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Research Report

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SWP Comment

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Turkey's New Cabinet

A Wind of Change in Turkish Politics?

Hürcan Aşlı Aksoy, Yaşar Aydın and Salim Çevik

The inclusion of technocrats and bureaucrats in Turkey's new cabinet has led to cautious optimism over a possible change in direction. While President Recep Tayyip Erdoğan's choice of economy minister hints at a reset, the thrust of foreign policy will remain unchanged. Here Ankara will pursue a moderate and diplomatic approach while still pursuing strategic autonomy. A great deal will depend on what Erdoğan wants and how he chooses to employ foreign relations to attract better financial and economic deals. Given Turkey's importance as a security partner, especially in light of Russia's war against Ukraine, the EU needs to develop a strategic approach on the basis of common interests and institutionalised relations.

Despite building a broad electoral alliance encompassing pro-Kurdish and socialist parties, in a context of deteriorating economic conditions, a high cost of living, and the government's mishandling of the February 2023 earthquake that claimed more than fifty thousand lives, the Nation Alliance led by the Republican People's Party (CHP) failed to oust the incumbent president or win a parliamentary majority. Erdoğan only narrowly failed to win the first round (with 49.5 percent) and defeated his challenger Kemal Kılıçdaroğlu in the run-off with 52 percent of the vote.

The Nation Alliance parties fell short of expectations in the parliamentary elections, receiving 35 percent of the vote. Together they hold 212 of the 600 seats in the Turkish parliament. Erdoğan's Justice and Development Party (AKP) fell from 42 percent to around 35, but a strong performance by the

Nationalist Movement's Party (MHP) and the support of three other Islamist parties left his People's Alliance with a parliamentary majority. So what were the reasons for this decisive victory for Erdoğan and his People's Alliance?

Cohesion, strategy, power

Erdoğan's command of the Turkish right, his ability to mobilise religious nationalist voters and his control of the mainstream media appear to be the factors behind his election victory. The political calculus required Kılıçdaroğlu — unlike Erdoğan — to gain the support of constituencies outside his secularist base, in other words right-wing conservative voters. Ultimately, Kılıçdaroğlu and his CHP failed to gain sufficient support from religious conserva-



tives and nationalists, especially in central Anatolia and the Black Sea region.

Candidates from the ruling bloc received significantly more coverage on public broadcasters. For example, Erdoğan's campaign rallies were broadcast live, while the opposition was forced to operate mainly through social media. While Erdoğan and his ministers had access to all state resources, the opposition faced constant obstruction and even outright aggression. Examples of the latter include the mob attack on a CHP rally in Erzurum under the eyes of the security forces and shootings at the headquarters of the CHP and the Good Party (İYİP).

The International Election Observation Mission described the campaign as "competitive and largely free for most contestants but characterized by intense polarization, and marred by harsh rhetoric, instances of misuse of administrative resources, and the pressure and intimidation faced by one opposition party".

Amid economic uncertainty and a skewed playing field, defeating an autocratic leader was already a long shot. Four issues deserve closer attention if we are to understand how Erdoğan secured his third term:

The Economy: Erdoğan and his People's Alliance managed to divert attention away from the economic difficulties of high inflation, high (youth) unemployment and dwindling purchasing power. Instead, he used prestige projects such as the inauguration of Turkey's first nuclear power plant, the launch of Turkey's first electric car (Togg) and the discovery of natural gas in the Black Sea to depict rosy economic prospects. Erdoğan also disregarded macroeconomic imperatives to distribute generous "election gifts", such as raising pensions and the minimum wage, increasing the salaries of state employees, and providing free gas for private households throughout the month of May 2023.

Campaign strategy: Erdoğan encouraged a "camp mentality" through his strategy of demonising, polarising and stigmatising the opposition. The opposition's belief that

forging an alliance of parties with different political views would overcome the "camp mentality" turned out to be mistaken. Kılıçdaroğlu's Alevi identity was seen as a liability, as it diverged from the Sunni state tradition inherited from the Ottoman Empire. Erdoğan's campaign, on the other hand, was polarising but much more cohesive, placing particular emphasis on traditional Islam, family values and national security (manifested in anti-PKK operations). Consequently, the opposition's hopes of persuading conservative voters to support the parties of the Nation's Alliance were in vain.

Nationalism: Erdoğan skilfully combined his promise of modernisation and prosperity with a demonstration of "national greatness" building on the past glory of the Ottoman Empire and projecting power internationally (in Syria, Libya and the Caucasus). He portrayed himself as a powerful statesman and arbitrator in international conflicts, for example in the grain deal between Ukraine and Russia, and as a solid defender of national interests (for example vetoing Sweden's accession to NATO). By emphasising the independence of Turkey's defence industry from the United States and the European Union, Erdoğan also catered to the nationalists' longing for national greatness.

Political cohesion: Bickering over Kılıçdaroğlu's candidacy between the six opposition leaders created a negative image of instability and chaos, and fears over a Kılıçdaroğlu presidency and a parliamentary majority for the Nation Alliance. The governing bloc was socio-politically and ideologically more coherent than the opposition and succeeded in presenting itself as the guarantor of continuity and stability.

The new cabinet

Erdoğan announced his new cabinet on 3 June. From the previous cabinet only the health and tourism ministers retained their positions. Much like their predecessors, most the new ministers are technocrats and

bureaucrats without distinct political profiles. The few ministers that do have a political background are not powerful figures. They are relatively unknown to the general public, and reliant on Erdoğan for their political careers.

If we are to anticipate Erdoğan's policy choices and understand the evolving power dynamics within the ruling circle, it is useful to examine the personnel choices a little more closely. Erdoğan's decision-making process is opaque and unpredictable. He is prone to make radical changes overnight. Relevant institutions are often kept in the dark and decisions are taken by a tight circle. The profiles of the new ministers give an indication of how the policy line will evolve, with two new appointments attracting particular attention.

Leaving the cabinet

Prior to the announcement, it had been widely assumed that Suleyman Soylu and Hulusi Akar would retain their positions as Minister of the Interior and Minister of Defence respectively. These two individuals were regarded as the most influential ministers in the previous cabinet, given their political capital and the importance of their portfolios. Furthermore, given that both posts are crucial for security, it was expected that Erdoğan would prioritise continuity.

The appointment of ministers in these positions came as a surprise and carries significant political implications. Firstly, the ease with which Erdoğan replaced these supposedly powerful figures demonstrates his complete consolidation of power within the political arena. This is particularly notable in the case of Soylu, who was the most popular AKP politician after Erdoğan. There had already been disagreements between Erdoğan and Soylu, who was also locked in a power struggle with Berat Albayrak — former economy minister, Erdoğan's son-in-law and once seen his heir apparent.

However, Erdoğan was unable to dismiss Soylu on account of his popularity with the party's base and, more importantly, his

support from Erdoğan's junior coalition partner, the MHP. The fact that the MHP was unable to resist Soylu's replacement this time suggests a shift in the balance of power within the ruling coalition. Through this move, Erdoğan underlined his power vis-à-vis his coalition partners and allies as well as within his own party.

The case of Hulusi Akar is also compelling. Akar served as chief of staff during the failed coup of July 2016. Despite many of his subordinates and close confidants allegedly being involved in the coup, Akar was not punished but instead elevated to the position of defence minister. Under the new presidential system, many powers previously held by the chief of staff were transferred to the Defence Ministry, making the force commanders directly subordinate to the defence minister rather than the chief of staff. Akar also played a significant role in shaping the post-coup military apparatus, with influential military figures who disagreed with him being purged or forced into early retirement. Including his tenure as chief of staff, Akar had thus been in control of the Turkish military for the past eight years.

Akar's unusually long tenure was interpreted in two ways: either as a display of his power and influence, indicating Erdoğan's inability to remove him, or as a demonstration of Erdoğan's exceptional trust and confidence in him. His removal demonstrates that he was neither as powerful nor as trusted as previously believed. He was replaced by his chief of staff, possibly indicating a new tradition of the chief of staff moving on to become minister of defence.

These two dismissals also have a bearing on scenarios for the post-Erdoğan era, because they were seen as potential successors. Soylu was popular among the AKP base and the wider conservative nationalist camp, while Akar was popular because of his long service as head of the Turkish armed forces and his presumed links with the West. Both of them are out of the game for now.

While these two substitutions were important for the regime's internal power constellation, they do not entail any change in policy. Yasar Güler, the incoming minister of defence was Akar's right-hand man for the past six years. His appointment suggests that the transformation of Turkish military from a defensive into an interventionist force will continue. Part of the logic behind this transformation is to keep the military busy abroad and limit its influence at home. However, that process may already have gone too far. Akar pursued ambitious political goals and may have overstretched the capabilities of the Turkish military in an apparent attempt to fulfil Erdoğan's demands and polish his own political profile. As its poor response to the 6 February earthquake demonstrated, the military suffers serious issues with unpreparedness, planning and mobilisation failures, and lack of personnel and resources. Although Güler will have to tackle these deficits, the military will not be an important actor in domestic politics. It will continue to be actively involved in international conflicts, but will be constrained by the financial limitations of the Turkish economy.

The transition in the Interior Ministry will be less smooth. Turkey's police force comprises competing groups that all subscribe to an ultranationalist ideology, but are divided by personal affiliations. The incoming interior minister, Ali Yerlikaya, does not come from Soylu's circle. While he is expected to make radical changes in police leadership, this will not make any difference to attitudes; the police will remain ultranationalist and oppressive towards the opposition. Police brutality against opposition groups such as LGBTQI demonstrators continued unabated after his appointment. Only difference is that the new minister will be more loyal to Erdoğan.

New in the cabinet: Former head of intelligence

Another important change in the cabinet was the appointment of Hakan Fidan, the former head of the National Intelligence

Organisation (MIT), as foreign minister. Fidan's position as head of the MIT was filled by former presidential spokesperson İbrahim Kalın. Both are long-standing members of Erdoğan's inner circle and have exerted significant influence on foreign policy. For this reason, both were rumoured to be in the running for the foreign affairs portfolio; in the end it was Fidan who took the big prize. The appointments suggest that intelligence and diplomacy will work in close cooperation in foreign policy-making.

Fidan is a controversial figure. He was the youngest ever director of the MIT, and held the position for thirteen years. Under his leadership the organisation's capabilities, resources and responsibilities expanded significantly. The military's surveillance capacities were transferred to the MIT, and the organisation's focus shifted from domestic to foreign intelligence. The MIT has also been authorised to conduct armed operations abroad, and regularly carries out drone strikes against Kurdish forces in Iraq and Syria, targeting political leaders as well as militants. Under Fidan MIT was also involved in abductions of Turkish dissidents living abroad, mostly individuals suspected of links to the Gülen movement. Additionally, torture once again become widespread and normalised.

On the other hand, Fidan has also played a key role in diplomatic processes. He was a central figure in Turkey's failed "peace process" (2012 – 15), which sought a peaceful solution to the Kurdish issue. On the international stage, he was instrumental in Turkey's recent reconciliation efforts with countries such as Egypt, Israel, the United Arab Emirates, Saudi Arabia, and even Syria. Initial contacts with these countries were established through intelligence cooperation, and Fidan played a critical role – possibly even more so than the outgoing foreign minister, Mevlüt Çavuşoğlu – in the resumption of diplomatic relations. While Fidan's appointment can be seen as an indication of Turkey's intention to continue its intelligence-driven foreign policy and reconciliation efforts in the Middle

East, it also sends a message to the West that the government will play a moderate and constructive role in international politics.

Fidan possesses a significantly higher profile than the outgoing Mevlüt Çavuşoğlu. He previously served as head of the Turkish Cooperation and Coordination Agency (TIKA), which played an important role in projecting Turkish soft power. He has a global reputation and possesses networks among diplomatic circles as well as within the intelligence community. Despite Israeli criticism of his allegedly pro-Iranian stance when he became head of MIT in 2010, Fidan managed to establish good relations with Israel. Çavuşoğlu, in contrast, was known for engaging in heated verbal disputes with his counterparts, apparently prioritising domestic popularity over achieving diplomatic solutions. Even Erdoğan's supporters have noted the need for a credible voice in international politics, a role that Fidan can be expected to fill. His previous association with abductions and torture is unlikely to tarnish his international reputation, as intelligence organizations are seldom held to high ethical standards.

Overall, Fidan appears well-suited to continue Erdoğan's style of foreign policy based on transactional relations and brinkmanship. Furthermore, his new position, which will bring greater global and political visibility, combined with the removal of other high-profile ministers, makes him one of the key contenders for Erdoğan's succession.

Şimşek's rational approach is not in Erdoğan's interest

What does the appointment of Mehmet Şimşek as treasury and finance minister mean for Turkey's economic prospects? The country's economy is dogged by persistent inflation, current account deficits and an erosion of central bank and government credibility. In that context, Şimşek's appointment – together with Gaye Hafize Erkan's nomination of as head of the cen-

tral bank – raised hopes of a change in the government's economic policy course. Doubts about whether this will actually occur are warranted.

Şimşek is a former banker, and is well-regarded in national and international finance circles. Unlike his predecessor Nurettin Nebati, who was closely associated with Erdoğan's policy of low interest rates, Şimşek stands for orthodox economic policies. In his first press conference he underlined the need for a course correction in economic policy and announced strict fiscal discipline and inflation control measures.

The Turkish economy faces enormous challenges: unemployment over 10 percent, consumer inflation at almost 40 percent, a steadily declining exchange rate, and a huge and growing trade deficit. The country's foreign exchange reserves are depleted and government spending has expanded enormously.

Erdoğan is unlikely to go to the International Monetary Fund, due to the domestic political repercussions, so the country has to attract foreign direct investment and capital. He has already been attracting capital from Russia and the Gulf countries, but the scale of the economic crisis and the resources required to put the economy back on track will require him to turn to the West. Şimşek will have to act quickly, with decisions required in three fields: currency reserves, interest rates and the so-called currency protected Lira-fixed deposits.

First: The Central Bank's reserves, which eroded rapidly during the period when the exchange rate was under sustained pressure. Reserve assets at the end of April 2023 totalled US\$114.9 billion, a decrease of 10.8 percent compared to the end of 2022. Dwindling foreign exchange reserves would have forced the central bank to stop providing commercial banks with cheap foreign exchange to support the Turkish lira. Whether Erdoğan will grant it room for manoeuvre in this respect remains to be seen.

Second: After the currency collapse of 1 December 2021, Erdoğan promised to protect lira-denominated bank deposits against

exchange rate losses. While this stemmed the fall in the lira for a time, currency-protected deposits now total US\$121.6 billion, placing enormous pressure on the national budget.

Third: Starting from the last quarter of 2021, the Central Bank interest rate declined rapidly from 19 (23.09.2021) to 8.5 percent (24.02.2023).

A rational economic policy requires the central bank to cease subsidising the banks with low interest rates, and instead to raise rates significantly. Such a drastic move would not be entirely in Erdoğan's interest, as he faces a conflict of goals: He needs to get the economy back on track and rebuild the earthquake zone – which means attracting foreign investors. For that to happen he will have to pursue rational economic policies that would require him increase interest rates and pursue fiscal discipline. In the short run, this policy would lead to an economic slowdown and even recession. However, with local elections due in March 2024 he cannot afford a recession – especially since his declared aim is to recapture the city administrations of Istanbul and Ankara. The short-term political logic contradicts any announcements of strict fiscal discipline and inflation control.

Returning to a rational economic policy is not on the table, as confirmed by Erdoğan's denial that a course correction is planned. In that context, Şimşek's appointment could be interpreted as an effort to present a "moderate" image to international finance institutions, entrepreneurs, and the European Union.

Outlook: Transactional policy towards the EU

What direction will Turkey's new cabinet take in domestic and foreign policy? The new ministers are career bureaucrats who have the capacity and experience to shape policies. But they are also loyal to Erdoğan and will act accordingly. While Turkey's dependence on Europe for capital, investment and trade reliance pushes it towards

the European Union, Turkish far-right and nationalist parties emerged strengthened from the elections, fuelling scepticism about Turkey in EU circles.

Ten out of sixteen parties can be classified as nationalist and another five as extreme right-wing; about two-thirds of parliamentarians are right-wing conservatives. Given this, neither a democratic turn nor a breakthrough in EU-Turkey relations can be expected.

It can be assumed that Turkish foreign policy will remain transactional in relations with the EU and its member states. Ankara is likely to seek short-term deals that suit its national interests. Turkey will not follow the policies required for EU membership and will not establish stable alliances with the member states. Instead, Ankara will project power and strength – as demonstrated in advance of the NATO Summit in Vilnius – whenever it can and pursue diplomacy and reconciliation when it is in a subordinate and weaker position. Turkish foreign policymakers will reach out to the West (United States, Germany, United Kingdom) and the East (Russia, China, Iran and the Gulf states).

As far as Russia is concerned, Ankara is highly unlikely to participate in sanctions, first and foremost on account of its economic interests. Given its economic situation, Turkey relies on Russia for capital, natural gas and tourism revenues. Turkey also depends on Russian cooperation in Syria, the Caucasus, the Balkans and Central Asia. But at the same time, Ankara will continue its balancing act and maintain good relations with Ukraine.

A breakthrough in bilateral relations between Turkey and Germany is unlikely as long as the Turkish government sticks to its autocratic course. Cooperation on security issues in the context of the Russia-Ukraine war is conceivable. The new German National Security Strategy includes Moldova and Georgia but makes no mention at all of Turkey. Yet strengthening the European security structure must mean a stronger Europe within NATO, which also includes Turkey. If the American security umbrella

becomes weaker or is withdrawn – for instance in the event of Donald Trump’s reelection – Turkey will play a vital role. European security involves more than just military matters: cooperation on irregular migration, transnational crime and counter-terrorism. In other words, security cooperation with Turkey is inevitable.

Erdoğan now has less need – at least until the local elections in March 2024 – for campaign rhetoric against the United States and the European Union, and will avoid provoking further unnecessary conflicts with the West. It is no coincidence that the biggest changes affected the economic and foreign affairs portfolios. Erdoğan can be expected to pursue a foreign policy that prioritises economic gains and to use foreign relations to gain better financial and economic deals – a process that is already seen in Turkey’s relations with Russia and the Gulf states. It is high time for the EU to develop a strategic approach on the basis of common interests and institutionalised relations.

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