SOCIAL AND ECONOMIC EFFECTS OF JULY 15 MILITARY COUP ATTEMPT

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Abstract: Political stability was achieved with the government of the Justice and Development Party in the post-2002 period in Turkey, where there was a social crisis as the result of political and economic instability that was experienced before 2002. The political stability brought along the economic stability in a short period of time. Therefore, these positive developments have been the warranty of a stronger Turkey. The successes achieved as the result of these positive developments are desired to be hindered by both internal and external forces via various initiatives. In this context, members of the Fethullahist Terror Organization (FETO) tried to overthrow the then political power with a coup attempt on July 15, 2016. However, the citizens of the Republic of Turkey who covered the squares after the call of the President Recep Tayyip Erdoğan stopped the treacherous coup attempt, which was carried out by the members of FETO aiming to suspend the democracy. Thus the coup attempt proved unsuccessful. Even though the coup attempt failed, this initiative created various social and economic impacts in Turkey. For this reason, the main purpose of this study is to investigate the July 15 military coup attempt and its socio-economic effects. Within the context of this purpose, the cost of this failed military coup attempt suffered by Turkey was evaluated by examining various data.

Keywords: Fethullahist Terror Organization, July 15 military Coup Attempt, Economic and Social Impacts.

INTRODUCTION

The Justice and Development Party (Turkish: Adalet ve Kalkınma Partisi, officially abbreviated as "AK Parti"), which has been the ruling party since the general elections held on November 3, 2002, formed the basis of political and economic stability that would be maintained for a long period of time in Turkey. The AK Party, which has focused on these basic problems in Turkey, where the political deadlock and economic bottlenecks had been experienced, has succeeded in holding the power alone since 2002. When looking at the basic factors underlying this success, it can be seen that periods of depression due to political and economic instabilities were experienced before 2002. Therefore, in the post-2002 Turkey, when the AK Party’s ruling alone era started, the equation changed; stronger political will brought improvements in financial and economic indicators, and this has been a guarantee of economic stability. However, the fact that the political and economic stability environment has created a stronger Turkey made it inevitable for inside and outside powers to conduct surreptitious operations in this country. In this context, in order to undermine the political and economic stability, which is the guarantee of Turkey’s future, the first operation was carried out by making use of the Gezi Park protests. After not being able to succeed in their efforts, in the last month of the same year, December 17-25, several operations were initiated and the
legitimacy of the political power was attempted to be terminated by using the security forces and judicial authorities. These dark powers and their stooges, the members of the Fethullahist Terrorist Organization (FETO), who could not gain any result from those initiatives, sought to overthrow the then political power with a coup attempt on July 15, 2016. The treacherous coup attempt that was aimed at suspending the democracy by the FETO members was prevented by the citizens of the Republic of Turkey and thus, the coup attempt was made unsuccessful. However, despite the fact that it failed, encountering its economic and social costs was inevitable for Turkey.

I. DEVELOPMENTS IN JUSTICE AND DEVELOPMENTS DURING THE PARTY’S RULING PERIOD

Turkey entered a significant development process at the beginning of the 1950s, after the transition to a multi-party political life. However, the socio-economic developments that accompanied the abovementioned transition brought with it the military coups, which suppressed the political authorities. Thus, a system of military domination that restricted the political authorities’ discretion and authority was established, and thus, it was desired to create a systematic structure in which the elected ones were to be supervised and controlled by the assigned ones. Efforts to control and supervise the free political will also led to political instability.

Thirty-two separate governments were assigned during the 36 years’ period of 1950-2002 and, because of that, political stability could not be achieved, except for a timeframe of 16 years, consisting of the Menderes period between 1950 and 1960 and the Özal period between 1983 and 1989. For this reason, political instabilities also brought economic bottlenecks; and the developments, especially in the 1990s, inevitably resulted in a time period of political, social and economic depression in Turkey. However, with the AK Party’s accession to power in 2002, a "rebirth" movement literally started in Turkey.

The AK Party’s coming to power alone after the 2002 elections, and protecting its power by continuously increasing its votes in other elections ensured the political stability to be sustained in Turkey. Moreover, the political success and stability constituted the guarantee of the successful economic performance. In this context, Turkey’s various economic and financial performance indicators during the AK Party government were as follows.

GDP, which was 265 billion dollars in 2000, reached the number of 857 billion dollars in 2016. In a parallel way, there was a significant increase in GDP per capita. In this context, the GDP per capita, which was around $ 4,129 in 2000, rose to $ 10,650 in 2016. In addition, in Turkey, where price instability was experienced, the inflation rate, which was 54% in 2000, was reduced to 7.8% as of 2016. In addition, by reducing the overnight borrowing rate from 64% in 2000 to 7.25% in 2016, the economy was relatively relaxed and, therefore, the transfer of public resources to the interest lobbies was prevented.

When we examine the figures related to the financial indicators, it is seen that the share of the EU defined debt stock in GDP was 72.1% in 2002 and this ratio was reduced to 28.3% in 2016. On the other hand, the budget deficit/GDP ratio, which was 11.5% in 2002, was reduced to 1.1% in 2016. When the ratio of public sector borrowing requirement (PSBR)/GDP is taken into consideration, the ratio, which was 8.9% in 2000, was lowered to 1% in 2016. It is possible to state that interest
expenditures of Turkey in the pre-2002 period constituted a pressure on the budget due to reaching a considerably high level. In this context, while the interest expenditures/GDP ratio in 2000 was as high as 13.2%, this ratio was reduced to 2.9% in 2014 and the pressure of the interest expenditures on the budget was alleviated. It was observed that a significant proportion of the consolidated budget revenues in the pre-2002 period was spent on interest expenditures, which corresponded to 61% of the consolidated budget revenues and 77% of the tax revenues in 2000; however, these rates decreased to 12% and 14.7% respectively. Therefore, it would be an appropriate assessment to state that Turkey, which was far from financial and monetary discipline until 2002, systematically applied financial and monetary discipline after 2002 and achieved a successful performance in this regard, both in terms of economic and financial indicators. However, Turkey, which reached a great success in the economic and political arena during the AK Party governments’ period, has been exposed to various political operations since 2013. With these operations targeted at the government, political, social and economic crises were aimed to be created in Turkey and the desire was to undermine the achievements of Turkey.

II. JULY 15 COUP ATTEMPT AND ITS IMPACTS

Turkey, where political and economic instabilities and military coups have become a tradition, entered into a tough period of the 2000 and 2001 economic crises. However, with the AK Party’s coming in power in 2002, a new process started in Turkey. During that period, it was accepted that there was also another part of the society consisting of Anatolian people, other than the Turkish elites, spreading the political rights and freedoms that were mentioned to be the reasons of economic problems. The political rights and freedoms played an active role in the political, social and economic success of the AK Party, which has had the support of the society. This political and economic success has made Turkey a respectable and important force in the region. However, Turkey’s ever-growing strength and its stability in spite of the Arab Spring in the region inevitably led to the introduction of treacherous plans on Turkey. This process began with the Gezi Park Protests on May 27, 2013, and continued with the operations on December 17-25, 2013 to overthrow and disgrace the government, the operation on January 19, 2014 to stop the trucks of National Intelligence Organization in Adana, assertions of a prospective economic crisis during the period between June 7, 2015 and November 1, 2015, and intensive terrorist activities of the PKK. However, those attempts to overthrow the government and put Turkey in trouble proved unsuccessful because of the resolute stance of the political power. The failure of those operations brought more organized plans of national and international forces together. Within this scope, in the night of July 15, 2016, creating a chaotic atmosphere in Turkey was aimed with a military coup attempt, and Turkey’s achievements since 2002 were tried to be taken back from Turkey by the dark forces. In this context, FETO, which has sneaked into all state institutions and has been a significant threat for Turkey at the global level, carried out the military coup attempt by using its members from inside the Turkish Armed Forces. This military coup attempt, which was tried to be carried out under the name of the "Peace at Home Council", outside of the command chain, was disrupted by patriotic citizens who filled the squares in response to the call of President Recep Tayyip Erdogan at the same night [6].
The coup attempt was carried out in order to create political and economic instability, however, the achievements of Turkey and the institutional structures that had been established in the post-2002 period prevented a possible economic crisis. Nevertheless, even if a possible economic crisis was prevented, the coup attempt has had a negative impact on the economy.

The USD/TL exchange rate, which was at the level of 2.89 on July 15, 2016, did not increase as of Monday, July 18, and stayed at the level of 2.88, due to the market’s being closed during the weekend, the failure of the coup attempt and the measures taken by the Central Bank on Sunday, July 17. In this context, International Monetary Fund President, Christine Lagarde, said in an interview with Bloomberg TV on July 18th that, despite the recent developments, the emergency measures taken by the financial authority calmed down the markets [2]. However, despite the democracy victory achieved by Turkey, on the 5th day of the coup attempt, the credit rating agency S&P decreased the credit score of Turkey from stable to negative, decreased the long-term foreign currency score from BB+ to BB and decreased the long-term local currency score from BB+ to BB+[7]. This development, together with being a matter of discussion, also revealed that every citizen of the Republic of Turkey should analyze and think about those decisions. The mentioned above and other irrational decisions resulted in a USD/TL exchange rate of 3.02 as of July 20, and 3.53 on the last trading day of December 2016. In the effect, there was a depreciation of approximately 21% in TL between July 15 and December 30, 2016.

When it comes to the effects of the July 15 coup attempt on the stock market, which is another indicator, the Istanbul stock exchange 100 Index that was at the level of 82 thousand fell with the coup attempt and was realized as 81 thousand on July 18, and 71 thousand on July 22. While the market value of the companies traded on the stock market was close to 634 billion TL on July 15, this figure decreased to 556 billion TL on July 22 and the loss of one week was 78 billion TL [4].

While the effects of the coup attempt on the reserves of the Central Bank are examined, it is observed that the reserves were 119 billion dollars in July, while they were 121 billion dollars in June 2016. The reserves of the Central Bank, which decreased to 117 billion dollars in September of the same year, decreased to 106 billion dollars in December [3]. Therefore, it was concluded that the Central Bank reserves were not affected too much in the short term due to the coup attempt, while the economy of Turkey was damaged through speculative capital movements after the coup attempt. Yet, because of the speculative capital movements, a decrease of 13 billion dollars in the Central Bank reserves occurred between July and December 2016, although the citizens of the Republic of Turkey emitted over 10 billion dollars of foreign exchange to the market. In addition, public buildings, roads, airports, private properties, military aircrafts and helicopters, tanks, other military equipment and ammunition underwent a major destruction. Approximately 40% of foreign tourists who had previously booked for a holiday cancelled their reservations because of the attempt. Even though it took a short-term, investment decisions were postponed and close to 1 million of domestic tourist bookings were cancelled. There was a recession in the economy in the rate of 1.3% in the third quarter due to the coup attempt, and the short and long-term cost of the coup attempt for Turkey was over 200 billion TL, which corresponded to about $ 60 billion.
The July 15 failed military coup attempt has had social effects as well as the economic impacts. This attempt, which was carried out at a time when the era of military coups was prevalently considered to be ended, created trauma to the Turkish society. Especially the possibility of a second coup attempt and the relevant expectations in the society have been on the agenda for the whole society for a long time and this thought has created an environment of uncertainty. This attempt has raised a lot of feelings such as fear, uncertainty, uneasiness and insecurity in the society, and the people kept on living under threat for a long time. The terrorists, who were in military uniforms, pouring bombs on the people, shook the confidence of the people in the army, even if it only took a short time.

On the other hand, this attempt has made all parts of the society to meet on the same ground. An act of solidarity has been raised among the society, and the democracy watches continued together with the sense of unity, which removed the confidence crisis that had dominated the society. Besides all, the people found it safer to be in the democracy watch rather than stay at home. The people of Turkey, who embrace each other without regard to language, religion, race and sect, have shown that they would not permit the coups and would not surrender their country to any treacherous. However, the Turkish people, who had 250 martyrs and over 2,000 wounded, take pride in the fact of defending their country against this attempt using fighter aircrafts, helicopters, tanks and weapons.

CONCLUSION

Until the early 2000s, when the military dominance was effective, political and economic instabilities had never been absent in Turkey, however, a different profile was drawn along with the AK Party governments, which came to power in elections in 2002. Turkey, which achieved political stability with the AK Party, has also been able to implement structural programs necessary for political, social and economic development. These developments have improved the economic performance and the financial indicators, which are the sources of economic crises, while the political power, which had received public support, obtained the opportunity to end the military dominance as well. However, the fact that the military dominance had spread to all civil, judicial and political institutions in Turkey caused this process to be painful.

Despite these developments, Turkey had an average annual growth of 7% between 2002 and 2008, and 4.8% between 2002 and 2016. The inflation rates, which had not fallen below 50% in the past, were reduced to single digits and overnight borrowing rates were reduced from 60% to 1.5%. Making no compromises in the financial discipline significantly improved financial indicators and prevented possible economic crises. When the improvements in the financial indicators that are important in this sense are analyzed, it can be seen that the debt stock/GDP ratio that was 70% in the past was reduced to 28.3%, the budget deficit/GDP ratio was reduced from 12% to 1.2%, and interest expenditures from 12% to 3% of GDP. The rate of interest expenditures/budget expenditures, which was 43% in the past, was reduced to 11%, interest expenditures/tax incomes of 60% were reduced to 12% and interest payments /tax revenues, which were 77% in the past, were reduced to 14%. Thus, the transfer of the resources, which are needed to increase production, production capacity, and investments that are the
locomotives of economic growth and development, out of the real sector has also been prevented.

These developments have brought Turkey into the position of a respected and important force that makes its own decisions. This situation has gathered certain powers at the global level and their elements in the country within the scope of the policy of "weakening, destabilizing, and blocking" Turkey. In this context, a social event, Gezi Park Protests, were initiated and it was desired to overthrow the political power during these protests. The failure of the Gezi Park Protests was followed by the operations of the Fethullahist Terrorist Organization members on the December 17-25 carried out by the judiciary-security legs of the terrorist organization aiming to disgrace and overthrow the government. On the other hand, the estimated cost of those operations, which were undertaken for the purposes of overthrowing the government and demolishing the economy, was over $150 billion. However, the resolute stance of the government against those initiatives wasted the efforts of those who wanted to create an atmosphere of chaos in Turkey.

The domestic and foreign elements that could not achieve success against the government, in other words against Turkey, with the Gezi Park Protests, December 17-25 operations and similar initiatives, committed a more organized and treacherous attempt to overthrow the civilian government at a time when there was no military dominance or any expectations for a military coup. In this context, on the evening of July 15, 2016, the members of the Fethullahist Terrorist Organization, who infiltrated into the Turkish Armed Forces, attempted a military coup. This coup attempt, made by a pro-junta gang out of the command chain, was made unsuccessful by citizens, who defended the political and economic stability and democracy at the expense of their lives. At the moment of the treacherous attempt was carried out by the Fethullahist Terrorists, the people of the Republic of Turkey, who had over 250 martyrs and over 2000 wounded, proved that they will never let military coups happen and they will not justify such a movement.

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