



**OPENING SPEECH BY MR. MUHARREM YILMAZ**  
**CHAIRMAN OF THE BOARD**  
**OF TÜSİAD**  
**AT THE “HIGHER ADVISORY COUNCIL” MEETING**

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Mr. President,

Esteemed Chairman of the Republican People's Party Mr. Kılıçdaroğlu,

Distinguished Deputies, Distinguished Senior Bureaucrats,

Esteemed Guests, Esteemed Members,

I'd like to greet you all with respect on behalf of the TÜSİAD Board and myself and welcome you to the Higher Advisory Council Meeting. We are grateful that Mr. President has honored us with his presence. We would like to thank each and every one of our guests for their participation. I would like to wish success and thank to each one of our expert speakers.

Mr. President, Esteemed Guests,

Turkey has recently left behind the first leg of a 15-month long series of elections. Four months after the local elections took place on March 30, we will be going to the ballot box again, this time to vote for President, first time Presidency will change hands by popular vote, following which, it will be time for general elections.

The first lap of this long marathon of elections was rather tolling with rife political conflicts; sharp polarization and allegations of massive scale corruption and graft state, unfortunately.

I am concerned that if we have to go through the remaining elections in a similar fashion, we as a nation will hardly have any strength left to take us through the debate for democratic improvements.

It is for this reason that I believe it is a good time indeed to reconsider and talk about our ways of governing, and the meaning we lay onto democracy.

Allow me to share these questions with you:

Are we not all striving to create a Turkey where we as individuals can live in a free, happy and prosperous way?

Can we actually reach this goal with a partial democracy, an economy that fails to create added value and a polarized society?

For a long time now, TÜSİAD has been trying to convey a very simple and clear message:

If Turkey would like to attain the level of developed countries, meaning, a level of high prosperity, content and peaceful society, then it also has to attain a well-developed democracy.

Let us remember once again that the 25 most developed countries are also the most democratically advanced countries in the world.

We all are aware that an advanced democracy will only be made possible by well-educated and free citizens with strong allegiance to their nation.

These founding stones will then have to form the base for a government mentality and approach that will embrace the society as a whole and exercise the right granted by the elective majority in a way that also protects the rights of those in minority.

We will also have to enrich this government approach by ensuring separation of powers, autonomy of institutions, auditable openness of governmental acts, transparency in administration, and accountability.

And surely, it is only by means of a participatory and pluralist mentality that we can achieve a depth of democracy that conforms to the needs of the 21<sup>st</sup> century.

Do we have any politicians who do not share these ideals? No.

A political party that opposes them? In my opinion, no.

Any intellectuals, institutions that disagree? I believe, not.

Then why is it the case that there are gaps among us on these main principles?

Is it not onto each one of us to ensure that institutions remain strong and reputable to make these democratic standards possible?

Well then, why is it the case time to time that we confront each other rather than standing tall together?

Institutions ensure continuity in democracy.

It is essential to protect reputation of the state and institutions and this is a responsibility with priority for both those in government and the citizens.

We can't afford to shake off this responsibility of our shoulders.

It is the rule of law, the state of law and the supremacy of law that lie at the heart of democracy.

Law is our contract for living together; it is the set of our common rules, and our code of conduct.

As much as it is binding for each and every one of us, it is also an indispensable factor to connect and mold us into being "us".

It is exactly for this reason that we should refrain from harming the rule of law in any way and show utmost care to embrace it fully.

Principles of rule of law and the independence and impartiality of judiciary are two sides of the same token.

It is a must that the judiciary functions with full confidence of the general public.

Advanced democracies put utmost effort to ensure that strong democratic institutions and principles exist, in a way that expands and guarantees individual rights and liberties, and allow for more inclusive systems. They are looking for ways to support central governments with strong local authorities. They develop a political culture, fight against corruption and enhance political morality through introduction and internalization of voluntary "Behaviour Codes".

Would we hear any objection to the fact that Turkey also needs these?

Can we construct a robust democracy with any of these missing or disregarded?

Is a well functioning democracy not the only way to live harmoniously and respectfully as a society and gratify the "us" concept?

Sometimes we in TÜSİAD are being criticized to be "talking about politics too much".

Whereas in essence, politics and economy are two faces of the same reality.

We are not talking (for the sake of) politics, we are talking about democracy.

Talking about democracy is essentially talking about market economy. Talking about the sustainability of prosperity, about democracy...

As a matter of fact, historically, we see that a well functioning and prosperity inducing market economy and a successful democracy work hand in hand.

Slow or unstable democratization puts obstacles on the way to rapid growth or expansion of prosperity.

This statement also entails to some extent why and how Turkey's 5-7% growth rate slowed down to 2-4% and why it might be set to linger at these levels for some time to come...

The severe slowdown surely also has technical economic reasons related to some micro and macro issues, and the decline in domestic and international demand.

And we also have a current account deficit problem, which a combination of all of the factors cited above and a resulting disability to finance.

This problem will persist so long as our deposit rates remain at current levels.

Apart from the above, reasons stemming from political developments also play a role in this slowdown.

Turkey was role model up until 4-5 years ago in areas of democratization, macro harmonization, reform motivation and compatibility for EU accession, whereas today, perception is that we are lagging behind.

In recent years we observe failings in determination for democracy and we even hear our friends echoing the same impression.

Democratization plans are either delayed or ailed, they fail to mobilize a nationwide motivation; they unfortunately fall short of creating the desired effect on economy.

Well in fact, slow democratization translates into slow economic growth.

Above mentioned factors do not suffice to fully explain and account for the low levels of growth. Another major cause of the economic slowdown is the damages done to the very “fabric of law” that accommodates the economy.

It is for this reason that when we talk about “the rule of law”, it is not really about politics.

We refer to one of the most essential prerequisites of economy.

At this point, we should also stress the lack of determination to reform as a major cause of slowdown; it works in similar and debilitating ways for the economy and democratization alike.

We fail to focus on the micro-structural reform agenda that will allow a lasting and high growth.

Reforms attempts are either aborted halfway down the lane or problems arise when we move along the way from theory to practice.

Independent regulatory bodies tasked with ensuring fair and transparent functioning of the market lose their influence on the process.

On behalf of the business world, we feel the need to stress that speedy measures need to be taken in response to the global developments.

The conjuncture that allowed high growth for Turkey in previous years is changing rapidly and unfavorably.

We are going through a period of delayed restructuring of the global economy and a lack of a new/replacement system. We are concerned that we might miss some big opportunities if we are late in closing the gap in technological advancement, manufacturing of high added value goods and services and undertaking the necessary reforms.

Manufacturing industries are deemed to be the engine of growth for any nation. However the last decade in Turkey saw a retreat of its share in GDP from 25% to 15%. We take this as an alarming warning signal regarding the sustainability of our growth rates going forward.

Mr. President, Distinguished Guests,

If we foresee that the future of our economy and the prosperity of the nation lie within market economy, we by default acknowledge that the only way to ensure it will be possible through integration to global economy.

Within this framework, I would like to highlight once again the importance of our relationship with the EU and Turkey's accession to the Transatlantic Trade and Investment Partnership.

Additionally, we view Turkey's 2015 hosting of the G-20 Summit as an opportunity to strengthen the reputation of the country.

TÜSİAD has been playing an effective role by providing B-20, the business arm of G-20 a significant and well-qualified support for years.

I would also like to indicate that we feel obliged and are ready to continue our support in every way that we can during Turkey's term presidency.

Distinguished Guests,

We are of the opinion that Turkey can contribute to the international system in a significant way provided that it efficiently uses its opportunities and resources, makes use of the depth of its existing alliances, turns its geographical position into an competitive advantage economically, and connects to the world in a constructive manner.

We believe that the world needs this country – a country with a steady democracy that normalized relationships with its neighbors, a secular, democratic country that managed a flourishing economy, which creates value.

We must use all our energy to ensure consensus replaces polarization, to redefine common grounds as a nation, to clear the noise to allow dialogue and move along for development and towards a mature democracy.

We are of the opinion that a downward adjustment of the electoral threshold, which all political parties agree to be inexplicably high, will enhance the participatory character of our democracy and contribute to societal consensus.

I also believe that the 4 year governmental term that will lie ahead of us once the 2 upcoming elections are over, will prove to be a significant opportunity for execution of reforms and adamancy to be displayed in advancement of the EU harmonization process.

At this point Mr. President, I feel obliged to extend my gratitude for your extraordinary efforts that kick started negotiations with the EU.

All of us at TÜSİAD sincerely believe as always that Turkey has the skills, expertise and the strong will to succeed in all reform projects, including the EU project.

I would also like to relay that we are hopeful of a successful closure of the resolution efforts on the Kurdish issue, one of the most important political initiatives in our recent history.

TÜSİAD as an institution has worked and performed duties in almost all economic and political reform areas of Turkey.

It will continue to provide constructive criticism, recommendations and studies through its expert staff and members, members who love, believe and invest in this country, members who provide employment for many.

Mr. President, Distinguished Guests,

Concluding my remarks, I would like to extend my kindest and heartfelt regards to all of you once again.