

DEVELOPED-NESS DILEMMA: ECONOMIC AND DEMOCRATIC DEVELOPMENTS IN TURKEY*

Rahman DAG¹

Hakan USLU²

Abstract

The main aim of the paper is to discover if a long term of a ruling political party provides economic development or decreases democratic quality of a country since more than two terms rule of a political party is considered as a tendency from democracy to authoritarianism. This paper analytically compares the long and short term governments in terms of various economic indicators and employs a regression model to estimate the relationships between economic growth and political stability. Time span of the paper starts in 1950 when Turkey changed political party system from single party to multi-party system and ends in 2018. The paper concludes that average GDP difference between the long and short term governments is 75 per cent more on average in longer term governments. Predicted GDP per capita is approximately 65 per cent higher in longer term of ruling political party. It can be eventually argued that more than two terms of ruling party create economic development, even though there has been a transition from democracy to autocracy.

Keywords: Democratization, Economic Growth, Long-Short Term Governments, Developed-ness, Turkey.

*Bu çalışma, 4-5 Temmuz 2019 Tarihleri arasında Lizbon'da düzenlenen IEPAS2019 konferansında sunulan bildirinin genişletilmiş halidir.

¹Associate Prof., Zonguldak Bülent Ecevit University, rahman.dag@beun.edu.tr , ORCID: 0000-0002-4198-2851.

²Assist. Prof. Adıyaman University, hushu@adiyaman.edu.tr , ORCID: 0000-0003-1649-6859.

KALKINMIŞLIK İKİLEMİ: TÜRKİYE'DE EKONOMİK VE DEMOKRATİK GELİŞME

Öz

Bir siyasi partinin uzun süreli iktidarda kalması (en az iki dönem) demokrasiden otoriterliğe doğru bir eğilim olarak kabul edilebilirken aynı zamanda bir ülkenin ekonomik kalkınmasını sağlayabilmektedir. Bu makale, Türkiye'de 1950-2018 yılları arasında, uzun ve kısa vadeli hükümetleri çeşitli ekonomik göstergeler açısından analitik olarak karşılaştırmakta ve ekonomik büyüme ile siyasi istikrar arasındaki ilişkileri tahmin etmek için bir regresyon modeli kullanmaktadır. Rapor, uzun ve kısa vadeli hükümetler arasındaki ortalama GSYİH farkının, uzun vadeli hükümetlerde ortalama olarak yüzde 75 daha fazla olduğu sonucuna varıyor. İktidardaki siyasi partinin uzun vadede kişi başına tahmini GSYİH'si yaklaşık yüzde 65 daha yüksektir. Demokratik düzeyde bir düşüş olsa da iktidar partisinin ikiden fazla döneminin ekonomik kalkınma yarattığı iddia edilebilir.

Anahtar Kelime: Demokratikleşme, Ekonomik Büyüme, Kısa-Uzun Dönem Hükümetler, Kalkınmışlık, Türkiye.

INTRODUCTION

The main successor of the Ottoman Empire, Turkey has been engaged with modernity, taking an example of the western countries since the last century. It is meant that after experiencing the two world wars, most of the countries, including Turkey, aimed at becoming a developed state, which suggests that a country has to acquire certain level of economic, military, social, and political capacity. In other words, becoming a developed country is not just about having high Gross Domestic Products (GDP) but also having embedded social, political, and economic structures. Simply put, high democratic quality and economic growth are required to rise to the level of a developed country. Despite the fact that World Bank categorizes the countries according to their Gross National Incomes (GNI) and GNI per capita³, developed-ness is also related to the democratic level. Therefore, the categorization of states does not only depend on economic level. The major academic debates on this issue started after the Second World War and most believed that 'society, economy and polity are systematically interrelated, integrated by an overarching value consensus, and subject to increasing specialization and differentiation of social structure' (Huber et al., 1993, s. 71).

In this line, researches focusing on developing countries use social and political indicators. For instance, in analysing relations between economic development and democratic performance over then 60 non-communist countries in 1960, including Turkey, Robert W. Jackman (1973) added several more democracy criteria, such as party systems, electoral irregularity, competitiveness in his model. Barbara Wejnert (2005), also considering Turkey as a semi-periphery [developing] country, looks at whether endogenous and exogenous factors affect

³<https://datahelpdesk.worldbank.org/knowledgebase/articles/378831-why-use-gni-per-capita-to-classify-economies-into>

democratizations. As the cases above, most of the developing countries have been examined to study the relations between democratic and economic developments.

The main argument of Robert J. Barro's is that 'improvements in the standard of living [implies certain economic level] substantially raise the probability that political freedoms will grow' (1996, s. 1). He further suggests that authoritarian regimes would choose either to enrich themselves by using governmental power for their own benefits or to enrich themselves by using governmental power for their own benefits or to enrich their countries by providing and maintaining economic freedom to encourage private investments. He advocates his argument by referring to Schwarz's (1992) observation, which argues that most of the OECD countries initiated their economic development while they had limited political freedom and only later, they were able to be democratically developed countries. The results of his analysis conclude that 'middle level of democracy is most favorable to growth, the lowest level comes second, and the highest level comes third' (Barro 1996: 14). Based on this conclusion, most of the developing countries which have middle level of democratic quality should become fully-fledged democratic and economically developed countries (Kinik & Tufekci, 2018, s. 21) in a given period. Yet, that is not the case in relation to Turkey, even though it has been a developing country for a long time (Tufekci, 2017).

Under the single party regime from 1923 to 1950 when an opposition political party came into the power, Turkey tried alternate ways of economic development, state-sponsored companies were established, and a state planning office was formed to control and foster economic development (Bayraktar, 2002, s. 28). On the other hand, it exemplified Western states in political terms but did not change political regime until the end of the WW II. From democratic perspective, not having a multi-party system and fair and open elections are unacceptable while there was great expansion of democratic rights in terms of the right to vote.

Turkey's case almost perfectly abides by Barro's argument that certain economic level is required for the development of democratic rights. However, comparably a more democratic Turkey emerged since the Democrat Party (DP) came to power in 1950 and lasted by a military coup d'état in 1960. The DP governed a decade with two-terms of single party governments and was overthrown by its early third term. Within this time period, both economic and democratic reforms were put into operation (Szyliowicz, 1962, s. 430). By the end of its governance, economic and democratic deteriorations seemed to be the reason for which it was overthrown (Kalaycioğlu, 2001, s. 64). Especially, democratic conditions of Turkey were

considered as authoritarian due to the political constraints over opposition political parties and social groups (Tachau, 2000, s. 133-134). Although considerably more liberal constitution was declared after the 1960 military coup, the following two decades witnessed the coalition governments (Kalaycioğlu, 2001, s. 55). In these twenty years, there were fluctuated democratic developments without political stability while economic growth increased until another military coup d'état in 1980 interrupted civil government, which weakened democratic values in Turkey (Dag, 2017; Heper & Güney, 1996).

This military intervention was followed by handing over the rule to the civil politics with following the 1983 general election won by Motherland Party (Anavatan Partisi, ANAP), led by Turgut Özal. His rule continued until he died in 1993 when he was acting as the president of Turkey. His economic liberalization policies were successfully operated. At the same time, by dominating civil politics, substantial democratic initiatives were undertaken (Önis, 1992, s. 11). He also governed the country for two subsequent terms, and he was the president when his political party reached the third term in politics. By the end of his second term and early third term, he and his political party were under harsh criticism for being anti-democratic (Önis, 2004, s. 121) and illiberal (Zakaria, 1997). Up until the end of 2002, Turkey again experienced coalition governments and during this period, the quality of democracy and economic growth rates were fluctuated.

Current ruling party, the Justice and Development Party (Adalet ve Kalkınma Partisi-AK Party) came into power by the end of 2002 and has been ruling the country ever since. The first two-terms of the AK Party's single party governments have been splendidly successful in terms of both democratization and economic growth (Kubicek, 2013; Tocci, 2005). Ziya Öniş is correct to write, 'The AKP has effectively managed to develop a strategy based on an unusual and paradoxical synthesis which allowed it to project a progressive and modern outlook combined with a concern for the sensitivities and core values of large segments of society' (2009, s. 37). However, in the third-term, accusations of authoritarianism, as experienced in the DP and the Özal eras, started by some social and political groups. The forth and the ongoing fifth terms of AK Party have been tested by extraordinary political and military events such as Gezi Protests in 2013 (Akay, 2021; Iğsız, 2014), the corruption allegations by tapes in 17-25 December in 2014 (Corke et al., 2014), the 6-7 October Trench Events orchestrated by the PKK in 2014 (Dag, 2018), attempted but a failed military coup on 15 July 2016 by Fetullahci Terrorist Organization (FETO), and massive sacks of those affiliated with terrorist groups such as FETO, PKK/YPG, and DHKP-C. These extraordinary social and political events have been destined

to cause economic and democratic crises. President Recep Tayyip Erdoğan and his AK Party governments have been now under close national and international watch and most academic works affiliate authoritarianism with Turkey because of the AK Party's policies (Arısan, 2019; Cagaptay, 2017; Karaveli, 2016, Topak, 2019).

This short political history of Turkey depicts a dilemma between democratic and economic developments. On the one hand, single party governments in a parliamentary system provide popular support and political strength to conduct political and economic reforms. Moreover, long terms of power (at least two terms) meets the time periods needed to complete specific government policies. On the other hand, more than two-term single party governments have not been regarded as democratic because of probable dominance of state bureaucracy and controlling legislation and executive power by the same political party. Therefore, the rule of law and the principle of checks and balances can become compromised. Having multi-party system but dominance of a given political party in consecutive elections might change the regime from democratic to electoral authoritarianism (Donno, 2013, s. 704). The abovementioned three single party government eras share similar destiny as they all have been criticized for anti-democratic policies (sometimes for tendency toward authoritarianism) and worsening economy by the end of their power after great initial successes (Bayraktar, 2002, s. 35). In this regard, the paper analyzes how being in power longer terms (two-term and more)⁴ affects democratic and economic developments in Turkey.

The structure of the paper is as follows: it dedicates the second section to the literature review of the relations between democracy and economic growth. The data and methodology section takes the third place. The fourth section focuses on the results of regression model, and the final section is devoted to discussion and conclusion.

1. LITERATURE REVIEW

Which one comes first, economic growth or democratization? In other words, does economic development create suitable conditions for democracy to be institutionalized? or does democratic institutionalization bears on economic development? These questions have been one of the main themes of academic research in the fields of political science and economics (Fulginiti, 2010, s. 15).

⁴ In this paper, the phrase of being in power at least two subsequent terms or more is used interchangeably with the concept of political stability.

As Hernandez-Murillo and Martinek summarize, to start delving into the literature, there are two different approaches answering the fundamental question. The first is the institutional approach which theorizes that ‘political institutions promote economic performance’. The second one, the developmental approach suggests that ‘economic growth stimulates democracy or the adoption of better institutions’ (2008, s. 5). The process of economic development in each case is as follows. On the one hand, people or merchants require certain level of institutionalization to see that their investments could flourish without interventions either from state or non-state actors. It further implies that there had to be rules regulating economic relations and these rules should be implemented in general. By referring back to John Stuart Mill, Adam Smith, Montesquieu and John Locke, one of the main rules of this approach is the property rights (Mousseau, 2006, s. 300). On the other hand, the developmental approach argues that before institutionalization of economic relations in a given society, people should have first wealth to invest and so obtain more by doing business with others. When having economic relations or doing business was expanded, newly emergent merchants asked for political and economic rights. Further expansion of rights then created limited governments in Europe since the 18th century. Thus, the evolution of such trends turned out to be democratic governments which guarantee not only basic human rights but also liberal economic regulations. Overall, the developmental approach argues that there has to be first economic growth and then institutions would be followed.

Criteria of democratic and economic developments, regardless of these two approaches, have been extremely detailed. In terms of democracy, not only private property rights but also fundamental human rights, ranging from being treated equals before the laws to participating in the formation of political administration have been requirements of democracy. Even time of custody before trial, the number of journalists and politicians being locked in the prisons, state intervention into the legitimate business and legal constraints for civil movements, can all be added to the list of democratic requirements. In terms of economy, free market, no or limited state intervention, legal regulations for exports and imports, free movements of goods, capital and labors can be current economic requirements in order to integrate with the liberal international economic system. In this picture of the world, due to the fact that economic growth and evolution of democratic concepts have happened to evolve in the European continent, the rest of the world would require an answer to the question of whether democratic institutions lead countries to the economic growth or accumulation of physical and human capitals bring democratic institutions.

De Long and Shleifer take a look at this issue from historical perspective by categorizing administrative units as absolutists and non-absolutists between 1000 and 1800, up until the industrial revolution and the early years of emergence of nation-states. They stressed the fact that then non-absolutist princes (governments) were not even close to being considered as democratic, but they still had comparatively more security than the absolutist princes as the former encouraged merchants to trade (1993, s. 35). In their research, they find out that absolutist princes stunted population growth of their cities, but the non-absolutist ones expanded their city populations as people felt more secure to trade. Both types of administrative units aimed at accumulation of physical capitals but that does not overtly indicate which one comes first. In detail, De Long and Shleifer's work presents a clue that might cause distinctive interpretation. They argue that, despite being non-democratic or not having proper institutions to lead economic relations, rulers (princes, dictators, emperors, etc.) could choose policies that could result in economic growth. Gerring and his colleagues also emphasize this point by arguing that most of the authoritarian systems or governments are growing 'as rapidly as democracies, perhaps even faster' and they remind us of the fact that '[o]ne must keep in mind that many rich countries have become rich under authoritarian auspices' (2005, s. 323-324).

Another empirical study, written by Jakob Madsen, Paul Raschky, and Ahmed Skali, examines the influence of income and growth on democracy. By covering the years between 1500 and 2000, they discover that increase in income and higher literacy and education have positive effect on democratization (2015, s. 193). At the beginning of the time period they study, there was no democracy at all, but they took the way rulers (at village level) were chosen until early years of when limited governments were established. Besides, their model includes linguistic distance-weighted foreign democracy into domestic democracy category so that they can extend their variables with continents and establishment years of universities. They come to conclusion that those countries that successfully transformed from autocracy to democracy managed to increase their income per capita from 125 to 278 per cent (Madsen et al., 2015, s. 177).

These studies lead us to touch upon another, however indirect, factor: education. One of the most prominent studies in this sense is Edward Glaeser, Giacomo Ponzetto, and Andrei Shleifer's (2007) work on democracy and education. They statistically reveal that education dramatically increases human capital which directs people for more civic responsibilities. A similar argument is raised by Bobba and Coviello who argue that there is a significant positive relationship between level of education and democracy (2007, s. 306). Education is here mostly

attained with the idea of institutionalization of a society or a state. It is asserted that institutions come first for all developments either democratic or economic. Another similar perspective is argued by Glaeser and his colleagues (2004) via the question of ‘Do Institutions Cause Growth’. The essence of their arguments stems from the notion that human and social capitals, which are raised by education, history, and politics, are detrimental for further institutional and economic capacities. The authors interestingly add that non-democratic states (dictatorships) can employ some basic rules for development, and after gathering adequate wealth (human and physical capital) these states ‘are increasingly likely to develop their institutions’ (Glaeser et al., 2004, s. 298). One of the recent most articles by Matthew Baum and David Lake (2003) comes to a similar conclusion on the relationship between democracy (institutions) and economic growth. They statistically argue that there is no direct relationship between democracy and economic growth, but democracies provide basic services, especially life expectancy (public health) in poor countries and education in non-poor countries and cause economic growth. In this regard, it is suggested institutions (political regimes/democracy or not) do not seem to have something to do with economic growth but ‘how and at what level these services are provided’ (2003, s. 345-346).

Another historical examination by Acemoglu, Johnson and Robinson (2002) argues that European powers while starting to exploit the rest of the world, reversed the history by transforming into powerful states since 1500. It is meant that some of the states or civilizations which were more prosperous and wealthier then, are now poor countries, but most of the European states, which were poor then, are now more prosperous and wealthier. The major reason for such a transformation, according to them, has been acquiring institutions that managed economic developments and this led to industrialization (2002, s. 1297). What they mean by institutionalization is technicality a governing. Yet, institutionalization, which is official and hierarchical, has been experienced by almost all states in the world. In this sense, the question of why all states have not succeeded in democratic and then economic developments remains unanswered. Facing with such a question leads to informalities within the administration (institutional structure) of states (Lauth, 2015). It is because of political systems (official institutions) have their basic assumptions on how the executive power would rule and why it has to be checked and balanced. Within democracy literature, parliamentary and presidential political systems are mostly considered as democratic but there are still several ways, they might cause a political trend towards authoritarianism, especially in a scenario when

the executive and legislative institutions are dominated by the same political party or certain understanding (Peabody, 2001, s. 449).

Under such extreme political conditions, it is concerned that unofficial relations might be much more effective in political decision making. Therefore, long term single party governments in parliamentary systems and long term presidential power do not seem to be approved of by democracy, since long term power might corrupt the rulers and lead to clientelism, social and political cleavages, lack of transparency and accountability. Term limit of power is regarded as one of the remedies to prevent these possible officially or unofficially undemocratic developments (Elhauge et al., 1997, s. 68). On the other hand, term limit might cause rulers not to complete their long term political and economic reforms because of interruptions during the process via handing over power through elections or focusing on winning forthcoming elections rather than on reforms (Kurfurst, 1996, s. 123) or losing political, economic, and social control over public and other states because of the last term of a political party or presidentship (Paul, 2011, s. 1100-1102). In general, the discussion of term limit occupied international agenda when Franklin Delano Roosevelt did run for the presidential election in the US in subsequent four terms and then American constitution was amended with two-term limitation for presidentially (Carey, 2003, s. 121).

Core debates of institutional and developmental approaches are relying on property rights from which merchants, traders, individuals, and companies benefit and decide to invest more or not. In other words, the certainty of being sure that their investment will not be confiscated by the state or expropriated by someone else is essential. If this is the essence, then either democratic or dictator regimes might be able to present such promises (Luo & Przeworski, 2019, s. 668). Therefore, both approaches can demonstrate successful cases of economic development such as China and Russia where economic growth has been increasing despite lack of institutional promises (Djankov et al., 2003, s. 596-597). In this sense, answers to the question of which one comes first, democracy or growth has something more to do with it. To crystalize, in an authoritarian or dictatorial regime, utmost importance might be given to the economic development and by playing with law for certain economic enterprises, considerable economic growth can be reached. On the other hand, comparably democratic regimes might decide to confiscate capitals of certain groups either for political elimination or redistribute them among the mass. These possibilities indicate that answer for the core question is also related to the way property rights are granted.

To sum up, if it is institutions protecting political, economic, property, social and cultural rights which are measured by the level of democracy, they should bring economic growth. Otherwise, if it is economic growth first, then the democratic level of developing countries should be neglected for a while until adequate physical and human capitals are raised so that economically suitable ground is found for growth. This paper analyzes the issue of which comes first, democracy (institutions) or economic growth via specifically hypothesizing how consecutive years of political stability affect democratic (institutionalization of democracy) quality and economic growth. The hypothesis is tested over Turkish experience by analytically comparing at least the two-terms-long ruling single party governments against the coalition governments since 1950.

Even since the last years of the Ottoman Empire, the idea of modelling European states in terms of democracy, economy and military has been prevailing in Turkey. As now being one of the developing countries, Turkey has been struggling to reach at the level of European states in terms of developed-ness. However, the history of Turkey is full of ups and downs, both democratically and economically. To understand if it is possible to have economic growth and democratic consolidation at the same time, this paper compares single party government years (exceeding at least two terms) and coalition government years.

2. DATA AND METHODOLOGY

In order to estimate the causal impact of a political party staying in power longer terms (i.e. political stability or long term versus short term governments) on economic outcomes we use a simple Ordinary Least Squares (OLS) estimation design. We estimate the following parametric OLS approach as our main specification:

$$Y_t = \beta_0 + \beta_1 PS_t + X_t + \varepsilon_t \quad (1)$$

where Y_t is the dependent variable of the model and represents economic outcomes, such as Gross Domestic Product (GDP), per capita income, international trade, and employment. PS_t is our main interest variable in the model and represents political stability. It takes a value of one for the governing years of ruling political party staying in power two or more terms and zero for coalition (short term) governments.⁵ β_1 is the parameter to estimate and demonstrates the effect of political stability on the economic outcomes. ε_t is idiosyncratic error term.

⁵ We have three time periods in which a political party ruled the country for at least two terms or more, the DP era between 1950 and 1960, the Özal era between 1983 and 1992, and the AK Party era between 2003 and present. There are several cases which have to be addressed as limitations of the coding governing years. First of all, value

The vector X_t symbolizes time-varying control variables including economic and social characteristics that are likely to influence economic outcomes of the country. Control variables include both economic parameters, such as GDP growth rate, employment, exchange rates and volume of international trade and social parameters, such as life expectancy, human capital, and number of patients per doctor. The reason we include these specific *social* variables in the model is because these parameters show the educational and health levels of the countries and they are commonly used in the studies of democracy and economic growth literature (Baum & Lake, 2003; Glaeser et al., 2004, 2007; Madsen et al., 2015). Studies show that increase in life expectancy is one of the signs of both improvement in health and economic growth especially in both developing and developed countries (Baum & Lake, 2003). In the model, the number of patients per doctor is also used as another measurement of health level. Human capital stands in the model for representing educational level of the country. Education significantly impacts the economic well-being of the countries because of the positive effects of education on people's income (Brunello et al., 2009; Helliwell, 1994; Lipset, 1959). Logarithmic transformation of all the variables is used in the model except exchange rates and GDP growth rates variables.

In our analyses, we use annual country-level time-series datasets that span the time period between 1950 and 2018. Our dataset is compiled from a variety of different data sources. Data for the main dependent variables of the model, GDP, and per capita income, are obtained from Turkish Statistical Institute (TUIK) and incomes used in the model are in current prices and purchaser's value. TUIK calculates per capita income as the total GDP divided by the population of the country. According to TUIK, per capita income is one of the most proper indicators of the economic development of a country. The volume of international trade data also come from TUIK's Foreign Trade Statistics. GDP growth rate and per capita income growth rate are calculated based on the values of GDP and per capita income. Information on

one is given to the years in which a single party government ruled the country for at least two and more subsequent terms. In this regard, although Justice Party (Adalet Partisi) was able to form single party government from 1966 to 1969, these years are coded as 0 because the party has to be in power for at least two terms in the model used in this paper. Secondly, if the time span of a single party government is less than 6 months, that year is not counted as the governing years of that party. Lastly, the years in which military took the power via a coup d'état (1961, 1981, 1982, 1983) are coded as 0 because of the absence of a political power ruling the country. However, if a military power had ruled the country two or more terms, then those years would have been coded as value one. The most important point for coding a year as one or zero is ruling the country -the ruler can be a political party or a military power- for at least two and more subsequent terms.

Turkish governments list reporting the number of governing years of a political party is gathered from the Prime Ministry website.

Data for the life expectancy are available in the datasets of United Nations World Population Prospects (United Nations, 2019) and Organization for Economic Cooperation and Development (OECD). Human capital index and Employment data are obtained from Penn World Tables version 9.1 (Feenstra et al., 2015). The human capital index is created based on the average years of schooling and rate of returns to education (Barro & Lee, 2013; Psacharopoulos, 1994). Data for exchange rates (national currency/US dollar) are also available in databases of Penn World Tables. Finally, information on the number of patients per doctor can be obtained from Turkish Ministry of Health database. The variables are reported in the summary statistics table.

Table 1. Summary Statistics

Variables	Obs	Mean	Std. Dev.	Min	Max
GDP	69	11.153	1.707	8.151	13.667
Per Capita Income	69	7.327	1.311	5.111	9.294
GDP Growth Rates	68	0.099	0.181	-0.445	0.615
P.C. Income Growth Rates	68	0.077	0.177	-0.459	0.571
Exchange Rates	68	0.480	0.856	2.801	3.648
Life Expectation	69	4.093	0.202	3.674	4.357
Human Capital	68	0.478	0.240	0.132	0.893
Employment	68	2.665	0.284	2.273	3.296
Patients per Doctor	68	7.259	0.661	6.289	8.837
Vol. of Intern. Trade	69	16.485	2.260	13.216	19.815

3. RESULTS

Table 2 displays the results obtained from the model depicted in equation (1), where GDP and per capita income is explained by political stability (PS_i) and other explanatory variables. The entries represent the elasticities, with robust standard errors, clustered at the country level, presented in parentheses. The regressions apply to a time series data of Turkey for the period of 1950 to 2018. The estimation uses OLS technique. Most of the coefficients for the indicators of income level are statistically significant and have expected signs. The coefficients of the interest variable (political stability) indicate that there is a positive relationship between political stability and GDP and per capita income as expected.

Table 2. Regression Results

Indep. Vars./ Dep. vars.	GDP	GDP	PC Income	PC Income	Human Capital	Life Expect.	Employment	Vol. of Trade	Int.
Political Stability	0.751*	0.233**	0.659**	0.236**	0.121**	0.024	0.131*	1.141**	
	(0.404)	(0.103)	(0.308)	(0.097)	(0.056)	(0.049)	(0.067)	(0.530)	
GDP Growth Rates		0.357**							
		(0.169)							
Exchange Rates		0.063		0.087					
		(0.079)		(0.074)					
Life Expectation		2.962***		1.688*					
		(0.897)		(0.847)					
Human Capital		-4.665***		-4.667***					
		(1.355)		(1.280)					
Employment		1.048		0.930					
		(0.803)		(0.759)					
Patient per Doctor		-1.231**		-1.195**					
		(0.486)		(0.459)					
Vol. of Int. Trade		0.475***		0.425***					
		(0.133)		(0.126)					
GDP Growth Rates (per capita)				0.354**					
				(0.162)					
Constant	10.77***	-0.615	6.993**	1.638	0.417***	4.081***	2.600***	15.91***	
	(0.288)	(6.311)	(0.219)	(5.963)	(0.040)	(0.035)	(0.047)	(0.378)	
Observations	69	67	69	67	68	69	68	69	
R-squared	0.049	0.982	0.064	0.973	0.065	0.004	0.054	0.065	

Note: * shows p-values. *,** and *** indicate 10%, 5% and 1% significance levels, respectively. Standard error terms are represented within parentheses.

The regression shown in column 1 of the table includes the direct effect of political stability on GDP by using OLS estimation method. There is a statistically strong positive effect from political stability to the income level of the country. Specifically, the results suggest that average GDP difference between short- and long-term governments is 75 per cent higher in favor of the long-term governments, other things being equal. In other words, impact of a political party staying in power longer terms on GDP is 75 per cent higher compared to the short-term governments in Turkey.

The second column of Table 2 adds some time variant explanatory variables to the first column. The direct effect of political stability on GDP decreases to 23 per cent but is still positive and statistically significant. Most of the explanatory variables have statistically significant correlations with GDP and have expected influence on it. For example, a 1 per cent increase in the volume of international trade is related to an approximately .5 per cent increase in GDP.

Similarly, an approximate 35 per cent increase in GDP is associated with a unit increase in GDP growth rate. Only human capital does not have an expected positive impact on GDP. Also, employment and exchange rates do not have statistically significant relations with our dependent variable GDP, but they have expected positive signs.

In columns 3 and 4, we replicate the dependent variable GDP with per capita income and report the estimation results for the relationship between political stability and economic growth. Column 3 reports the coefficient of the interest variable which captures the causal impact of political stability on per capita income. The results in column 2 suggest that the expected average difference in per capita income between the long and the short-term governments is higher in long term governments. Specifically, predicted per capita income is approximately .65 per cent higher in the longer-term government years, holding constant everything else. In the fourth column, we add some predictor variables to the regression analysis and report the estimation results. The results in column 4 reveal that adding explanatory variables to the model decreases the impact of political stability on per capita income. However, the impact is still statistically significant and has an expected positive sign. According to the estimation results, average per capita income difference between the long term and the short-term governments is approximately 24 per cent more on average, holding the other predictor variables constant.

The results in column 4 also show that an increase in the number of employees, volume of trade, exchange rates and life expectancy is positively correlated with per capita income, as expected; however, increasing human capital and the number of patients per doctor have a negative association with per capita income. For example, a 10 per cent increase in life expectancy is related to a 17 per cent increase in per capita income. Similarly, a 10 per cent increase in the volume of international trade is associated with a 4 per cent increase in per capita income. Also, increasing number of patients per doctor by 1 per cent decreases per capita income by 1.2 per cent. Interestingly, the only explanatory variable which has an unexpected sign is human capital. According to the results, it is negatively correlated with both GDP and per capita income and 1 per cent increase in human capital decreases both GDP and per capita income by approximately 4.7 per cent. The results in the columns 1 and 2 are consistent with the results in the columns 3 and 4 and support the hypothesis suggesting longer term governments achieve better economic outcomes compared to short term governments although longer term governments might lead to an authoritarian tendency.

The columns 5-8 in Table 2 report the estimation results for the casual impact of a political party being in power longer terms on human capital, life expectancy, employment, and volume

of international trade. Results in the columns 5-8 suggest a positive correlation between long term governments and these economic and social variables. Specifically, 1 per cent increase in human capital, life expectancy, employment and volume of international trades is associated with an increase of .12, .02, .13 and 1.14 per cent, respectively.

DISCUSSION AND CONCLUSION

Results of our regression model statistically proved that subsequent (at least two terms) single party governments have been/were quite successful in terms of economic growth comparing to the coalition governments. Relying on these results, as a developing country, Turkey should have single party governments until it reaches at the level of developed countries in economic terms. Developed-ness of developed countries is not constrained with economic level but also democratic quality is expected to be with it. Here is contradictory of the path heading to the developed-ness appears. Single party governments ruling a country more than two consecutive terms is itself problematic from democratic perspectives. That is why, most of the developed countries have constitutional or traditional (political culture) term-limits to prevent the centralization or personalization of the power at the hands of a group or a person. It is not possible to argue that Turkish experience can be applied in all developing countries but still provides insights into the dilemma of developing countries between economic and democratic developments. As the regression model used in the current paper utilizes average changes in income created by ones and zeros and so does not clearly indicate yearly changes, therefore, yearly based figures are prepared to substantiate the dilemma that Turkey has, as a developing country.

Six figures are prepared to show yearly changes in GDP, per capita income, the volume of foreign trade, and employment for economic development and political rights and civil liberties for democratic development. They suggest that in the first term of the single party governments in the three eras, there has been/was a striking increase in both economic and democratic aspects. By the end of the second term of single political governments in Turkey there has been/was a gradual decrease, and since the beginning of the third term, economic level and democratic quality have experienced salient fluctuations and decreases.

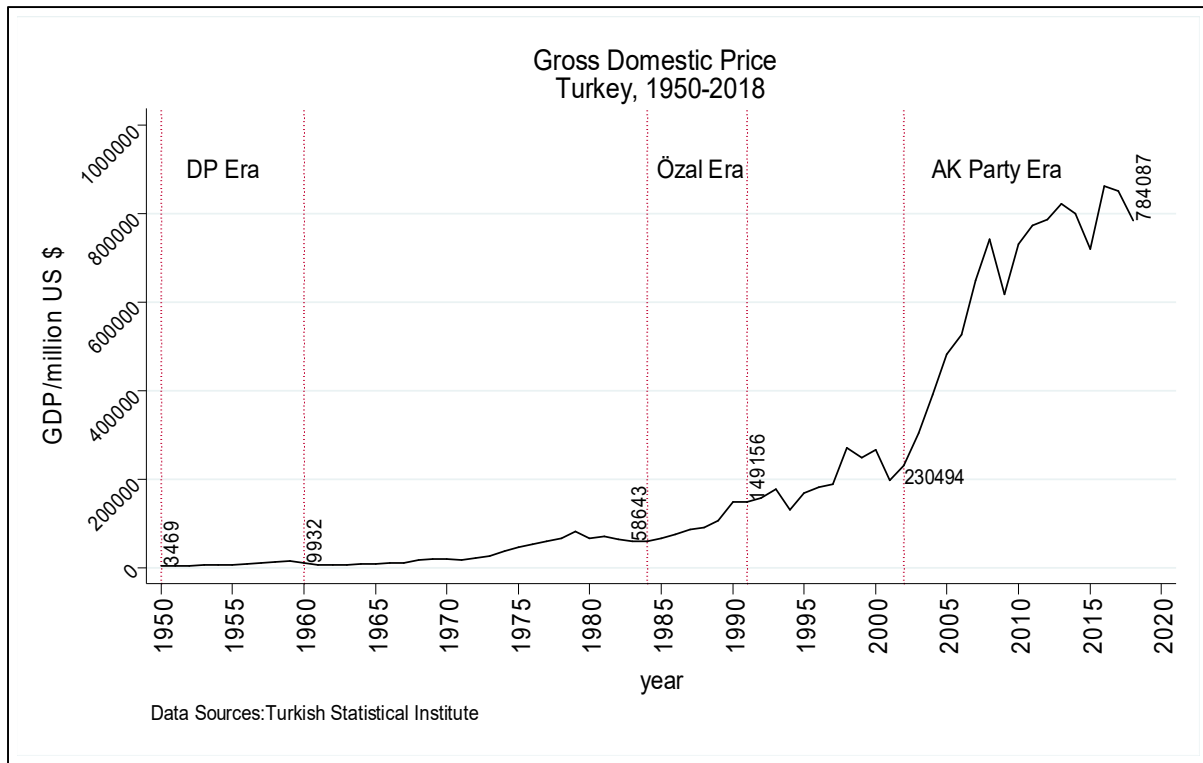


Figure 1. Changes in Gross Domestic Product (GDP) over the Study Time Period

Speaking with numbers regarding economic development, Figure 1 shows that the country's GDP is significantly increased from approximately \$3.5 billion to \$784 billion over the study time period of 1950 to 2018. This increase in GDP has mostly occurred in the period of single party governments ruled for more than two terms. For example, during 16 years of the AK party governments, GDP increased by \$554 billion (240 per cent), from \$230 billion to \$784 billion and the average yearly increase is \$35 billion. Similarly, during eight years of the Özal Era and ten years of the DP era, GDP increased by \$90 billion (154 per cent) and \$6.5 billion (186 per cent), respectively. In the coalition government years, there was no such a conspicuous economic performance. For example, between the Özal and the AK party eras, there were six short term coalition governments and they increased GDP just by \$81 billion (54 per cent), from approximately \$149 billion to \$230 billion.

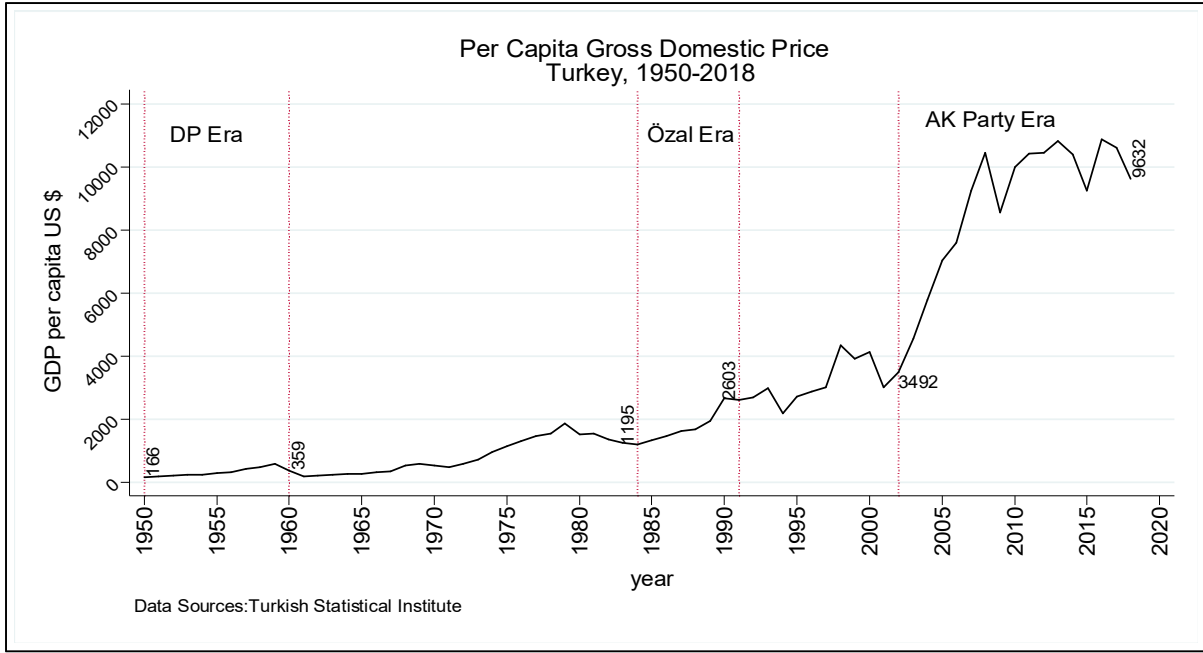


Figure 2. Changes in Per Capita Income over the Study Time Period

Figure 2 depicts how per capita income differs between the long and the short term government years over the study time period. Similar to changes in GDP in Figure 1, increases in per capita income is also higher in the long term government years. While per capita income, for example, increased by 34 per cent during the coalition government years between 1992 and 2002, it increased by 117 per cent and 175 per cent during the long term governments of the Özal and the AK Party eras, respectively.

Figures 3 and 4 indicate similar momentum as performance of the single party governments in volume of international trade and employment is significantly higher than coalition governments.

Figures 5 and 6 are employed to substantiate the argument of the paper regarding to democratic development. There is no available data for the DP era in the Freedom House but qualitative researches argue that there were democratic reforms applied in the first term but anti-democratic policies were seen by the end of the second term of the DP (Kalaycioğlu, 2001; Szyliowicz, 1962). Followingly, political rights and civil liberties scores were 5 when the Özal era started in 1983 but political rights score reached at 2 in 1990 and stacked there for two more years, whereas civil liberty score was getting worse as downed to score 4 from 1988 to 1992. The AK Party era commenced with score 3 and 4 for political rights and civil liberties. Apart from increasing civil liberties from score 4 to 3 within first two years, the AK Party era kept the

quality steady in its first and second terms. However, in the third and fourth terms, political rights and civil liberties raised the score 5 and 6. Under the light of these data, it can be argued that from the beginning up until the end of second term, every long term single party government era increased or at least kept the same the democratic quality of Turkey but then started getting worse right after the early years of the third term.

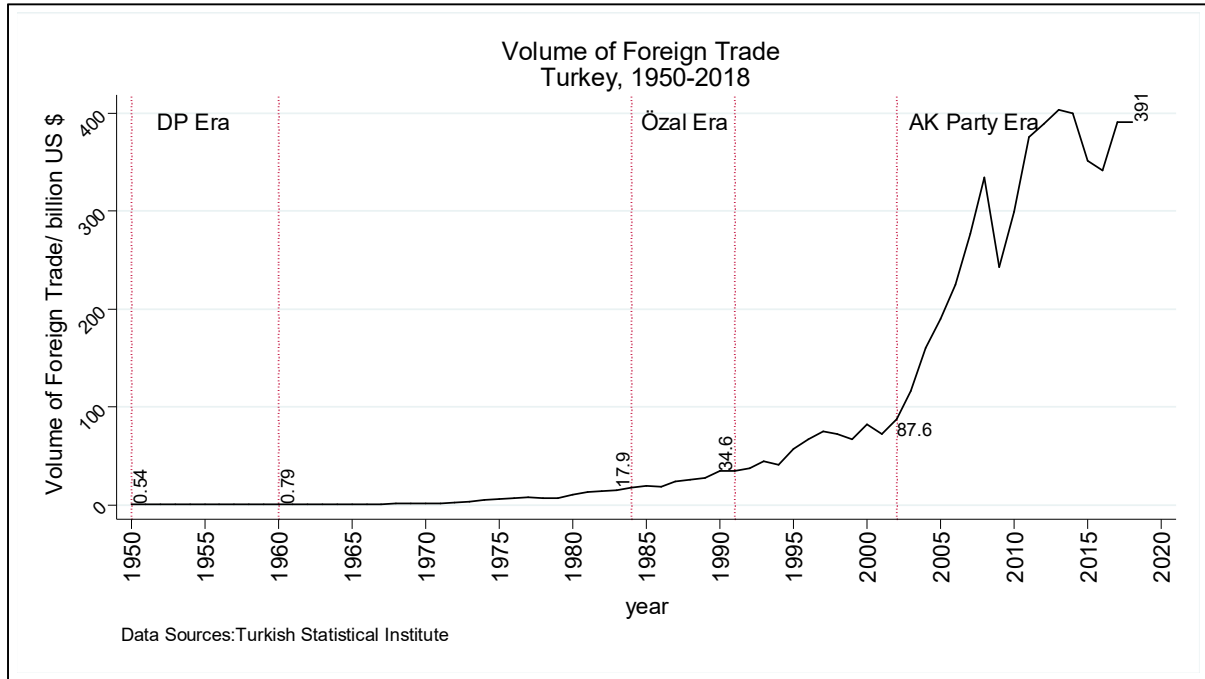


Figure 3. Changes in Volume of Foreign Trade over the Study Time Period

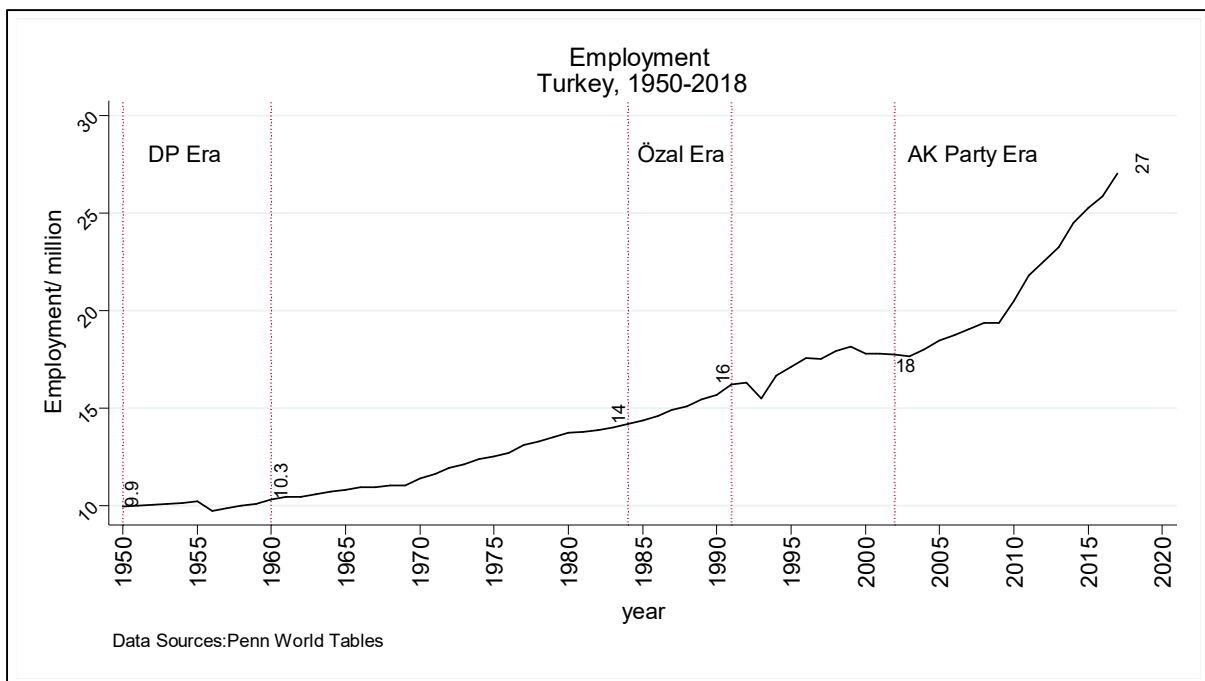
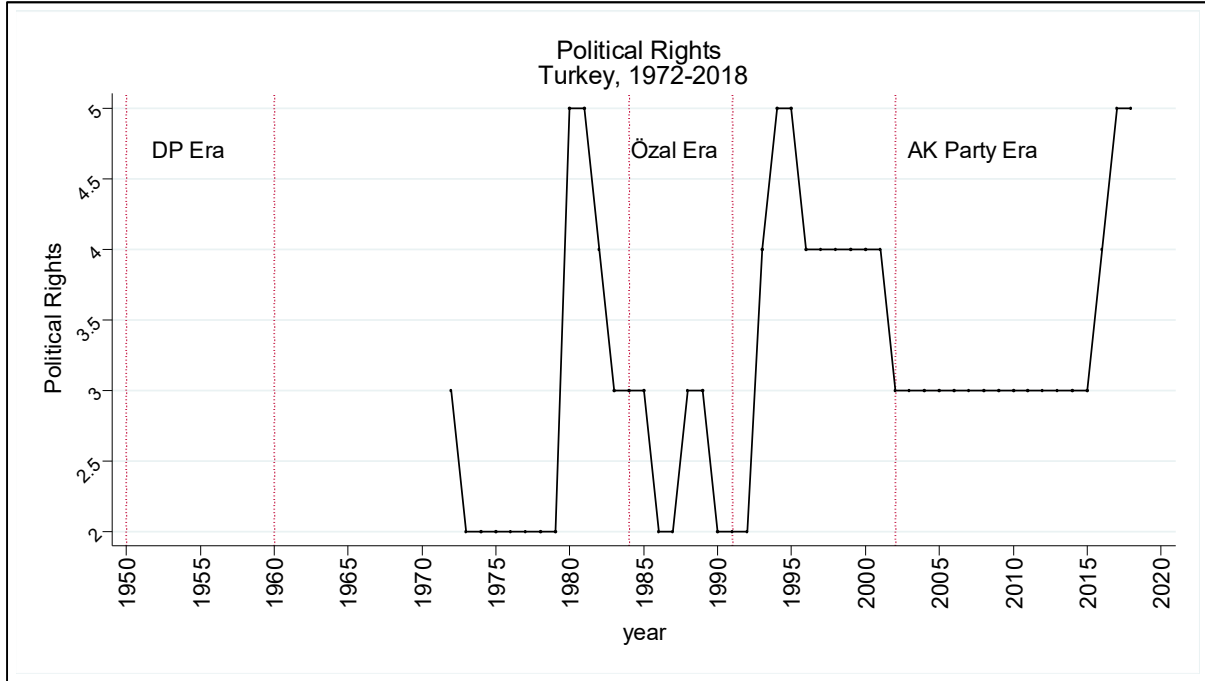
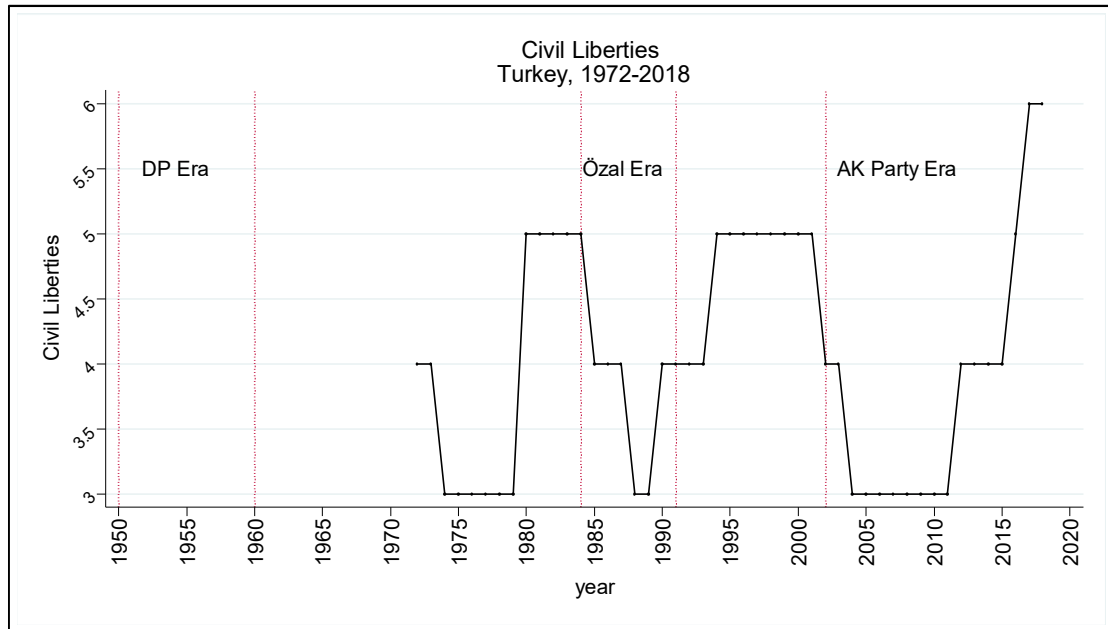


Figure 4. Changes in Employment over the Study Time Period**Figure 5.** Freedom House Democracy Index (Data Sources. Freedom House. Political Rights fell between 1.0 and 2.5 were designated Free; between 3.0 and 5.5 Partly Free, and between 5.5 and 7.0 Not Free. Data for PR is not available for the previous years of 1972.)**Figure 6.** Civil Liberties (Data Sources. Freedom House. Civil Liberties fell between 1.0 and 2.5 were designated Free; between 3.0 and 5.5 Partly Free, and between 5.5 and 7.0 Not Free. Data for CL is not available for the previous years of 1972.)

Overall, according to the regression results and the figures, the single party governments which ruled Turkey for more than two terms generally increased economic capacity and democratic quality of the country. The reason might be the initial point where every single party era has been followed by a military coup or economic crises. Barro (1991) pointed out the fact that political stability in contrary to coups, revolutions, and political assassinations, creates economic and political ground from which countries can succeed a dramatic increase in economic growth compared to the countries that are adversely affected by political issues. This argument is correct regarding Turkey's economic growth. After all coup d'états, Turkey accelerated its growth rates. Political instability has not been the only reason for growth, however. All coup initiatives have been followed by single party governments, which ruled the country at least a decade (two-terms or more). Moreover, both democratic quality and annual growth rates of the country has considerably increased. If economic growth happens because of that state institutions manage political transition from military to civilian rule, then this specific case can be explained by the institutional approach. On the contrary, it is human and physical capitals, which were already gained before, leading democratic reforms and then economic developments, then it can be explained by the developmental approach. In the three eras we have mentioned, the historically breaking events happened in pre and post single party government eras. For instance, DP rule was taken over by a military coup while Özal era started in the first election after the 1980 military coup d'état. The AK Party era commenced just by the 2001 economic crisis in which devaluation and inflation bottomed the economy. In the third and fourth terms of the AK Party governments, national scale public protests and failed coup attempts were experienced.

Economic and democratic quality might be influenced by these extraordinary events and might not have relevance with single party governments. However, the regression results suggest that there has been a pattern in single party government eras in Turkey. The core of our argument relying on institutional (democratic quality, property rights) and developmental approaches is both democratic and economic developed-ness do not seem to go forward together. In detail, their breaking points both in terms of economic and democratic developments from acceleration to downgrading happened by the end of their second terms. In 1959, the DP era lost its acceleration in economic terms and faced harsh criticism over democratic quality while the Özal era witnessed an economic and democratic stagnation in 1989 and 1990. The AK Party era also shared similar destiny, as in 2008, there was a sharp decline in GDP, per capita income, and volume international trade.

In practical terms, the question that should be asked is whether or not all developing countries have to experience a term of undemocratic phase to consolidate their richness, enough to initiate democratization process as in the case of developed countries. Otherwise, their fates would be staying at the same level of developed-ness or going down. In acceptance of this dilemma, there would be two different paths to go; either Turkey can leave democratic concern behind and just focus on economic development under the single party governments (Developmental Approach) or Turkey can focus on rights (political, human, social, cultural) to create safe and sound atmosphere for economic development (Institutional Approach).

Turkey constitutionally changed its political system from parliamentarian to presidential system in 2017. It means that there will be no coalition governments, which shakes our research's main arguments. As a developing country which is eagerly seeking for a way to reach at the developed level, Turkey will have a president who has great executive power to rule the country, regardless of which party is ruling. In this case, Turkey has one way to go but could end up with two different paths. The new presidential system, as mostly argued, gives President to rule the country with presidential acts with no proper check and balances by the parliament. In this sense, Turkey will have a strong executive power which will not have bureaucratic and parliamentarian obstacles. As a result, the first path would be that it might turn into an authoritarian democracy but still generate distinctive economic development. It is because of institutional approach suggests even a dictatorship or authoritarian regime can form institutional guarantee for economic development via focusing on international trade and property rights. Second path would be that such a powerful executive branch would be able to implement democratic and economic reforms unless an external or internal extra-ordinary event changes the course of history of Turkey.

REFERENCES

- Acemoglu D., Johnson S., & Robinson J. (2002). Reversal of fortune: Geography and institutions in the making of the modern world income distribution, *The quarterly journal of economics*, 117(4), 1231-1294.
- Akay, S. (2021). The composition of multiple times and spaces in the protests. *The rest: Journal of politics and development*, 11(2), 121-134.
- Arısan, M. (2019). From 'clients' to 'magnates': The (not so) curious case of Islamic authoritarianism in Turkey. *Southeast European and black sea studies*, 19(1), 11-30.
- Barro, R. J. (1991). Economic Growth in a Cross Section of Countries. *The quarterly journal of economics*. 106(2), 407-443.

- Barro, R. J. (1996). Democracy and growth. *Journal of economic growth*, 1(1), 1-27.
- Barro, R. J., & Lee, J. (2013). A new data set of educational attainment in the world, 1950-2010. *Journal of development economics*, 104, 84-198.
- Baum, M. A., & Lake, D. A. (2003). The political economy of growth: Democracy and human capital. *American journal of political science*, 47(2), 333-347.
- Bayraktar, G. (2002). Populism, culturalism and political representation in the context of an authoritarian politics: Lessons drawn from the history. *Gazi üniversitesi iktisadi ve idari bilimler fakültesi dergisi*, 4(2), 25-52.
- Bobba, M., & Coviello, D. (2007). Weak instruments and weak identification, in estimating the effects of education, on democracy. *Economics letters*, 96(3), 301-306.
- Brunello, G., Fort M., & Weber G. (2009). Changes in compulsory schooling, education and the distribution of wages in Europe. *The economic journal*, 119(536), 516-539.
- Cagaptay, S. (2017). *The new sultan: Erdogan and the crisis of modern Turkey*. Bloomsbury Publishing.
- Carey, J. M. (2003). The reelection debate in Latin America. *Latin American politics and society*, 45(1), 119-133.
- Corke, S., Finkel A., Kramer, D. C., Robbins, C. A., & Schenkan, N. (2014). Democracy in crisis: Corruption, media, and power in Turkey. *Washington freedom house*, 1-20.
- Dag, R. (2018). The spillover effect of the Syrian crisis on the peace process in Turkey. *Journal of asian and african studies*, 3(8), 1251-1270.
- Dag, R. (2017). *Ideological roots of the conflict between pro-Kurdish and pro-Islamic parties in Turkey*. Cambridge Scholars Publishing.
- De Long, J. B. & Shleifer, A. (1993). Princes and merchants: European city growth before the industrial revolution. *The journal of law and economics*, 36(2), 671-702.
- Djankov, S., Glaeseri, E., La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (2003). The new comparative economics. *Journal of comparative economics*, 31(4), 595-619.
- Donno, D. (2013). Elections and democratization in authoritarian regimes. *American journal of political science*, 57(3), 703-716.
- Elhauge, E., John, R. L., & Manning R. L. (1997). How term limits enhance the expression of democratic preferences. *Supreme court economic review*, 5, 59-80.
- Feenstra, R. C., Inklaar R., & Timmer, M. P. (2015). The next generation of the penn world table. *American economic review*, 105(10), 3150-3182.
- Fulginiti, L. E. (2010). What comes first, agricultural growth or democracy?. *Agricultural economics*, 41(1), 15-24.
- Gerring, J., Bond, P., Barndt, W. T., & Moreno C. (2005). Democracy and economic growth: A historical perspective. *World politics*, 57(3), 323-364.

- Glaeser, E. L., La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (2004). Do institutions cause growth?. *Journal of economic growth*, 9(3), 271-303.
- Glaeser, E. L., Ponzetto, G., & Shleifer, A. (2007). Why does democracy need education?. *Journal of economic growth*, 12(2), 77-99.
- Helliwell, J. F. (1994). Empirical linkage between democracy and economic growth. *British journal of political science*, 24, 225-248.
- Heper, M., & Güney, A. (1996). The military and democracy in the third Turkish Republic. *Armed forces & society*, 22(4), 619-642.
- Hernandez-Murillo, R., & Christopher, J. M. (2008). Which came first: Democracy or growth?. *The regional economist*, 16(2), 4-6.
- Huber, E., Rueschemeyer, D., & Stephens, J. D. (1993). The impact of economic development on democracy. *Journal of economic perspectives*, 7(3), 71-86.
- İğsız, A. (2014). Brand Turkey and the gezi protests: Authoritarianism in flux, law and neoliberalism. In U. Ozkırımlı (Ed). *The Making of a Protest Movement in Turkey:# occupygezi*, (ss. 25-49). Palgrave Macmillan.
- Jackman, R. W. (1973). On the relation of economic development to democratic performance. *American journal of political science*, 17(3), 611-621.
- Kalaycıoğlu, E. (2001). Turkish democracy: Patronage versus governance. *Turkish studies*, 2(1), 54-70.
- Karaveli, H. (2016). Erdogan's journey: Conservatism and authoritarianism in Turkey. *Foreign affairs*, 95, 121.
- Kubicek, P. (2013). Democratization and relations with the EU in the AK party period: Is Turkey really making progress?. *Insight Turkey*, 15(4), 41-49.
- Kurfirst, R. (1996). Term-limit logic: Paradigms and paradoxes. *Polity*, 9(1), 119-140.
- Lauth, H. (2015). Formal and informal institutions. In J. Gandhi and R. Ruiz-Rufino (Eds.). *Routledge Handbook of Comparative Political Institutions*, (ss. 70-83). Routledge.
- Lipset, S. M. (1959). Some social requisites of democracy: Economic development and political legitimacy. *American political science review*, 53(1), 69-105.
- Luo, Z., & Przeworski, A. (2019). Why are the fastest growing countries autocracies?, *The journal of politics*, 81(2), 663-669.
- Madsen, J. B., Raschky, P. A., & Skali, A. (2015). Does democracy drive income in the world, 1500–2000?, *European economic review*, 78, 175-195.
- Mousseau, D. Y. (2006). Democracy, human rights and market development in Turkey: Are they related?. *Government and opposition*, 41(2), 298-326.
- Önis, Z. (1992). Redemocratization and economic liberalization in Turkey: The limits of state autonomy. *Studies in comparative international development*, 27(2), 3-23.

- Önis, Z. (2004). Turgut Özal and his economic legacy: Turkish neo-liberalism in critical perspective. *Middle eastern studies*, 40(4), 113-134.
- Önis, Z. (2009). Conservative globalism at the crossroads: The justice and development party and the thorny path to democratic consolidation in Turkey. *Mediterranean politics*, 14(1), 21-40.
- Paul, J. (2011). If it quacks like a lame duck, can it lead the free world: The case for relaxing presidential term limits. *Conn. L. Rev.*, 43, 1097-1104.
- Peabody, B. G. (2001). George Washington, presidential term limits, and the problem of reluctant political leadership. *Presidential studies quarterly*, 31(3), 439-453.
- Psacharopoulos, G. (1994). Returns to investment in education: A global update. *World development*, 22(9), 1325–1343.
- Schwarz, G. (1992). Democracy and market-oriented Reform: A love-hate relationship?. *Economic education bulletin*, 2(5), 13-128.
- Szyliowicz, J. S. (1962). The political dynamics of rural Turkey. *Middle east journal*, 16(4), 430-442.
- Tachau, F. (2000). Turkish political parties and elections: Half a century of multiparty democracy. *Turkish studies*, 1(1), 128-148.
- Tocci, N. (2005) Europeanization in Turkey: Trigger or anchor for reform?. *South European society and politics*, 10(1), 73-83.
- Topak, Ö. E. (2019). The authoritarian surveillant assemblage: Authoritarian state surveillance in Turkey. *Security dialogue*, 50(5), 454-472.
- Tufekci, O. (2017). Turkey: A pivotal exemplary state. In H. Tabak, O. Tufekci, and A. Chiriatti (Eds.). *Domestic and Regional Uncertainties in the New Turkey*, (ss. 125-141). Cambridge Scholar Publishing.
- Kinik, H., & Tufekci, O. (2018). Rising powers and the dynamics of conflict and cooperation within Eurasia. In O. Tufekci, H. Tabak, and R. Dag (Eds.). *Politics of Conflict and Cooperation in Eurasia*, (ss. 18-35). Cambridge Scholar Publishing.
- United Nations (2019). World Population Prospects 2019. *United Nations, Department of Economic and Social Affairs, Population Division*, Online Edition. Access Date: 08.19.2019.
- Wejnert, B. (2005). Diffusion, development, and democracy, 1800-1999. *American sociological review*, 70(1), 53-81.
- Zakaria, F. (1997). The rise of illiberal democracy. *Foreign affairs*, 76, 22.