

## TURKEY IN THE DEVELOPMENT PROCESS: OBSTACLES, PREMISE AND PROSPECTS

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### ABSTRACT

In the long history of mankind, countries have always been classified and compared on the basis of backwardness-forwardness dichotomy. The Industrial Revolution has made the polarization between developed and underdeveloped countries deeper. Those countries that could not complete their industrialization process in the last two centuries are now aware that their less-developed positions and prefer to target the level of developed countries. Turkey's development endeavor goes back to the Ottoman Reform Movement Era in which the Ottomans tried to imitate the development model of Western European countries. This perspective has gradually expanded from advancement in military technology and administrative structure to political, economic and socio-cultural fields. Thus, the value system of the West concerning development has been taken as a point of reference during the Republic. As a consequence, the last two centuries of Turkey has been passed with successful and failed attempts to reach to the level of modern civilization. This paper investigates on the how far Turkey's development efforts have gone, what opportunities have been missed, at what level now Turkey stands in the development process, what similarities and differences can be identified between Turkey and Western countries, and at which extent Turkey's development endeavor provides some clues for transitional countries. In this paper, the fundamental questions are on whether the administration of development process (e.g. misallocation of resources, inefficiency and waste, corruption) is in the "right direction".

**Keywords:** *Development, Models of Development, Development Administration, Turkey and Transitional Economies, Economic Performance and Corruption Prevention*

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INTRODUCTION

Since the Industrial Revolution, countries have been classified as developed countries that started and then successfully completed their development processes based on industrialization and underdeveloped countries who try to catch up the same process, but have not fully succeeded it. In spite of a general structural-institutional change experienced during the process of transition from the great empires to the nation-state, this classification has continued. With the redefinition of capitalist economic world order under the name of globalization in the post-1980 period, such a classification has become meaningful even for the nation states whose sovereignty borders are now disputed and particularly for regional economic unions. When countries are classified in the literature between the development and underdevelopment poles, several concepts have been used such as "underdeveloped country, developing country, agricultural country, and Third-World country and Asian-type production mode". Those concepts used in the classification, in general, aims at specifying the social and economic development levels of societies. In spite of the changes in the contents of these concepts and in the approaches for development during the time, the "big" concept of development have mainly focused on Westernization, modernization and progress of backward countries (Başkaya, 2000: 26).

Some authors like Pieterse (2010: xvi-xviii), criticizes *the status of development theory*, inconsistencies of development thinking, and the legacies of Euro-centrism in developmentalism. Pieterse emphasizes that there is *dilemmas and crisis in developmentalism* and comparative approach. We might be in need of a critique of *modernism, globalism, and science, politics of post-development*. He elaborates on *equity and growth* focusing on social development rather than human development, reminding one of the main questions of development in terms of *redistribution with growth*. So, if a country doing well in macro economic terms, why not redistribute income? Sure, we should consider *lessons of welfare states* and other countries. But we should also be *critical of holism*. He presents the critical approaches in development: "prioritizing structures (political economy), prioritizing culture (culture and development), prioritizing social forces (alternative development) and prioritizing discourse (post-development)" (Pieterse 2010: xvi) in the search for viable methods... By referring to the term *digital capitalism*, one could directly be in a better position to refer to 'Information and Communication Technologies (ICT) and development', since

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technology maybe mistaken as a neutral instrument in some cases. Nevertheless, investments in research and technology development are still important for any country and ICT for development could be considered for a better developed world, keeping in mind the concepts visited by Pieterse such as *collective learning, complexity, reflexive development, development pluralism and international cooperation*. As Pieterse emphasizes that development is a *dramatic and complex struggle over the shape of futures*, this issue could also be a matter of "world order".

By examining *how hegemonic development ideas and practices emerged in the context of a changing world order post-1945*, Sahle (2010) moves beyond the concept of 'world orders', and argues that *development studies as a discipline is dominated by ahistorical, technocratic and assumed scientific perspectives*. In fact, some colonial concepts and practices would have traces on *the reproduction of the North-South power divide, increasing human insecurity in the age of neoliberalism and securitization of development and security*. We can draw on ***notions of power and ethics*** with a historicized understanding of development as she did. We should also take into account that there would be *multi-polarity* in developing world perspective brought by such examples of *the rise of China and Russia and China's increasing involvement in Africa, the emergence of the World Social Forum, and global governance*.

Since the Industrial Revolution, underdeveloped countries have tried to improve their social and economic structures in order to catch the level of developed Western world through adopting different development approaches depending on the economic and ideological features of the time. However, there is still a huge difference between developed and underdeveloped countries in terms of life quality and life expectation. In addition the conventional problems in development process, some new global-environmental risks have emerged and started to threat both types of countries (Başkaya, 2000: 200).

When compared with the Western world, Turkey is *unfortunately* in the group of countries who caught up the industrialization process quite late and were recently aware of those global-environmental risks. She has actually tried hard during the 20<sup>th</sup> Century to reach the socio-economic levels of Western countries by adopting different development approaches of different periods. Although she officially takes in the group of countries called G20, Turkey's place, in general, is defined in the group of "developing countries" between underdevelopment and development level or in the group of "emerging markets".

What would be the fundamental reason or reasons for a country that is still facing enormous social and economic problems, although she has targeted to development idea during the whole Republican period? Are those

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approaches adopted for development not sufficient and effective? Could be a development planning and administration based on countries' own viewpoints, initiations and resources more successful? Whether or not the main problem is mismanagement of development process or wasting of national resources under the hands of undemocratic, inefficient and corrupt governments and administrations? All those questions have pushed us to write this paper.

In this article, firstly, the concept of development and the approaches for development have been reviewed briefly. Secondly, the approaches for development adopted and used in the long road of development during the Republican period have been mentioned. Thirdly, Turkey's current development level has been displayed with the basic social and economical indicators. Fourthly, relationships among economic performance, democracy, bureaucracy and corruption have been discussed in order to clarify the ties between economic performance and democracy on one hand and economic performance and bureaucracy and corruption on the other, particularly in the Turkish case. Finally, basic problems areas in the development process of Turkey have been pointed out and a number of recommendations have been made in order to sort out such problems.

#### **THE EVOLUTION OF THE CONCEPT OF DEVELOPMENT AND DEVELOPMENT APPROACHES**

Development concept reflects a social-economic welfare level at which developed countries have already reached and wants to sustain and a common goal of underdeveloped countries to catch up with the developed countries. Because of this wide coverage, development concept can be defined in different ways. According to Encyclopedia of Economics, development "is a change in a country's economic, social, political structures providing with the progress of quality of life in material and moral terms and then gradual increase in society's welfare" (cited in Gülçubuk, 2006: 60).

Development concept with its current meaning in the literature has been widely used after the World War II (Başkaya, 2000: 19-26), because this concept entered to the economics literature and "development economics" as a sub-ranch of economics emerged for a guiding tool for underdeveloped countries in the post-war period. International political and economic conditions in the post-war period influenced the economic and political preferences (i.e. development paths) as well. In the same period, the world system was based on bipolar system: The US and Western European countries advocating Western democratic values and "free market economy" on one hand, the Soviet Russia advocating socialist values and "planned economy and state intervention" on the other hand. Both of the

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systems tried to export their economic-political systems to underdeveloped world through the power struggle methods of Cold War. Towards the end of 1980s, the US and Western European countries' economic-political approach has dominantly prevailed. In short, from the end of World War II to the mid-1970s, a mixture of the two systems (i.e. mixed economy) was implemented by most of the underdeveloped countries, including Turkey. However, the major target of underdeveloped countries in this period remained same as in the pre-1945 period: The group of values consisting "industrial progress, modernization and Westernization" was called as "development" (Heper & Berkman, 1980: 27-29; Keyder, 2004: 9).

In the period between the Industrial Revolution and World War II, the development positions of countries were measured with their "industrialization levels". In fact, this criterion has been used due to underdeveloped countries' conventional development efforts based on industrialization. But from the 1945 to mid-1970s, development as a new concept was regarded as synonymous with the concept of "economic growth" (Başkaya, 2000: 43). So, development is understood as the increase in GDP and increase in the shares of industrial and service sectors in disfavor of the share of agricultural sector in GDP.

The content of development concept has changed in accordance with the changes of development approaches. In fact, in the post-war period, the development policies (economic growth based on industrialization) advised by developed countries and implemented by underdeveloped countries resulted in significant increase in national income. However, rapid economic growth did not mean a holistic development for developing countries, and they chronically suffered from unequal income distribution, unemployment, poverty, environmental pollution, etc. (Keleş & Hamamcı, 2002: 21-23). Such a general outcome has naturally spared a room for skepticism for development approaches and enlarged the meaning of development concept so as to include human-centered and environmentally-focused approaches. It has been expressed that economic growth on its own does not mean development; and the concept of development has a broader content enriched with social and political elements (Güler-Parlak, 2005: 39). Since the beginning of the 1990s, "human side" of development has been more and more emphasized in national and international studies (e.g. UN Human Development Index). Such a shift in the meaning of development concept has also affected development approaches and policies advised by developed countries to developing countries. Thus, this wider development understanding is now standing as an ideal goal for all countries. For example, with its 185 members including both developing and developed countries, *the World Bank Group* as a "vital source of financial and technical assistance to developing countries" focuses on helping poor countries and more than

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100 developing countries to reduce poverty, increase economic growth, and improve quality of life by striving to improve health and education, fight corruption, boost agricultural support, build roads, and ports, and protect the environment, providing access to clean water, and encouraging investments that create jobs (Muasher 2007: xi). It states its mission as "to fight poverty, to help people help themselves and their environment by providing resources, sharing knowledge, building capacity, and forging partnerships in the public and private sectors..." through client-centered approach.

The ideological foundations of development approaches adopted and policies implemented by both developed and developing countries were laid by Western philosophers. One of the sources influencing the economic-political preferences of countries is Adam Smith's "Wealth of Nations" and the other one is Karl Marx's "Capital". During the 20<sup>th</sup> century, the other important philosopher affecting countries' economic-political preferences was John Maynard Keynes. Adam Smith advocated maximum economic freedom in the micro economic behaviors of individuals and firms and minimum government intervention in macro economic affairs. Marx laid down the ideological foundations of commanded economy at both micro and macro levels. Keynes who stands between Smith's and Marx's positions, believed in individual freedom but supported government intervention in macro economic affairs (Skousen, 2003: 6-8).

In the post-war period, Keynesian economic approach was the dominant economic-political approach in the world. In fact, the dominant role of government in economic affairs started with the Great Depression in 1929, increased with the World War II, continued till the mid-1970s. With the international economical crisis, triggered by petrol crises in the 1970s, Keynesian economic-political preferences have been questioned by the liberal-conservative governments of developed countries and international financial institutions; and then the minimization of government intervention in economic affairs in favor of free market principle (i.e. neo-classical economic-political preferences) has been revived again. Such economic-political preferences have been transferred to underdeveloped countries since the 1980s (World Bank, 1996 and 1997). However, a current discussion is still hot on these topics; with a much further extended recent economic crisis, an unthinkable huge amount of public funds used to save private sector in the USA by measures taken since the Obama administration came to power in 2009, and similar steps are followed by the United Kingdom and some other countries.

Although the neo-classical development approach has been implemented for a quarter century, underdeveloped countries' structural problems like injustice in income distribution, poverty, unemployment and corruption have not been sorted out. In spite of some new opportunities

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brought by liberalization and privatization, these countries are not able to cope with the global economic crises and environmental problems. It is a fact that few different economic-political approaches for development issue; e.g. endogen development, sustainable development, the new growth theory, criticizing the neo-classical approach are emerged. However, they could not fully replace the neo-classical approach. But, it should be expressed that today's common understanding concerning development has already passed over its material-centered focus; and adopted more a human-centered and a nature-centered focus. In other words, a more balanced and sustainable development understanding has been in progress.

Countries' biggest means on the way of development are their natural resources, knowledge and technology, money and human capital. In addition, the development level of political-administrative system should also be considered as a catalyzing factor for national development. At this point, the most serious problem is the waste of national resources by undemocratic and corrupt political-administrative elite.

### **DIFFERENT APPROACHES IN TURKEY'S DEVELOPMENT ENDEAVOR**

In order to understand how far Turkey has gone in the process of development and what sort of problems she has tackled with in this process, one should review the historical background. Naturally, it is not that easy to summarize Turkey's two-century long development endeavor within the framework of a paper.

Although Turkey's development struggle had started in the early 19<sup>th</sup> Century through the military and administrative reforms in the Ottoman Empire, the Republic inherited very little industrial, monetary and human capital but a huge amount foreign debt from the Empire. Since the establishment of the Republic, the economic-political preferences of Turkey have been changed between the "planned and interventionist development approach" and the "free market and outward economy based development approach" at different levels in different periods. The "liberal economic development policy" followed between the years of 1923-1929 after 1<sup>st</sup> Izmir Economy Congress was replaced by "etatist policy" (1930-1938) based on planned industrialization with the effect of the 1929 Great Depression. This was followed by "war economy" (1939-1945) of the World War II.

Between the years 1950 and 1960, a transition from the "etatist-interventionist development approach" to the "outward development approach" pioneered by the private sector was attempted but could not be successful enough. In the period of 1960-1980, which was also called as "planned development period", a mixed economy approach was the dominant approach in Turkey. With the effect of petrol crises in the 1970s,

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the Turkish economy faced a serious bottleneck and then a radical "Economic Stabilization Program" was put into practice on January 24<sup>th</sup>, 1980. This Program was a milestone in the transition process to a "new" economic-political organization in Turkey: an "export-oriented development strategy" based on minimal government intervention, free market rules and private entrepreneurship rather than an "import substituting development strategy" based on mixed economy with highly interventionist character. The idea of returning government to its fundamental functions (the neo-classical development approach) by leaving its crucial role in production has become dominant again in the post-1980 period (see Akalın, 2002; Kepenek & Yentürk, 2005; Şahin, 2006).

Those strategic shifts in development approaches and policies pursued in Turkey have been in parallel to the changes in development approaches and policies adopted by the developed Western countries. However, the changes in economic-political preferences should be evaluated by regarding the internal and external conditions of the particular periods. Those strategic changes sometimes were made at the right time and became a world class example as in the case of industrial planning after the 1929 Great Depression. However, necessary precautions were taken very late as in the case of turmoil during the 1970s. This situation has directly influenced Turkey's development performance as well as other developing countries.

In recent years, we can observe that the structure of Turkish economy mainly consists of agricultural sector (11.9%), industrial sector (23.7%) and services (64.5%) (Schwab & Porter, 2008: 75). In the year 2000, the inflation rate was 49.2% and this was reduced to a one digit figure of 7.6% in 2007 (World Bank, 2009). Strict public financial policy continued to rule to be able to target a 6.5% of "primary budget surplus" (Çanakçı, 2005: 11). GDP has grown 5.9% in 2003, 8.4% in 2004, and 5% in 2005 (Özdemir, 2007: 11).

In a similar pattern, in 2006, Turkey's GDP has showed a growth rate of 6.9%, in 2007 4.6% (World Bank, 2009). Turkey's share in the World economy is 1.37%. GNP in 2007 was \$663.4 billion and per capita income was around \$9.600 (Schwab & Porter, 2008:330). In 2008, the country's exports were well above \$132 billion (TÜİK, 2009; World Bank, 2009) and bank interest rates in August 2009 would yield a yearly nominal value of 16.09% (TÜİK, 2009). Above mentioned numerical data would indicate that there is stability in macro-economic system and economic growth is increasing. However, besides these improvements there are still some problematic areas in terms of economic indicators: Unemployment rate<sup>1</sup> in

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<sup>1</sup> The unemployment would be a first reflection and the most significant indication of economic crisis. In Turkey this problem has become a cronic one. According to

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December 2008 was 13.6% (TÜİK, 2009); in 2008 total imports were \$202 billion and foreign trade deficit was around \$70 billion (TÜİK, 2009); and domestic public debts were \$295.764 million TL, public foreign debts were \$112.255 million TL, and the total public debts were around \$408.019 million TL (T.C. Başbakanlık Hazine Müsteşarlığı, 2009).

These macro economic growth figures would give an idea on positive and negative implications on the country's situation. Nevertheless, we could argue that a further analysis is required to evaluate the development level: Turkey's population (2007 data) is 73.89 million, 27% of the population is living below the poverty line; 67% of the population lives in urban areas; life expectancy is 72 years of age; infant mortality rate for below the 5 years of age is 0.23% (World Bank, 2009); 96% of the population has access to tapping water; the literacy rate of the population for above 15 years of age is 87% (World Bank, 2006).

Human Development Index prepared by the United Nations Development Program (UNDP) indicates that Turkey comes 23<sup>rd</sup> in 2004 data for countries carbon dioxide (CO<sub>2</sub>) emissions, and its share at world total is 0.8% (UNDP, 2007: 69). Human Development Index for the year 2007, lists world's top five countries as Iceland, Norway, Australia, Ireland and Sweden, whereas Turkey is 84<sup>th</sup> of 177 countries, so to be among a medium level. In Turkey adult literacy rate is 87.4%, school attendance rate is 68.7% of the whole population (UNDP, 2007: 229-230). Again, the data for the last 30 years on the same report shows that Turkey has not unfortunately recorded a major progress in the list of Human Development Index (UNDP, 2007: 235).

### TURKEY'S CURRENT DEVELOPMENT OUTLOOK

Turkey's endeavor into a brand new set of liberal paradigm by accepting 24<sup>th</sup> of January, 1980 has resulted with some problems and turbulences. After several deeps, ups and downs, she has almost did succeed in mid-1990's, but thereafter in 2001 there was another local - or as

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the Statistics Agency's household employment survey data (TÜİK Hane Halkı İşgücü Anketi 16.2.2009), in Turkey there are 2,995,000 unemployed people (Tatlidil & Özgürlük, 2009: 8). This rate would correspond 12.3%. However, Tatlidil & Özgürlük (2009: 8) state that the limiting defining of the unemployment by the Agency would reduce the numbers indirectly, thus the numbers in fact would mean more than 20%. The same study analyses unemployment risks at provincial level based on the Agency's data, the highest risk is in the provinces of Kastamonu, Bartın, Muş, and the minimum risk is in the provinces of Bilecik, İstanbul, Edirne, Antalya (Tatlidil & Özgürlük, 2009: 19).

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some authors would call it “an artificial economic crises” just happened. And the recent crises have had less negative effect upon Turkish economy. There is even a positive expectation for Turkey (with her global share in gross yearly production is 1.1%, in export 0.7%, in population 1.1%) since it has placed among the “emerging markets” economies which come after G7 and 26 developed countries. In today’s World, in terms of per capita, there seems to be an unjust income distribution. However, in terms of gross yearly production, some authors think there is a positive correlation: emerging market economies share –or production in global system has risen from 44.9 in 2008 to 46.2 in 2009 indicating that their economies are expanding and this may result in an increase of their voice over global decisions through their representation at International Organizations (Eğilmez, 2010). In order to understand how far Turkey has gone in the process of development and what sort of problems she has tackled within this process, one should review the historical background. Naturally, it is not that easy to summarize Turkey’s two-century long development endeavor within the framework of a paper such as this one.

The most frequently used indicators among development indicators are GDP and per capita income. According to the World Bank data, while Turkey generally takes place within 20 biggest economies in terms of GNP size, she was ranked as 89 among all of the countries in the world in terms of per capita income in 2004. In this list, 43 countries are classified as developed, 165 countries are classified as *developing country* (World Bank, 2006b).

Another important development indicator is **income distribution** among the population of the country. In terms of this indicator, Turkey takes place in the group of underdeveloped countries (Başkaya, 2001: 133-142). *Household consumption spending* is regarded as a development indicator as well. In this sense, food expenses constitute the biggest item among household consumption spending in Turkey in disfavor of health, education, social and cultural expenses (Şahin, 2006: 375).

For instance, in the year 2006, UN **Human Development Index** listed those five countries in top: Norway, Iceland, Australia, Luxembourg and Canada. In this list, Turkey was ranked as 92 among 177 countries. In terms of poverty and social exclusion measures in Human Poverty Index, Turkey’s poverty rate was 9.8 and was ranked as 21 among 102 countries (UN, 2006). Another fashionable criterion for social and economic development is the **level of internet use**. According to the data for the year of 2005, 222 persons out of 1000 persons were internet user in Turkey, but this figure was around 600-650 persons in developed countries for the same year. This figure implies at which level Turkey follows worldwide technological developments (World Bank, 2006a).

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The Fraser Institute ranked Turkey as 91 among 141 countries in 2005 in World Economic Freedom Index (Fraser Institute, 2007). This figure implies that free market economy has not properly been established or economic freedom has not sufficiently been ensured (Akalin, 2002: 32). World Economic Forum classified countries in terms of their competitiveness abilities in Global Competitiveness Report 2006-2007. In this Report, Turkey takes place on 59 among 125 countries (World Economic Forum, 2007).

World Economic Forum 2008-2009 The Global Competitiveness Report compares countries so that one would have a better and general conception on Turkey's development: First of all, in terms of a five scale development classification (1<sup>st</sup> stage transition from level 1 to level 2, 2<sup>nd</sup> stage from 2 to 3, 3<sup>rd</sup> stage and so on), Turkey is at a level of transition from development stage 2<sup>nd</sup> to 3<sup>rd</sup>. According to the Global Competitiveness Index, Turkey comes 63<sup>rd</sup> among 134 countries. In sub-titles, the list goes on at different levels of grading: On Basic Expectations (which includes further components: Organizations 80<sup>th</sup>, Infrastructure 66<sup>th</sup>, Macro Economic Stability 79<sup>th</sup>, Health and Basic Education 78<sup>th</sup>) average, Turkey's rank is 72<sup>nd</sup>. On Effectiveness Providers (including Higher Education 72<sup>nd</sup>, Manufacturing 55<sup>th</sup>, Labor market effectiveness 25<sup>th</sup>, Financial Market Functionality 76<sup>th</sup>, Technological Preparedness 58<sup>th</sup>, Market Size 15<sup>th</sup>), Turkey ranks 59<sup>th</sup>. For the Innovation and Progress Factors (Business World Progress is 60<sup>th</sup> and Innovation is 66<sup>th</sup>), Turkey ranks 63<sup>rd</sup>. The reports states that Turkey falls 10 steps back compared to the previous year. 'Although its big domestic market is an advantage, there seems to be a number of critical problems': Infrastructure investments problems, problems on developing social capital and attaining better education and basic health coverage for human resources, effective labor market utilization, and effectiveness and transparency of public organizations are among the forefront problems. Trust in public administration<sup>2</sup> has shown a drastic fall comparing the last year (from 57<sup>th</sup> rank to 82<sup>nd</sup>). In addition, financial markets effectiveness has fall from 61 to 76 rank (Schwab & Porter, 2008: 21).

Another significant indicator for development level is research and development (R&D) spending. In Turkey, %0.3 of its GDP was allocated for

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<sup>2</sup> Turkish Statistics Agency (TÜİK) would be in a preparation period to collate "relative poverty" index data. In addition, in the process of European Union Integration, it conducts income and living conditions surveys including housing, social networks satisfaction, income and its capacity to meet household needs, and such measures. Individual declarations have been compared with public data in order to preserve "objectivity". On the other hand, it has been reminded that "life satisfaction survey" would incorporate some subjective dimensions (Hürriyet, a Turkish daily, 14.9.2009).

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R&D expenditure in the period of 1980-1990. This ratio increased to %0.7 in the period of 1996-2002. In 2006, it slightly increased to %0.8 of GNP (TUIK, 2007). Although it seems that R&D spending is almost tripled, the amount has still been at very low level compared to developed countries such as the US and Japan.

### **RELATIONSHIPS AMONG ECONOMIC PERFORMANCE, DEMOCRACY, BUREAUCRACY AND CORRUPTION**

Corruption is a universal problem which occurs in all nations, both developed and developing, in the public and private sectors, as well as in non-profit and charitable organizations (Myint, 2000: 33). Although corruption exists in varying degrees in all countries, it is a very common and a serious malady in developing countries and transitional economies. Corrupt political and bureaucratic elites in these countries, working hand-in-hand with greedy businessmen, put their private gain before the welfare of their citizens and hamper the sustainable economic development of their countries (see Rose-Ackerman, 1999; Eigen, 2002; and Abdul Aziz, 2002).

The clear message of the Corruption Perceptions Index (CPI) of Transparency International (TI) in the 2000s is that most of the countries included in the CPI, including many of the world's most poverty-stricken countries, countries in the former Soviet Union and many emerging markets, scored less than 5 out of a clean score of 10, which reflects perceived levels of corruption among politicians and public servants. Countries with a score of higher than 9, with very low levels of perceived corruption, were predominantly rich Western countries, particularly Scandinavian countries. In OECD Corruption Perceptions Index (2001) based on TI data, Turkey, scored 3.6 out of 10, was also the worst country with corruption record among 30 OECD countries (OECD, 2001). Turkey, scored 3.2 out of 10 and ranked 65 out of 102 countries in 2002, was one of those countries ridden with corruption (see [www.transparency.org](http://www.transparency.org)), particularly with the effect of serious banking crises in the early 2000s. Unfortunately, Turkey's record remained more or less at the same level in the first half of the 2000s (see [www.transparency.org](http://www.transparency.org)). However, Turkey's record slightly picked up in the second half of the decade with the help of recent efforts made in renewing and rectifying legal and institutional ethical and anti-corruption infrastructure of the country (see Ömürgönülşen, 2009 and 2010). Turkey scored 4.4 out of 10 and ranked 61 over 200 countries in 2009 (see [www.transparency.org](http://www.transparency.org)). Even this score makes it clear that an enormous task in combating corruption still lies ahead of Turkey.

In recent years, there has been considerable research about corruption, democracy and bureaucracy nexus on one hand and corruption

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and economic growth nexus on the other hand. In fact, these two nexus are closely related to each other. When the literature and various corruption indices published by international non-governmental organizations are examined<sup>3</sup>, we can see that corruption is negatively associated with democracy and positively associated with bureaucracy. Empirical evidence of this study suggests that countries that are more corrupt tend to have less democracy and more bureaucracy (see Aktan, 1999: 62-77; and Akçay, 2002). Countries with more political rights and civil liberties have less corruption than countries with fewer political rights and civil liberties because democratic regimes possess effective democratic governance system (political competition, free elections, strong political will of leaders to address corruption, freedom of press and association, greater civic engagements), rule of law, accountability, transparency and access whereas undemocratic regimes do not (Brinkerhoff, 1999: 5).

To the contrary to the Weberian ideal-type of bureaucracy (Weber, 1978), the expanding role of government, which has resulted in a large bureaucracy with high discretionary power, has contributed to bureaucratic corruption since such power is abused for private gains especially in developing countries. Increased government intervention in the socio-economic sphere has led to excessive and cumbersome regulations and authorizations. These regulations and authorizations *coupled with greater discretionary power of bureaucrats* that may provide opportunities for corruption (Hope, 1985: 4; Tanzi, 1998: 10). Therefore, corruption is severely criticized by economists, particularly "pro-public choice" scholars, since it impedes economic growth and generates a vicious cycle of poverty by misallocating resources into rent-seeking activities (see Buchanan, 1980; Aktan, 1992 and 1999; Barro & Martin, 1995; and Tanzi & Davoodi, 1997).

The relations between the two elements of good government, i.e. public service ethics and government performance, are getting important for several reasons. First of all, there is a positive correlation between public service ethics and government performance since unethical conducts, particularly corruption, affect general economic performance negatively. In spite of few contrary views arguing that corruption lubricates the wheels of economy and government mechanism particularly in developing countries (see, for example, Leff, 1964; and Huntington, 1989), it is generally accepted that *corruption causes inefficiency* in economy and affects economic growth

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<sup>3</sup> For a brief review of the literature and the indices of corruption, government effectiveness, and civil and political freedom published by international non-governmental organisations such as TI, Fraser Institute, and Freedom House, see Aktan (1999: 62-77); and Akçay (2002).

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and national welfare negatively in the long run (see, for example, Mauro, 1997; Tanzi & Davoodi, 1997; Davoodi & Alonse-Terme, 1998).

As a matter of fact, in the last two decades, political-bureaucratic corruption has mushroomed in Turkey as a consequence of unethical liaisons among politicians, bureaucrats and local and foreign businessmen particularly in the fields of banking and public contracts for energy and public works. Widespread corruption as a significant type of unethical conduct triggered and then deepened the economic crises of 1990s and early 2000s. According to the official declarations, only in the banking sector, the cumulative cost of corruption to Government was about 43 billion US Dollars and this amount was approximately equal to the 1/6 of GNP of Turkey in 2004 (*Milliyet*, a Turkish daily, 27.07.2004). For the last decade, it is argued that the total cost of corruption (about 150 billion US Dollars) is half of the GNP of Turkey for the year of 2004 (300 billion US Dollars) (see ATO, 2005). Even these global figures help to explain the main cause of excessive government (domestic and foreign) debts (more than 200 billion US Dollars in 2004) in Turkey.

### **CONCLUDING REMARKS**

Turkey has achieved outstanding progress in development during the Republican period in comparison with the physical, social and economical infrastructure inherited from the Ottoman Empire. However, Turkey has a higher development capacity than the actual level she has already reached. Turkey has, in principle, followed the guideline designed by Atatürk to reach at and go beyond the contemporary civilization level. However, she could not always follow the development path rightly and fast due to some internal and external dynamics. Turkey's development adventure with its success and failure stories provides some important clues for developing countries.

In the post-1980 period, the role and share of government in economy has been reduced; the private sector has gained primary position both in production and investment. Within the framework of neo-classical development approach, while private sector pioneers in economic growth, efficient and effective working of government becomes crucial in development process. Economic growth, without any doubt, is not synonymous with development, but it is a main tool for development. Therefore, the need for political stability and efficient and effective public administration still exists in order to sustain economic growth. Recently, a number of steps have been taken on legal and institutional grounds. A number of important reforms such as reforms in justice, social security, taxation and education systems are on the agenda of Turkish governments. While realizing those reforms, modern management techniques should be

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applied for efficient and effective functioning of public administration. Combating corruption and establishing an ethical public administration system can prevent wasting of public resources that are to be used for social and economic development.

Giving all priority to the private sector and ignoring the public sector in development process would resemble walking with one leg. Inadequate point in the approach adopted in development process is that the role of public administration in balanced and sustainable development is sometimes missed out. This is the major criticism against the neo-classical economical approach. Public administration has important tasks, particularly in eliminating unbalances in income distribution, realizing major infrastructure and energy investments, using natural resources in a sustainable way during development process, and protecting natural and historical environment. In addition to those, public administration is in a determining position in doing R&D projects in order to catch up with information knowledge economy and in training human capital in accordance with necessities of information age (Gökbunar, 2004: 38). Because, the private sector may not always invest money for those projects on the bases of profit maximization principle and cost benefit analysis (Beyhan, 2007: 10).

Turkey can also take further steps to catch the train of development, by considering better practices for example by reviewing Finland's success case on knowledge economy, information society, innovation, science and technology policies for global competition, and coordination of public and private organizations (Öktem 2009). The world best practices in developed countries in terms of providing clues for Turkey's development administration should be analyzed carefully. It could be admitted that although "comparative administration" is a complex and difficult subject area, studying other countries lessons and experiences with caution would be beneficial. One can conclude that a focused, planned and coordinated approach is needed: Turkey as a country having various natural resources, young and dynamic human capital, and significant economic and administrative experience needs a tailor-made development focus in order to join the club of countries deciding on global politics. Turkey should organize and coordinate its development administration by taking those points into consideration.

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