Islamists back into the ANAP fold and struck an electoral alliance with the small Islamist Grand Unity Party (BPP).<sup>3</sup> After the election, Yilmaz scuttled the coalition with Ciller in order to expedite her political demise, enabling Refah to come to power. Yilmaz then competed with Ciller for Refah's favor and probably would have joined a Refah-led government if Ciller had not won that contest. Yilmaz was not prominent among the critics of Refah's Islamist agenda. His government made secular education its priority mainly because it was a military demand.

Some within ANAP criticize the deals that Yilmaz struck to form the coalition. They complain that Ecevit's DSP is over represented in the cabinet, that Yilmaz ceded too many power portfolios to DSP and DTP, and that he appointed too many recent DYP defectors to ANAP to ANAP-designated posts. These critics are concerned about the concomitant patronage losses to other parties. Nonetheless, ANAP controls the ministries responsible for the economy, which most polls indicate is the number one concern of voters. Some critics contend that Yilmaz's alleged insecurities are manifest

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<sup>2</sup> Sedat Ergin, West Working Group No Longer Needed, *Hurriyet*, August 10, 1997, translation carried by Foreign Broadcast Information Service (hereafter FBIS), August 12, 1997.

<sup>3</sup> The electoral alliance enabled BPP to be represented in parliament without meeting the required 10% threshold of votes. It split from ANAP soon after being seated. Some ANAP Islamists disagreed with the party's support for eight years of compulsory secular education and resigned from the party; others face party discipline for their votes against the bill.

in his weak ANAP appointments. He failed to name potential internal party challengers to the cabinet, thereby depriving himself and the government of their strengths and ideas.

In foreign affairs, Yilmaz is pro-West. He has a close affinity to Germany, where he attended school, and a good relationship with German Chancellor Helmut Kohl. Yilmaz is less fond of the United States, largely because he believes it supported Ciller. During campaigns, Yilmaz criticized Ciller for her close ties to the United States.

### **Domestic Policy<sup>4</sup>**

This is a transitional government. Prime Minister Yilmaz said that legal preparations for early elections are his main priority. A national census will be conducted in November and changes in the electoral and political party laws are anticipated.

Aside from the eight-year education law, which passed on August 16, the government's domestic focus is the economy. Turkey perplexes economists with its combination of high inflation and strong growth. Turkey's gross national product growth rate for 1997 is expected to be 5.5-6.0%, led by a vibrant private sector. Inflation was running at an annual rate of 76% in June and is forecast to end the year higher. The Turkish people have adapted to the inflation. They also have developed a large grey economy or "suitcase trade," mostly with the former Soviet states, that evades taxes. State Minister Gunes Taner of ANAP is in charge of the economy. He hopes to close the budget deficit with taxes, higher prices charged by state enterprises, privatization, and borrowing. Some tax and price increases already have taken effect and more are planned. Taner intends to impose monetary discipline by not allowing the Treasury to call on the Central Bank for money on demand. Although he claims to want to impose greater financial discipline and to postpone pre-election spending until 1998,<sup>5</sup> the government's very first action was to raise civil service wages. Taner says that foreign exchange reserves will enable the government to avoid a new International Monetary Fund standby agreement, but that he will be guided by IMF recommendations, which include privatization of the State Economic Enterprises, restructuring of the social security system, and reform of the tax system. Given the short time before the start of the next election campaign and the constraints engendered by coalition compromises, economic expectations are not high. As in the past, governmental instability will continue to prevent consistent implementation of needed macroeconomic reforms.

*Kurdish Conflict.* Kurds are a large minority in Turkey. Some want Kurdish language schools, television, and other rights. Others, represented by the Kurdistan Workers Party (PKK), a separatist group operating mostly in the southeast, may want independence. The military claims to be controlling the PKK better within the country and has struck at PKK safe havens in Iraq. The PKK, however, is active politically in Europe, where it creates problems for Turkey's foreign relations. The Yilmaz government attributes the problem in the southeast to geographic, social, and economic causes, as well as to foreign interference; it pledges development. It does not recognize a cultural

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<sup>4</sup> Yilmaz presented his government's program to the Turkish parliament on July 7, 1997. It was transmitted live on the TRT Network; translation carried by FBIS on line, July 9.

<sup>5</sup> John Barham, "New Turkish Ringmaster Cracks Whip," *Financial Times*, July 17, 1997, p. 2.

dimension to the problems. Given the military's role in bringing the government to power and its insistence on "one nation, one flag, one language," Ankara is unlikely to change policy on this issue.

### **Foreign Policy**

The government is restoring the centrality of Turkey's Western orientation to foreign policy. Ministers say that attaining membership in the European Union (EU) is a priority. The EU has put off consideration of Turkey's membership because of unease about human rights, Cyprus, fear of a possible flood of Turkish workers, and other concerns. Ecevit favors membership, but also calls for a review of Turkey's 1995 customs union accord with the EU because Turkish businesses are suffering, the balance of trade has become sharply skewed in Europe's favor, and the EU has failed to provide promised aid (because of a Greek veto). Yilmaz will travel to Germany later this month, in part to lobby one of the EU's main players on these matters.

Ecevit's stand on the Cyprus issue is complicating Turkey's relations with the EU. Ecevit had been Prime Minister in 1974, when Turkey invaded/intervened in Cyprus, and has remained a proponent of the self-declared Turkish Republic of Northern Cyprus (TRNC), which only Turkey recognizes. He visited Cyprus on July 20, 1997, the anniversary of Turkey's intervention, and signed a joint declaration calling for the partial integration of the TRNC and Turkey. It was a response to the EU's official announcement that it would begin membership accession talks with Cyprus in 1998. The internationally recognized government of Cyprus, led by Greek Cypriots, is the interlocutor that the EU accepts. The declaration was issued between rounds of revitalized U.N.-sponsored negotiations on a Cyprus settlement. With Turkey's support, Turkish Cypriot leader Rauf Denktaş demanded at the second round that the EU suspend the accession process until a resolution is found for Cyprus. Turkey contends that the possibility of joining the EU removes an incentive for the Greek Cypriots to negotiate seriously. Turkey's hard line on Cyprus was reinforced by the Greek Cypriots' purchase of Russian surface-to air missiles, which Ecevit claims transform Cyprus into a security issue for Turkey, not just for the Turkish Cypriots.

The Turkish-TRNC declaration came on the heels of indications of a possible Turkish-Greek accommodation at the NATO summit in Madrid in early July. The two governments agreed to six principles, a virtual non-aggression pact, to govern their relations in the Aegean Sea. President Demirel and Greek Prime Minister Costas Simitis endorsed the communique. The Yilmaz government had been in office only a few days at the time, and its subsequent statements have raised questions about its commitment to the principles. Neither Yilmaz nor Ecevit was in Madrid. A spate of intergovernmental recriminations focusing on Cyprus dominated summer exchanges between Athens and Ankara. Efforts to improve bilateral relations still are expected to resume in the fall.

The Yilmaz government is renewing Turkey's cultivation of Azerbaijan and the Central Asian states, focusing on the region's energy resources. Turkey seeks an oil pipeline from Azerbaijan to Turkey's Mediterranean coast and a natural gas pipeline from Turkmenistan to Turkey to fill some of Turkey's dire energy needs, and to earn transit fees from resources destined for Europe. Yilmaz will make his first trip abroad as Prime Minister to Turkmenistan and Kazakhstan, which also is considering using Turkey as a conduit for its oil.

Ecevit would like to normalize Turkey's relations with some of its other neighbors, but recognizes impediments in Iran's export of Islamism to Turkey and support for the PKK, and in Iraq's human rights problems and its weapons of mass destruction agenda. Some modest measures are projected. The government will probably agree to extend the mandate for Northern Watch, the U.S.-led mission monitoring the skies over northern Iraq.

## **U.S. Policy**

Turkey is a valued U.S. NATO ally. The Administration appreciates Turkey's willingness to host Northern Watch, its service in Bosnia, and help in training the Bosnian Federation army. The State Department was concerned that the Turkish military efforts increasingly intense efforts to bring down Refah might prove destabilizing and estrange Turkey from Europe. After Turkish newspapers characterized particularly pointed anti-Islamist military briefings as a "last warning" and surmised that a coup was in the offing, Secretary of State Madeleine Albright cautioned that changes "have to be within a democratic context with no extra-constitutional approach."<sup>6</sup>

U.S.-Turkish relations are complicated by Turkey's human rights abuses, particularly regarding Kurdish civilians. Turkey's anti-Kurdish actions derive from its conviction that it faces a separatist threat from the PKK. The State Department agrees that the PKK is a terrorist organization, but contends that the means Turkey chooses to combat it are often unacceptable. Foreign aid legislation requires the State Department to report on use of U.S. weapons against Kurdish civilians. It also requires the President to certify that it is in the national security interest to provide aid to Turkey despite its "blockade" of Armenia. Both Houses appropriated the same level of military aid for FY1998 as in FY1997, i.e. \$175 million in loans. Assistant Secretary of State for European Affairs and former Ambassador to Turkey Marc Grossman told the Senate on July 16 that the United States focuses simultaneously on security, democracy, and economic issues with Turkey, including engaging in a dialogue on human rights. The scope of that dialogue may broaden if Refah is banned on grounds that violate human rights standards and if non-criminal Islamists are subject to punitive actions.

The United States wants Turkey to improve relations with Greece and to make progress on the Cyprus issue. The State Department facilitated the Madrid communique, and is striving to have it implemented. The Administration recognizes that improvement in Greek-Turkish relations is tied to the Cyprus issue, and President Clinton named former Assistant Secretary of State Richard Holbrooke as his Special Envoy for Cyprus.

The Administration has been understanding of Turkey's energy needs. It recently announced that the proposed natural gas pipeline from Iran to Turkey would not violate the Iran-Libya Sanctions Act. The decision was described as a gesture toward Turkey and Turkmenistan, and was eased by the change in government in Teheran and by Iran's inability to supply the gas, which will now come from Turkmenistan. U.S. oil companies are investing heavily in Azerbaijan and some Central Asian oil and gas projects and need outlets, producing a congruence of U.S. and Turkish interests in the region.

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<sup>6</sup> Reuters, June 13, 1997.

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