



**TÜRK SANAYİCİLERİ VE İŞADAMLARI DERNEĞİ**

**THE OPENING SPEECH DELIVERED BY**

**MUSTAFA V. KOÇ**

**THE CHAIRMAN OF**

**THE HIGH ADVISORY COUNCIL**

**TO THE**

**HIGH ADVISORY COUNCIL MEETING**

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**TÜSİAD AVRUPA İŞ DÜNYASI KONFEDERASYONU (BUSINESSEUROPE) ÜYESİDİR**

**İstanbul:** Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul -Türkiye  
**Ankara:** İnan Cad. No:39/4 Gaziosmanpaşa 06700 Ankara- Türkiye  
**Brüksel:** 13. Avenue des Gaulois, 1040 Brussels-Belgium  
**Washington D.C.:** 1250 24th Street, N.W., Suite Nr. 300, Washington D.C.20037-USA  
**Berlin:** Märkisches Ufer, 28 Berlin 10179 Germany  
**Paris:** 33, Rue de Galilée 75116 Paris France

**Tel:** +90 (212) 249 19 29  
**Tel:** +90 (312) 468 10 11  
**Tel:** +32 (2) 736 40 47  
**Tel:** +1(202) 776 77 70  
**Tel:** +49 (30) 288 786 300  
**Tel:** +33 (1) 44 43 55 35  
[www.tusiad.org](http://www.tusiad.org)

**Faks:** +90 212 249 13 50  
**Faks:** +90 (312) 428 86 76  
**Faks:** +32 (2) 736 3993  
**Faks:** +1 (202) 776 77 71  
**Faks:** +49(30) 288 786 399  
**Faks:** +33 (1) 44 43 55 46

**e-mail:** [tusiad@tusiad.org](mailto:tusiad@tusiad.org)  
**e-mail:** [ankoffice@tusiad.org](mailto:ankoffice@tusiad.org)  
**e-mail:** [bxloffice@tusiad.org](mailto:bxloffice@tusiad.org)  
**e-mail:** [usoffice@tusiad.us](mailto:usoffice@tusiad.us)  
**e-mail:** [berlinoffice@tusiad.org](mailto:berlinoffice@tusiad.org)  
**e-mail:** [parisoffice@tusiad.org](mailto:parisoffice@tusiad.org)

Distinguished TÜSİAD members,  
Distinguished Guest Monsieur Jacques Attali,  
Esteemed Members of the Press,

I am pleased to greet you all on behalf of the Board of the TÜSİAD High Advisory Council.

Before beginning my address, I would like to thank M. Jacques Attali, one of France's leading thinkers and political experts and someone whose thoughts we follow closely, for attending our meeting. M. Attali, we are delighted to have you amongst us. Welcome.

Distinguished members,

The period that we are going through is one in which existing systems and understandings are being put back on the table for re-evaluation, be it at home or in the world. And the world is what it is because we have not yet been able to put the global crisis behind us; and so it is for Turkey, after the harsh arguments and polarisation and the 12<sup>th</sup> September referendum...

In our opinion, this period should be one in which long term ideals are not sacrificed in the quest for short term and pragmatic solutions, in which our commitment to fundamental political and economic principles is confirmed, and national unity achieved.

Looking at the global plan, we can observe that the tendencies towards a rising ideology of statism and total rejections of globalisation are slowly giving way to a more cool-headed approach.

But we can also say that we have left behind the era of inadequately regulated markets and the concept of "markets sort out with their own problems" forever. The world has undergone the experience of the very heavy cost of the risks underlying this concept for the real economy and the finance sector. If it is now possible once again to talk of growth, it is because of expansive financial policies and the huge resources flowing into the finance sector – that is, state intervention.

One may observe that we have drawn two significant lessons from the 2008 global economic crisis. The first, both for national and global plans, is the importance and functionality of better-armed independent regulatory and supervisory bodies. The second is the reality that the problems of a thoroughly globalised world economy, functioning with common mechanisms, can only be solved through international solidarity and consultation.

That is to say, a single country can no longer get its economy back on a smooth track simply by taking its own precautions and controlling its own reserves and current account deficit. Germany, with its strong and competitive economy and current account surplus, may still have to take a responsibility in the crisis taking part in the world. It may be subject to demands to raise its consumption, prices and imports and cut its exports.

To sum up, we have learned through shared experience that to sustain a sound balance in the international economy, it is no longer sufficient for countries just to sort out their own economies, but coordination between nations is now essential.

In this global environment, we take the view that when it comes to Turkey there are significant reasons for optimism and we believe that with the right policies our position in the world can be further strengthened.

Distinguished members,

We are at the dawn of a new and exciting period in our country. Both economically and in terms of our democratic progress, our current base is such that it may provide a convenient springboard. We can state that from the second quarter our economy has been on a recovering trend.

Private sector consumption and investment expenditure, as well as industrial output, are on a rising trend. While unemployment remains our greatest problem, it has been falling. Our economy has grown for 3 consecutive quarters and in the second quarter growth exceeded expectations at 10.3%.

However, as well as falling external demand, uncertainties about Europe remain a risk factor. I would like to draw attention to three central subjects relating to management of the economy.

The first is financial discipline. We all know that as long as growth in Turkey continues in large part to be financed through external debt (that is, hot money), the government does not have the luxury of making any errors in structural and economic policy. In other words, if we do not provide a serious and predictable investment environment, this money can just as quickly be withdrawn.

That is why we contributed to, supported and applauded the government's work on the Financial Regulations that began so prudently. We believed that the Financial Regulations would present a more open vision for our economic future and, in the post-crisis period when all countries were trying to withdraw foreign capital, would put us one step ahead of the game.

The delay of the Financial Regulations created justified concerns that with general elections approaching, financial discipline would not be maintained. We find the government's confidence-giving statements on this issue positive and think they will demonstrate the same decisiveness in their implementation.

The second central matter is that of the independent regulatory and supervisory bodies. We have well understood over the past ten years how important these structures are in terms of compensating for weaknesses in the market economy and creating a stable investment environment.

We are very well aware that if we are able to emerge with a soft landing from the global crisis, we owe this to the performance of our economic administration like the Central Bank, autonomous bodies and institutions. We greatly appreciate the seriousness and professionalism of our economic administration during the past years.

The third central issue is the need to focus on long term structural reforms in the economy.

Distinguished members,

From the 1990's until today, Turkey has opened its doors to radical change in order to be able to become a more powerful player within the global economy. A large part of the economy has been restructured, and a period of sector-by-sector reforms guided by EU membership norms initiated.

We believe that a strong economy has four fundamental elements:

- Visionary economic policies
- A well-regulated market economy
- When we look back to financial discipline and an appropriate investment environment we see that they are periods when we have made progress in competitiveness, productivity and the search for new markets
- With visionary decisions and supportive measures of the economic administrators, there have been periods when the private sector has opened up

In today's world there has been a noticeable intensification of competition especially in attracting foreign capital. One of the most pressing difficulties in our country's economy has long been the failure to realise direct investment at the desired levels.

Macroeconomic instability and unpredictability is one of the most significant factors in the failure to create an appropriate environment. Even if only on these grounds, the importance attached to continuing with the EU membership process should be maintained.

However much the hostile stance to Turkey of some leaders in Europe has diminished enthusiasm for EU membership in our country, this will never alter Turkey's ultimate objective.

We have an intense reform agenda in the current process of change and democratisation. Even just from the perspective of supporting our structural reforms and providing compass directions and mechanisms, the EU membership debates are of great significance.

Furthermore there is another belief growing in Europe. Without Turkey as the ideal economic and diplomatic partner, Europe will not be able to succeed in maintaining its position as a powerful trading bloc in the global competitive environment and playing a more effective role in its neighbouring regions.

This view will prevail further as our country continues to implement the requirements for a strong economy and a stable, high quality democracy. Therefore, as the objective is to benefit from the EU process, fixating on the statements of certain European leaders and slowing down our own journey will not constitute a wise strategy.

We also believe that focussing on long-term structural reforms will open the way for direct investment and thus achieve more sustainable growth and increases in employment.

The ability to create greater and constant financial sources will facilitate the state's ability to achieve lasting and continuing improvements in social services such as education and health. The ability of developed countries to allocate greater resources to education, research and new

technologies is thanks to economies that are growing through direct investment and funds raised through a fair and widely-based tax system.

Distinguished members,

The referendum period has passed off successfully, albeit with unnecessary and harsh arguments from time to time. Before the referendum, we set out our position that regardless of whether the result was “yes” or “no”, a new Constitution in Turkey would have to be prepared. And it is now clear that there is a universal demand for a new Constitution.

Political and civil actors who propose a new Constitution are now faced with an obligation to contribute to the process in a positive and constructive manner. We are of the belief that everyone’s shared objective is to assure prosperity, tranquillity and development in our country. This minimum goal must be met by a constructive look at issues of common concern in the coming period. The new Constitution is only one of these issues.

As TÜSİAD we have always adopted the principle of social-political consensus for work on the new Constitution and we have taken every opportunity to stress that the manner in which the new Constitution is prepared is as important as its contents. When we look back on this time in the future, we will be able to see the importance of this period of transition to a new Constitution more clearly.

We hope that the work for the new Constitution that will be continuously on the agenda in the next months will be conducted without undue haste, and in the context of democratic, cool-headed and widely-based negotiation. Only in such a way will the new Constitution be able to take the form of a “Social Contract” that will be the source of unity rather than contention.

Finally, I would like to touch upon the importance of civil society in this process. It is only through civil society organisations that people will have the possibility of expressing themselves not only at elections, but throughout their lives.

It is civil society organisations that assure the sustainability of democracy. We can say without any doubt that the achievement of civil society and organised groups’ participation in the preparation of the new Constitution, and the keeping open of these channels, will be a test of the integrity and sincerity of the democratic process.

Distinguished members,

As society, we naturally expect the government, which has all the support it desires, to fulfil the obligations inherent in that support. Indeed, as we go through a period of change of unprecedented rapidity, all of us carry heavy responsibility with respect to social cohesion and the conduct of a solution-focussed debate.

Apart from the general manner and style of politics of the referendum period, we witnessed an ever-increasing intensity of polarisation and struggle. The agenda of the past three months has been characterised not by unifying, but by divisive and polarising, rhetoric and accusations of groups that have sought to categorise themselves or each other.

Is this drawing of society into camps and the style of dialogue between camps any less destructive than the harsh and disputatious manner in politics that we have from time to time criticised?

Even in the environment in which we have tried to talk about the countries' problems and their solutions, we waste our time and energy in fighting with each other and the other side. Are we not going to discuss the age-old class, faith, linguistic, ethnic and political differences that have shaped today's Turkey? Of course we are.

Yet we must not sacrifice future opportunities to history and the prejudices and fears of the past. We say that the leadership groups that aspire to shape our future need to prove their competence to this task by abandoning their obsession with the past and focussing on the future.

Many of the issues on which we have criticised each other and our institutions are in fact problems that face all of us as a country. If one needs to give an example; The Turkish state is criticised for being authoritarian ... and that may well be!

OK, so is the private sector entirely institutionalised and democratic? Or our schools, or our family structures?

What I mean is that we must focus as much on the problem itself and its solution, as on blaming institutions and individuals. The problem of authoritarianism in Turkey does not rest only in the state but in every field. In such an environment it may not be possible for the new generations to be more participatory, creative and productive. There are many other similar instances of this we might give.

The "Anatolian capital – Istanbul capital" delineation that has emerged in the economy recently is another artificial categorisation that serves absolutely no function. Both as TÜSIAD and also wearing my businessman's hat, I can state that there is simply no such distinction in Turkey!

Our capital is one, and every large or small businessman – be he from Istanbul or the provinces – has a single shared purpose in converting his or her capital to investment. That is, a more prosperous and developed Turkey.

Neither our country nor our economy is in any state to shoulder the burden of political polarisation and division. We hope that the next period will be one of accelerated progress towards a more developed, equal and prosperous country within a tranquil atmosphere of social peace and constructive politics.

We are ready to fulfil our roles in this process both as individuals and as institutions. Economically and politically, our ideal is a single Turkey.

Thank you.