

Notes from the 2013 EDAM-CER 'Bodrum Roundtable'

Governments in the new media age: Who rules?

There is little doubt about the power of social media to disrupt established politics. But can they shape politics?

By 2018, 80% of the world's population will be covered by LTE (4th generation mobile phone system) while take-up of mobile phones is also accelerating. The digital divide is not geographic but generational. Through technology, some young people in Kenya have more in common with their peers in Denmark and Taiwan than with their own elders.

The power of national authorities to stop or contain political activity on the internet is limited and shrinking. Shutting the internet down completely is no longer a viable option since so much of the economy depends on it. When Egypt shut down the internet during the height of the revolt, its financial system almost collapsed.

The Chinese government however, is trying to prosecute political dissent on the internet; it now links the penalty for "slander" to the social media site Weibo (a blogger is "dangerous" if punishable slander exceeds 500 retweets or 5,000 readers). This is proving increasingly difficult: some Chinese activists have 50 million Weibo followers.

Turkey used to restrict access to Facebook and Twitter but after Gezi Park the government has set up a 6,000 strong task force to "manage" the conversation instead. Gezi Park (now synonymous with the power to congregate at short notice) seems to have left a lasting impact since Turkey still sees daily small demonstrations of taxi drivers, school teachers and other disgruntled groups.

Nevertheless, the internet is not necessarily making politics more democratic. In the battle between

hierarchies and networks, hierarchies seem to win more often than not:

- ★ Most governments now hold more information about their citizens than Communist regimes could ever dream of.
- ★ Internet movements can only have an impact if they generate traditional political activity such as street protests or the establishment of associations and parties.
- ★ For this, they need leadership. However, internet activists tend to reject leadership since they see themselves as pure grassroots movements.

Most internet-aided mass uprisings have therefore dissipated quickly. Worse still, the internet could be making politics more volatile and polarised:

- ★ The demise of traditional media (UK newspaper circulation has halved in 15 years, whilst in the US it is even lower), means that most people no longer receive balanced coverage. Instead they get news and analysis that reconfirms and strengthens existing views and prejudices. This feeds political polarisation.
- ★ Radicals (such as the Tea Party, and Italy's Grillo) use the internet to get direct access to the people, which allows them to mobilise a following. They tend to disappear as quickly as they have risen, but this process unsettles established politics and weakens governments.
- ★ Talking back to authority through Twitter gives the younger generation a sense of empowerment as well as entitlement to be heard and responded to. Immediately.

This leaves many young people disenchanted with traditional, slow-moving, compromise seeking politics; but:

- ★ Young people often think they have exhausted their civic duties by joining the debate online. They do not join parties, trade unions or other interest groups that are needed for political process. Politics become more fragmented and less cohesive, which makes finding workable compromises harder.
- ★ Just as globalisation has fostered the rise of state capitalism, personal empowerment through the internet might actually foster repression.
- ★ The impact of a large-scale cyber attack on government is yet to be tested.
- ★ The availability of Big Data and sophisticated analysis tools allows governments to increase surveillance on the internet.

Where will global growth come from?

There is a curious gap between medium term optimism and short-term pessimism.

In the medium term, the world economy should return to decent growth rates:

- ★ Few people believe in the Robert Gordon theory that the US has already reached the technological frontier. Innovation and technology will remain drivers of productivity and growth. Perhaps we are still in an adjustment period before the economy of ideas.
- ★ Most economists still believe in emerging market catch-up (and not in Dani Rodrik's thesis that the catch-up process in industry is exhausted and that there is much less potential to generate growth and jobs through services).
- ★ Trade could once again become an engine for growth, especially if TPP, TTIP and other trade deals lead to a genuine reduction in tariffs and NTBs (Turks are extremely worried about being left out of this new web of FTAs).
- ★ The ability to overcome the natural resources constraint through technological innovation and policy/behavioral changes.

In the short term, however, we face intractable problems:

- ★ There is no engine for a global recovery. The eurozone's external balance has swung from a deficit of 2.5% of its GDP to a surplus of 1%, which means that the eurozone is now a big drag on global growth. Europe, China and Japan are all trying to grow on the back of

Although the internet might contribute to the weakening of traditional politics, there are other reasons that have probably contributed more:

- ★ The rise of the middle class in emerging markets.
- ★ The demise of the middle class in the US, which has brought back political cleavages not seen since the New Deal (on inequality see below).
- ★ The ineffectiveness of the global governance system; the industrialised world now only represents less than half of the world's GDP; a more regionalized world is emerging with greater diversity in norms and rules.
- ★ The changing role of the US: the US is now longer able or willing to be the underwriter of last resort for the global order, whether militarily or economically.

exports and current account surpluses but the US is no longer willing or able to be the consumer of last resort (also due to sequester and the Tea Party).

- ★ The BRICs party is over and second-tier emerging markets cannot take up the slack; they are too dependent on global demand and capital to be independent drivers of growth. (3/4 Indian firms are unable to pay interest on debt with existing operations.)
- ★ Lower growth and volatility will define the global economy because first, tapering (the ultimate unwinding of the credit bubble) will create new uncertainties, second, there are no deficit countries to absorb excess capital, and third, because bank lending will remain lower as the "Too Big To Fail" problem gets addressed ("we really won't bail you out anymore"). Firms will rely more on capital markets so funding will be more volatile.

For many, inequality is the big issue of the day:

- ★ In the US, median incomes have stagnated for three decades. 95 per cent of the recovery since 2010 has gone to 1 per cent of the population, since QE works through lifting asset prices.
- ★ In the developed world, 80 per cent of people think inequality is getting worse. There are now only three countries in the world where a majority of people describe their economic system as fair: Malaysia, Australia and Venezuela.
- ★ Social security has helped to cushion the impact of the post-crisis growth in inequality in Europe but people do not seem to believe in the welfare state. In France, 90

per cent of people believe their children will be worse off than they are, in the UK the share is 74 per cent in, whilst in Germany it is 64 per cent. This is compared with 62 per cent in the US.

★ An IMF study has found that better income distribution is positively correlated with growth, partly because societies which are more equal are more mobile.

★ Economists disagree on whether growing inequality is leading to a structural shortage of demand since there is only so much of their growing income that the top 1% can spend on personal trainers, yachts and charity. If there is a structural demand shortage, this might be one explanation for weak investment in developed economies where corporates are hoarding billions in cash but do not seem to find viable investments projects.

★ Especially in the US the super-rich seem to be subject to a prisoner's dilemma: in principle they would benefit from a more equal distribution of income so that their own (industrial and financial) assets do not lose value in an economy that can no longer grow. But individually, they devote a growing share of their assets to preventing any measures that could lead to a more equal income distribution.

Germany is accused of being at the heart of the global growth problem because it imposes austerity on the eurozone, which, in turn, is becoming a big drag on global growth. Germany is the only large country that has not contributed to rebalancing, and its current account surplus is now bigger than China's. Anglo-Saxon

commentators are baffled as to why the Germans "don't get it". Economists and politicians from the rest of Europe call on Germany to match the South's austerity with a sizeable stimulus at home and allow some monetary financing of the unsustainable debt burden in Southern Europe. German participants tried to offer the following explanation:

★ Germany is much more decentralized than the other big EU countries. It does not lend itself easily to central steering. That also applies to the wage setting process and real wages have hardly grown in two decades.

★ For decades, Germans have been told that in an ageing society, they should save more for their retirement. Even if wage growth resumes, the chances of Germans buying a second car or third plasma screen are low.

★ There is a cross-party consensus (with firm public backing) that Germany should reduce, not increase, its public debt.

★ Germany's economic structure – which relies heavily on export oriented manufacturing – will only change slowly. Services sector reform could generate additional growth. But vested interests are slowing down progress, as is the fear of the reform's knock-on effects. For example, services sector liberalisation could swell the ranks of the low-wage sector (for which Germany is already criticized) and put downward pressure on wages. Moreover, Germany is anxious to protect its much-admired dual education system, which relies on entry barriers to hundreds of professions.

Turkey in election mood

Participants noted that the mere fact that high-ranking representatives of all three main parties were sharing a panel at Bodrum was extraordinary. Turkish politics has become so polarized that this hardly ever happens now.

The municipal elections in March 2014 will set the tone for the presidential elections which must be finished in August 2014. Since Erdogan will probably take over the presidency, there is a chance that the general election scheduled for 2015 will be brought forward to create legitimacy for his successor (or to increase Erdogan's chances of winning the presidency in the first round if these elections take place at the same time).

Although the dominance of the AK Party is barely diminished, the outcome of the 2014/15 election marathon is not certain:

★ In his September reform package, Erdogan announced a change to the current electoral system: either a first-past-the-post system or a modified proportional representation system with a lowered 5 per

cent threshold and smaller constituencies. The opposition has long called for a reduction in the 10 per cent threshold but either of the two systems could increase the AKP's majority. Whether and by how much is impossible to say since either system would make individual candidates much more important than they are under the current system (with list voting in 20+ constituencies). A more important change than that of the electoral system would be an enhanced bottom-up process for selecting candidates. The current top-down process makes political parties the personal fiefdoms of their leaders.

★ There is little doubt that Erdogan will stand for the presidency. The AKP expects him to win in the first round whilst the opposition claims that if the vote goes into the second round, the gathered force of anti-Erdogan sentiment would be strong enough to make any opponent win. Erdogan initially wanted a new constitution to implement a presidential system ahead of the vote but that does not look likely now. His AKP colleagues expect president Erdogan to use his popular mandate (previously presidents were elected

by parliament) and his existing constitutional powers (for example to convene the council of ministers) to maximum extent so that he remains the true leader of the country.

★ Incumbent president Abdullah Gül has recently made it very clear that he is not prepared to disappear from the political scene. During the Gezi Park protests, Gül established himself as the voice of reason, critical of police brutality and in favour of pluralism. He is now the “hope of the white Turks”. Almost no-one expects Gül to run against Erdogan in an outright bid for re-election. But Erdogan and Arinc have hinted that if Gül steps down from the presidency, he could expect to become AK party chief and prime minister. The question is: would Gül as prime minister defer to Erdogan or compete with him? How could two strong politicians – both with a popular mandate – be reconciled in a volatile political system? Would the AKP, which is already an agglomeration of different interests, hold together?

★ An opposition candidate would only stand a chance of beating Erdogan if he or she was backed jointly by both CHP and MHP. However, both parties have ruled out a joint candidate since they tend to highlight their differences rather than their commonalities.

The big question hanging over all this is what will the political consequences of Gezi Park be? The opposition accuses Erdogan of having provoked this outburst of dissatisfaction through AKP majoritarian rule and suppression of personal freedoms and civil liberties. The AKP says the opposition parties are equally to blame because they have become so unresponsive to, and unrepresentative of, the electorate; people see no alternative to protesting in the street. Approval ratings for the AKP fell by 20 percentage points after Gezi but the opposition parties did not gain in support. Instead, 40% of Turks do not feel represented by any political party now.

The Syria crisis

The Syrian chemical weapons deal brokered by the US and Russia is extremely challenging:

★ Syria faces an ambitious timeframe: 1 week to disclose, 1 month to destroy production facilities, 9 months to destroy all chemical weapons. In Libya, a country that had a similar-sized chemical weapons stockpile, 9 years after the destruction programme started, only 85% have been destroyed. The international community should not expect 100% success in Syria.

★ Never before has a chemical disarmament programme taken place in a hostile environment. Seven of the 20 declared sites are in rebel-held or contested territory. The inspectors are unarmed and the rebels fiercely dislike the deal, which they feel allows Assad to kill them with conventional weapons. Will pressure from Saudi Arabia, Qatar and others be enough for the rebels to let the inspections take place? If not then Assad will have a good excuse to pull out of the deal.

★ The OPCW said Syria’s disclosure of chemical weapons stocks was satisfactory and the regime is co-operative, but Syria has previously been an untrustworthy partner. Whether Assad plays along depends on whether he believes that there is a threat of external military intervention.

★ Russia is virulently anti-intervention and there are rumours that arms deliveries have gone up since the deal. But Russia also fears growing Saudi influence in the Middle East and a spill-over of the conflict into the Northern Caucasus. This gives Moscow a genuine interest in a Syria solution.

If the chemical weapons deal is (reasonably) successful, it would have a number of beneficial consequences for the wider region and the world:

★ It would be the first step towards the elimination of chemical weapons in the Middle East. Israel and Egypt would be pressured to sign the chemical weapons ban as well. It could perhaps even revive the idea of a WMD-free Middle East.

★ Russia would regain some of its international standing. The reset might be back on.

★ It would reinforce the value of diplomacy.

★ Talk about US weakness and isolationism would be muted.

★ An agreement with Iran would be more likely because the chemical weapons deal would show Khamenei that the ultimate US objective in Syria is not regime change.

★ The deal could refocus attention on peace negotiations.

★ If negotiations fail, a descent into all-out sectarian war in Syria would be less dangerous if the country was not littered with chemical weapons.

However, most participants thought that the chemical weapons deal made success in Geneva less likely.

★ Assad seems to have been given the signal that it is OK to kill his people as long as he does not use chemical weapons. Assad knows he cannot win the war but he can survive in a factional country.

★ The fact that the West only threatened the use of force after the regime had already carried out 14 chemical weapons attacks signals to Assad that it would not intervene even if he does not completely stick to his side of the bargain.

★ It is unclear who could and should represent the opposition. It was the West's idea to forge an opposition movement out of exile Syrians who have long since lost their ties to the country. The Muslim Brotherhood holds sway over the Syrian Coalition. But neither of them has a significant fighting force nor a strong political presence inside Syria. Assad's opponents are angry about the chemical weapons deal and it is questionable whether any representative from the Syrian Coalition (? To avoid repetition of 'opposition') taking part in Geneva will have political credibility in Syria.

★ The US has lost a lot of credit among the opposition for backing the chemical weapons deal (US-Saudi relations have similarly deteriorated).

★ The Free Syrian Army is divided due to the emergence of jihadist groups.

★ The original Syrian rebels had a social as much as a political objective: rebel leaders were young, uneducated and poor. Now they live in big confiscated villas and sit on stockpiled weapons. The current rebel groups have a strong ideological motivation.

★ The rebel groups on the ground fight the Syrian army by day and each other by night. Jabhat Al Nusra and

others kill moderate opposition fighters or hand them over to the Assad regime. There are now about 2,000 EU nationals fighting in Syria.

Syria leaves Turkey with only bad options:

★ Most Turks are concerned about the government's Syria policy. The government, in turn, complains that it was first criticized for being too close to Assad and now for being too harsh on him.

★ Turkish Syria policy relies on two pillars, both of which have crumbled: an international intervention looks a lot less likely following the chemical weapons deal. And support for the opposition has become highly contentious now that jihadist groups have taken over.

★ The Turkish government knowingly permits extremists from places like Yemen and Chechnya to travel to Syria by air or land. The Turkish mentality is still that "whoever is Assad's enemy is our friend" and it thus keeps an "open door" policy for everyone willing to fight Assad. (Curiously, the Kurdish issue, and suspicions that Turkey supports jihadists against Kurdish rebel groups, was not discussed in Bodrum).

★ Turkey (as well as Jordan and Lebanon) has control over the flow of weapons into rebel territory to a certain extent. Some people think Turkey – with US support – lets through just enough weapons to allow the rebels to defend themselves but not enough to allow them to defeat or beat back the army.

★ There are half a million Syrian refugees in Turkey, who have cost Turkey \$1.4 billion so far (in addition, it received about \$100 million from the Saudis and \$500 million from other donors).

Does anyone still believe in enlargement?

The accession process remains stalled. No chapter has been opened since mid-2010 (although chapter 22 on regional policy will be opened). There has been only one EU summit with candidate countries in the last five years. Cyprus still blocks eight chapters, while other member-states block another six (including a chapter on energy, which is in the European interest). The end of the Sarkozy presidency in France did not bring the opening of new chapters, as the Turks had hoped. Meanwhile, Turkey has been moving into a direction that will make progress on accession harder. Dozens of journalists are still in jail, economic reforms have slowed, even progress on women's rights is being rolled back (there are now hardly any women joining the civil service, for example. Just a few years ago, women made up 50% of the foreign ministry's annual intake). Others have also pointed to

increasing divergence on foreign and security policy; Turkey's foreign policy towards Egypt and Syria raises eyebrows in the West, while there is concern over its purchase of a Chinese missile defence system.

On the EU side, the economic crisis has added to existing enlargement fatigue. Politicians are quick to call enlargement one of the EU's most successful policies ever. However, in terms of integration, some questioned whether UK or Danish EU membership could be called a success. Spain, Greece and Portugal are equally accused of causing the euro crisis. Cyprus has been an awkward member. And letting in Bulgaria and Romania is widely seen as a mistake. Only Austria, Finland, Poland and the Baltics can be called a success. No wonder Europeans are afraid of further enlargement.

On the other hand, if the Central and East Europeans had not joined the EU, the Union might now be surrounded by unstable, directionless countries (such as the Balkans). The UK might not fit neatly into the EU, but the addition of a country that is more liberal in its economics, more strategic in its outlook and more open to enlargement has also hugely benefitted the EU. Adding Turkey might bring similar benefits (as well as removing obstacles with respect to Cyprus and NATO-EU relations).

Although neither Turkey nor the EU will officially call off the accession negotiations, few people believe that accession will happen in the foreseeable future. The Turkish government and pro-accession voices inside the EU say that it is more important to keep the process going than to define the end point. The European Commission launched the “positive agenda” in 2012 to reinforce co-operation between the EU and Turkey in trade, economics, energy, counter-terrorism and foreign policy while the accession talks remain stuck. But Turks see the positive agenda as only a stop-gap measure to keep the dialogue going during the Cypriot EU presidency. They now want to return to the “real thing” of accession talks.

Since full membership (including the ‘four freedoms’, EU budget support and alignment in foreign policy) looks out of reach at the moment, both Turks and Europeans have started talking about the possibility of an associate membership. The Turks hope that the UK will blaze the trail by renegotiating its membership in 2015-16 so that Turkey can join an outer ring of more loosely associated members – but without being fobbed off with

a privileged partnership. A Brexit would make it more difficult for Turkey to join.

Germany and other EU countries are opposed to allowing Britain to “pick and choose” the terms of its membership. The fact that Turkey might be queuing up to replicate this model, will, if anything, make the other Europeans less likely to grant the UK individual opt-outs. That leaves the UK and Turkey with only two options:

★ The Norwegian/EEA model: David Cameron has already said that Britain could not accept a deal in which his country has to comply with tens of thousands of single market rules without having a say in making them. For Turkey, the Norwegian model looks equally unappealing. Turkey is already deeply unhappy about its satellite arrangement in international trade (where it is obliged to open its markets to exports from countries with which the EU has concluded an FTA but it does not automatically gain access to these countries in return – a current issue of concern due to the TTIP negotiations). It would not countenance a similar arrangement for a broad swathe of economic and financial rules.

★ Full-blown reform of the EU to allow a second-tier membership: Turkey should not stand idly by and rely on the UK to achieve this outcome. It should engage actively in the discussion about the future of the EU. Paradoxically though, while Turkey remains stuck in candidate status, it cannot engage in that debate.

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