



Bodrum Roundtable 2014

The 2014 Bodrum Roundtable Meeting, organized by the Istanbul based Centre for Economics and Foreign Policy Studies (EDAM) and London based Centre for European Reform (CER) was convened in Kempinski Hotel Barbaros Bay on 17-19 October 2014. The meeting was sponsored by Allianz, Robert Bosch Stiftung, J.P. Morgan, Koç Holding and Standard Chartered.

EDAM's annual Bodrum Roundtable has been ranked the 10th best think tank conference globally by University of Pennsylvania's Global Go to Think Tank Index, which is considered the most prestigious ranking of think tanks. The roundtable was held under Chatham House rules and hosted over 50 decision makers in the government and international organizations, private companies, academics and press.

In the first panel, titled Governing the World, the panelists have underlined the emerging challenges to the rules-based international order. These challenges are imposed not only on the post-Cold War order, but to the whole post-WWI international order and include economic stagnation in the transatlantic centre, revisionism in the West and extremism in the South. Issues with income distribution are becoming more troublesome, as income is increasingly more concentrated on the hands of the few. The current trend suggests that large parts of the labour force will not be able to find decent paying jobs even in advanced economies. While the internationalist governance has huge financial and legitimacy problems, one participant noted, the internationalist spirit is still needed to resolve the issue.

In Europe, these challenges have manifested themselves in the increase of nationalistic sentiments. Populist parties have come to exploit the nostalgic desire to return to the days before globalization and European integration, and illiberal democratic rhetoric is increasingly becoming more appealing to the masses.

Another game changer has been the internet. Two decades ago there were 16 million internet users. Today the number is 2.7 billion and some projections suggest that the number is going to increase to 5

billion by the end of the decade. Low-cost Android phones are prevalent even in less developed economies. Internet spread is the fastest in weak states, conflict areas and countries where the state is overly strong and the freedom of expression is under threat. The spread of internet in such countries poses enormous challenges to established institutions, as well as presenting huge opportunities. Some states are favouring increased governance of the internet and there are serious attempts to strengthen controls by the nation state, which at times presents challenges to democratic values.

Participants also noted that technology is changing how people think about expression and representation, and what they expect from institutions in making their voices heard. The legitimacy of representation today depends on interactivity, not just aggregation of interests. International organizations have been the slowest and weakest at adapting to these changes. The rise of the internet has also challenged traditional bureaucratic structures of established nation states, as well as European democracies. In cases where individualistic expression of opinion does not result in effective action in the absence of proper channeling by the institutions, it results in frustration in the populace and may be destructive as the Egyptian case has displayed.

In the second panel which focused on the European Economy, participants discussed the ground that has been covered since the 2008 crisis, the TTIP treaty and the next steps for the European economy. For Europe, participants argued that the fiscal union has to be able to absorb asymmetric shocks and fluctuations. One participant noted that the way to achieve this was through a fundamental reformation of the Maastricht Treaty. One such solution, it was argued, could be achieved through the establishment of an institutional structure that allows the euro area to integrate much further, while leaving the UK outside the concentric structure. Yet, adapting such a structure would take time and require Treaty changes.

The third panel was entitled the Future of the Regional Order and focused on the developments in the Middle East and North Africa. The upheaval in Tunisia to stop nepotism and corruption triggered a wave in the region, which remained a domestic political endeavor until NATO went into Libya. After that, the issue quickly became a geostrategic question. The international system has not been delivering the kind of order it used to as the effect of Europe continues to be marginal compared to that of the U.S. which has been reluctant to return to the region and has preferred to operate from afar for the most part. Regional forces have not been stabilizing either. One participant noted that there are three major coalitions in the region, one that includes Iran, Syria, and Lebanon and Iraq to some extent, another consisting of Saudi Arabia, UAE, Bahrain and Egypt, and the last one consisting of Turkey, Qatar and the

Muslim Brotherhood movement. The tense rivalry between the coalitions rages on and regional powers continue to be ineffective.

Another participant noted that the U.S. war in Iraq changed the main tenets of the Sykes-Picot order, not just in terms of the borders but also on the superiority of Sunni Arabs over others in the region. The borders and countries established by the Sykes-Picot order lacked legitimacy and are challenged by Islamists. If ISIS continues to thrive, the borders may not survive as they are. Once sectarian demons are uncaged, it was noted, nobody can control them. Similar to the cases in Lebanon and Yugoslavia, it would be unrealistic to expect the disorder to end soon. The situation may also resemble the Thirty Years' War, which was characterized by sectarian element, proxy wars, shifting regional alliances that made it so complicated that it was impossible to stop fighting for three decades.

It was noted that a rapprochement between the U.S. and Iran, which would see the reintegration of Iran into the international order, or a regional security architecture agreed between Iran and Saudi Arabia might be ways to move forward. Still, it would be very hard to achieve both deals and may present additional challenges for regional players.

Furthermore, one participant noted that Turkey's immunity to sectarian and ethnic conflict in the region has vanished with its increased involvement in regional affairs. Furthermore Syrian refugees in the region, numbering over 2 million continue to have no prospect of going back. Issues related to integrating refugees, as well as educating children, will gradually become even more challenging. Inability to address these core issues may result in the upbringing of a generation of jihadists, one participant noted.

In the fourth panel, titled Europe's New Political Reality, several deep structural trends were outlined. One is the politics of powerlessness, where the voters are turning away from affiliation and towards protest politics because they feel their vote does not matter. Second, is the crisis of interdependence where common notions are increasingly becoming more contested, as exemplified by the backlash against asylum in Malta and Hungary. Rise of progressive separatism has been another trend, where austerity measures has led to calls for welfarism by separatists and calls for independence have been couched in progressive language. The political elite have become more parochial, less international and locally focused. It was argued that people increasingly see politics less as a function of representation but as an experience of being part of the debate, having a voice. Furthermore, as many issues are pushed upwards, many issues have become leaders' issues and can only be solved by the presidents and the European Council. Yet leaders have limited bandwidth and little time for substantive debate, which creates a danger of gridlock.

Another participant noted that there is a historical shift in European politics similar to when social democrats pushed aside the liberals 100 years ago. There has been a 30-year trend to hollowing out of socialist parties as the working classes no longer support them. They have become market liberals and this deters poorer and less educated, who then turn to populists. It is unlikely that populists will disappear.

Germany's role has also been debated. One side argued that German hegemony has been damaging in economy policy-making and its dominance in the economic policy making of the Union may result in backlash. Meanwhile it was also argued that Germany feels powerless as although it can impose rules, countries may fail to implement them. Another commentator argued that the rise of German power has worsened the way the UK sees the EU as a place where it cannot win. It was also argued that the UK has become a toxic brand in the rest of Europe due to its anti-European sentiments and several countries have increasingly become more reluctant to work with the UK.

On Russia, the sides argued that although the economic sanctions have stopped it from moving further into Ukraine. Yet the decline in Russian economy may make it more mistrustful and worse behaved, according to one commentator, and as a result it was unlikely that President Putin would become more moderate.

At the last panel, titled Turkey and Regional Security, the participants discussed the Turkey's stance and options on the Syrian civil war in depth. It was argued that in the absence of assisting the Kurds with ISIS' siege in Kobane/Ayn al-Arab, Turkey was putting its domestic peace process at risk. It was claimed that if Kobane breaks the ISIS siege, it will be a huge moral victory for the PKK and a direct result of cooperation between PYD/YDG and US – so a failure of Turkish policy. If Kobane falls, it will damage the peace process and cause more rampaging by Kurdish youth that is even beyond Ocalan's control. The perception shared among Kurds that Turkey is helping ISIS, is also undermining the process. It was also argued that the adaptation of a NATO-wide grand strategy on how to deal with the Syrian calamity, stop the spread of ISIS and terrorism, and especially one that involves boots on the ground, would be highly unlikely.