

Turkey 2019



Total: 50.04

Quick facts

Population:	82.004 million
Unemployment rate:	11 %
GDP:	711.274 billion \$
GDP growth rate:	2.8 %
GDP per capita:	28040 \$ PPP

Political Freedom

Free and Fair Elections : 4.29

The political freedom score of Turkey has fallen for the 9th consecutive year in 2019 since the beginning of the index. To this day, the election day and the ballot box have largely been regarded as intact by most international observers. However, the local elections in March 2019 have created a different precedent.

Supreme Election Council (SEC), the highest judicial authority over the election process in Turkey, ordered a rerun of the local elections in Istanbul through a highly contested decision over the ruling AK Party's fraud allegations. This decision came after AK Party lost the mayorship of the country's largest city for the first time in the last 17 years. Country's renowned legal experts criticized the decision due to unsubstantiated fraud claims. Although the opposition has won with a larger margin in the rerun elections, SEC's inability to stand against government claims has been seen as a new low in the country's already failing political competitiveness indicator.

The electoral race still remains as the biggest problem between the political actors. During the campaign process, the state capacity has been widely utilized by the governing party despite the clear electoral laws against it. Visibility and coverage of different political contesters was highly disproportionate and extremely favorable towards the government specifically in the mainstream TV channels and newspapers due to a very homogenized and suppressed media environment.

Other key developments in this subsection are the ongoing imprisonment of a major opposition leader, Mr. Selahattin Demirtaş, despite several court decisions for his release. In the meanwhile, following the local elections in Turkey, government removed the mayors of several districts and 3

metropolitan municipalities in mostly Kurdish-populated Southeastern Turkey, replacing them with government appointed trustees, which made meaningful participation of Kurds to the political process increasingly difficult.

Absence of Unconstitutional Veto Players : 2.5

The military's long-standing impact on civilian politics has largely vanished according to most commentators. Instead, the criticism centers around government's increasingly long arm in the bureaucracy. Following the failed coup attempt in 2016, the government purged tens of thousands of bureaucrats, judicial and military officials, replacing them with new personnel through contested processes which involved closed-door, no-record interviews. This process has drawn a lot of criticism about a lot of favoritism in the government recruitment processes. This large scale replacement operation without any due process makes the distinction between the state and the party increasingly blurry.

Freedom of Press : 4.72

Despite no-change in the global ranking, Turkey's freedom of press score has seen a slight improvement in the Reporters Without Border's 2019 Press Freedom Index. The major threats stated by all domestic and international media stakeholders are a) the absence of a pluralist media and opinion environment, b) severe threat of prosecution for the critics, as well as c) the conglomeration of mainstream media companies in few hands.

On the other hand, digital is, to a large extent, still unregulated and many sacked journalists are creating their own individual digital outlets. Certain critical journals are able to operate online. However, the threat of prosecution for disclosing (critical) opinions is persistent and applies evenly to all fields.

Rule of Law

Independence of the Judiciary : 4.68

Turkey's ranking in the area of the rule of law continued to deteriorate in 2019. The crisis of rule of law in Turkey, whose score and ranking have fallen drastically in the last five years, is best portrayed by the World Justice Project's Rule of Law Index. The most drastic decrease was in the sub-category of "no improper government influence" in the category of criminal justice, from 0.25 points in 2014 to 0.06 points in 2019, which is the lowest of all subcategories. This finding of the World Justice Project clearly shows that there is a widespread perception among both lawyers and ordinary citizens that the government has improper influence over the criminal processes. Independence of the judiciary has seriously been curtailed by the entry into force of 2017 constitutional amendments which re-structured the Judicial Council and brought it under the control of the President effectively. The executive influence over the judiciary can be observed in all politically sensitive cases. Most remarkably, the High Election Board canceled the results of 31 March mayoral election in Istanbul on the grounds of unsubstantiated reasons upon the request of ruling AKP after opposition candidate had won the race. This shows that even the highest judicial organs cannot resist pressure from the government.

Anti-terror legislation is effectively used to silence any dissent and criminal justice system and criminal courts play a crucial role in this harassment. Just in 2018, 446.275 new investigations were opened, and 123.207 indictments were prepared relating to crimes against constitutional order including membership to a terrorist organization or ruling a terrorist organization. Another 46.220 criminal investigations were commenced relating crimes such as terrorist propaganda. These figures show how judges and prosecutors were influenced by government policies. Following the dismissal of more than 4200 judges and prosecutors under the state of emergency rule, no progress has been made and new dismissals are possible under the Law no 7145 which extended the power of Council of Judges and Prosecutors for three years to dismiss judges and prosecutors on the suspicion of connection with terrorist organizations. As noted by the European Commission "these dismissals had a chilling effect on the judiciary as a whole and risk widespread self-censorship among judges and prosecutors."

Following dismissals, approximately 10.000 new judges and prosecutors, nearly half of the whole judges and prosecutors, have been appointed. There are allegations that most of the new appointments were affiliated with the ruling party or supporting religious groups. These inexperienced judges and prosecutors also have a detrimental effect on the quality of the judiciary. As a result, the Turkish judiciary has strong resistance to apply case-laws of the Turkish Constitutional Court and the European Court of Human Rights.

Corruption : 4.1

Especially after the enactment of the 2017 constitutional amendments, formal control mechanisms effectively lost their independence and entered under the control of the President. The parliament has lost most of its power to control government expenditures. At the moment, effective judicial, administrative, political and media scrutiny of public procurements and public expenditure is almost impossible. Too many exceptions have been introduced to the Law on Public Procurements in recent years. According to Transparency International's 2018 Corruption Perceptions Index, Turkey's score (41 points out of 100) in 2018, represents a dramatic decrease from 50 points in 2013. In tandem with democratic decay, the perception of corruption increased simultaneously.

Almost all big assets and public enterprises of Turkey have been transferred to the Wealth Fund and the parliament cannot control the budget and transactions of the Fund. The president's discretionary spending budget has been increased in the last years enormously. The amount of discretionary funds allocated to the executive branch increased 17.5 times between 2003 and 2018 while the national income increased 7.3 times in the same period.

The president has almost a monopoly over the appointments to the public services. There are allegations of nepotism in public recruitment.

Protection of Human Rights : 3.77

One of the biggest human rights problems in Turkey is the situation of public officials who were purged after the coup attempt, by Legislative Decrees. Although the state of emergency has been lifted in July 2018, dismissals are still continuing. There is no effective judicial control over these dismissals. The purged officers have not only been banned from public services for life but also they are effectively prohibited to work in certain private sectors as well. Their passports have not been returned either. The children and relatives of the purged people have also been effectively prohibited to enter into the public services through the security checks.

Freedom of expression has been seriously curtailed in Turkey in recent years especially after the coup attempt. Freedom House classified Turkey as a 'not free' country for the first time in 2018. In the recent Freedom in The World 2019 Report, Turkey's total score was 31 out of 100 points and continued to be in the "not free" category. The country report indicated that *"the government has cracked down on NGOs since the coup attempt, summarily shutting down at least 1,500 foundations and associations and seizing their assets. The targeted groups worked on issues including torture, domestic violence, and aid to refugees and internally displaced persons (IDPs). NGO leaders also face routine harassment, arrests, and prosecutions for carrying out their activities."* Using anti-terror legislation to silence dissidents became a daily routine and initiation of a criminal investigation or even arrest and detention for social media postings are not exceptional in Turkey. Recently some journalists were taken into custody for publications criticizing military operation in northern Syria and too many investigations were commenced in the same vein including some MPs. Internet blockings are very common and more than 400.000 websites including news portals and Wikipedia are blocked in Turkey.

There are some allegations of serious human rights violations such as forced disappearances and torture. Human Rights Centre of Ankara Bar received some complaints and prepared reports in this regard. Prison overcrowding is a severe problem. It is reported that the number of inmates of the existing 389 prisons has increased to 213.000 from normally 111.000 persons through rearrangements. Nevertheless, the number of inmates has exceeded 300.000. Babies living in the prisons with their mothers, sick detainees, and holding detained people in remote cities far away from their families are among the problems relating to prisons.

Economic Freedom

Security of Property Rights : 5.1

State of emergency was terminated in July 2018 all over Turkey. However, unfortunately, no positive developments were observed in this period regarding the properties and companies seized through the decrees issued during the state of emergency. During this process, only a very small portion of the dismissed public officials was returned to their posts. These developments shook legal security and directly put pressure on property rights. Besides, for those residing in Turkey, with some exceptions, decisions were taken not to allow business, real estate, or car rental contracts to be in a foreign currency or to be indexed to one. This means limiting the absolute rights of owners to their property. In addition, the increasing frequency of the audits of government bodies on opposing companies and organizations are mentioned. The fact that financial controls are turned into a punishment tool in the hands of the government and the lack of an effective mechanism by the judiciary takes the violation of the property rights of the citizens to another level.

Size of Government: Expenditures, Taxes, and Enterprises : 7.08

Turkey continues to have one of the world's most unstable tax regimes. While the proportion of

indirect taxes in OECD countries has been around 30 percent, for many years this ratio did not fall below 60 percent in Turkey. The main reason is in that the government prefers consumption-based taxes, which is the easiest tax type that the government can collect to finance government expenditures quickly. According to the 3-year Medium-Term Program (rebranded by Ministry of Treasury and Finance as the New Economy Program) prepared in 2019, the budget deficit of the public sector is expected to be around 3 percent, but the year-end budget deficit expectations are generally above this rate due to the overspending in the government budget within the year. In 2018, the government made a revaluation of around 23 percent in taxes, fees, and penalties. In November 2019, this rate is expected to be at least 25 percent. In addition to the increase in indirect taxes, there are also increases in direct taxes. According to a new regulation, the government increases the upper limit of income tax from 35 percent to 40 percent. The reason for this is that the government has accelerated public expenditures to reduce the effects of the economic crisis. Turkey's EU-Defined General Government Debt Stock to GDP ratio will be around 32 percent as of 2019 which is not expected to fall in the subsequent years.

Regulation of Credit, Labour, and Business : 5.84

Although Turkey shows certain improvements in terms of the ease of doing business, regulations on this issue have not yet reached the desired level. In 2018, around 900 firms declared concordat while this year's figures were not announced. According to market findings, this figure is expected to be around 1000 in 2019. The fact that only government-selected statistics, which do not reveal much of the details, are being published, leads to increased distrust in the labor market. When we look from the viewpoint of the credit institutions, there are no relatively negative developments in regulations. The public-owned banks, which are technically independent by law, suffered from significant duty losses as a result of the government's pressure to provide low-interest loans. The announcement of a publicly traded public bank's top manager stating that "they are not working for profit this year" stands as a proof that the government has used these banks as a tool for crisis management. Such statements of the executives of a bank whose shares are traded in the stock exchange are subject to investigation and penalty. However, courts' inertia to take any actions continues to undermine the confidence in the markets.

Freedom to Trade Internationally : 7.96

Turkey's commitment and openness to the foreign markets continue in a positive direction. In 2019, the ratio of exports to imports is expected to be around 75 percent. Imports to GDP ratio is not expected to increase much as compared to the last year, as the effect of the increases in foreign exchange is still felt and is expected to be around 28 percent. Alongside all those, according to the new tax package, for companies doing business in Turkey via internet a "digital service tax" is planned to be applied, up to 7.5 percent to their Turkey turnover. We see that this type of tax is applied in some other OECD members, but their average tax rate is 3 percent. This may be an obstacle to trade freedom for digital players.