

## Turkey's AKP and the 10 percenters

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### Summary

*Turkey's incumbent prime minister and AKP party leader Ahmed Davutoglu kicked off coalition talks this week. The strategic calculations of the AKP will be heavily shaped by the recognition that winning back voters and exploiting a quirk in the Turkish electoral system will be the only way back to single-party rule in the future.*

Formal coalition talks to form the next Turkish government started on Monday after President Erdogan gave a mandate to incumbent Prime Minister Davutoglu, the leader of the largest party in parliament, the Justice and Development Party (AKP). Davutoglu has now 45 days to form a new government and to receive a vote of confidence in parliament. If his efforts fail, Turkey will head towards a snap election 90 days later.

Despite this election setback, the AKP remains by far the largest party in parliament and has therefore received the mandate to lead Turkey's next government. The AKP will certainly want to exploit its strong position at the political centre to its strategic advantage. Yet Davutoglu and President Erdogan are dealing for the first time with a four party parliament and complex set of political calculations. The outcome of the coalition talks is uncertain and there is the numerical possibility that the AKP forms a coalition with each of the three parties. In

reality there are important reasons why coalition may not suit the tactical imperatives of the AKP.

### Squeezing the 10 percenters

The election result poses a twofold challenge for the AKP. First, the ruling party received only 41% of the vote, a setback after three consecutive elections when it has been able to increase both its absolute number of votes and the relative share. In turn, AKP seats in parliament dropped from 327 to 258, significantly below the 276 deputies required to govern alone. The fall in approval by 9 percentage points and the loss of 2.5 million voters compared to 2011 was a rare defeat for a victory-spoiled party. Nonetheless, the 41% result is only 2.6 percentage points below the AKP 2002-2011 average and 2.5 million voters more than the support for the party in 2007. The drop alone does not explain the loss of its parliamentary majority. For this we have to understand a quirk of the Turkish electoral system.

That quirk in the Turkish electoral system has until now worked in the AKP's favour. This is the 10% vote threshold required for parties to be represented. Unlike in previous elections, the threshold proved ineffective at keeping voters unrepresented due to the rise of the 10 percenters - parties with vote shares slightly above 10%. While the right-wing Nationalist Movement Party (MHP) increased its vote share to 16%, the pro-Kurdish People's Democratic Party (HDP) won 13% of the vote and entered the Turkish legislature for the first time. The parliamentary dominance of the AKP in recent years would have been impossible without the 10% threshold, which is higher than in any other voting system in the world. When the AKP came to power in 2002, it got 34% of the vote but 66% of the seats due to a 32% seat 'bonus' because the People's Republican Party (CHP) alone was able to pass the 10% alongside the AKP while 46% of voters remained unrepresented. Subsequent elections reduced both unrepresented voters and AKP seats in parliament (Fig 1).

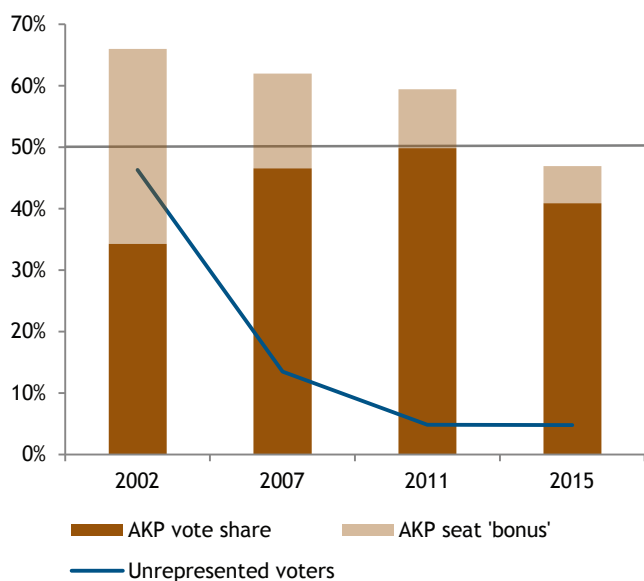


Figure 1: Unrepresented voters and AKP election results  
Source: Public

This poses a basic challenge for the AKP. The electorate clearly rejected its plan of an executive presidency. Although a presidential system appears to be a remote prospect for now, it can be assumed that President Erdogan, who rose from political prisoner to the longest-serving Prime Minister in Turkish history and who regards his personal ambitions as tied to the country's, has not given up on his goal of strengthening his own constitutional role. To re-establish its parliamentary dominance, perhaps even to the point that Erdogan can revisit the question of

constitutional reform, the AKP would need to both boost its own support and push at least one of the smaller parties back below the 10% threshold.

Any coalition choices will be shaped by this tactical recognition. The MHP is regarded as the natural coalition partner of the AKP and the AKP government will rely on MHP votes in most scenarios. But past coalition experiences have not been positive for the MHP: after the 1999 general election, the party joined a coalition with centre-left DSP and conservative ANAP. After the financial crisis of 2001 and the breakup of the coalition, the MHP received only 8.3% of the vote in the 2002 general election, losing all seats in parliament. So, party leader Devlet Bahçeli may be cautious this time around.

Coalition with the MHP would also likely seriously inhibit efforts to engage with the Kurdish Workers' Party (PKK) and could push more pro-Kurdish voters into the arms of the HDP. Erdogan and Davutoglu know that they need to win back the 2 million AKP voters that migrated to the HDP since 2011, drawn by the charismatic leadership of Selahattin Demirtas and repelled by the AKP's handling of events in Syria. But they are unlikely to calculate that the best way to do this is in coalition with the HDP, not least because formal coalition with the HDP would be seriously uncomfortable for the AKP base and probably push disaffected AKP right-wingers towards the MHP.

In both cases a coalition choice risks undermining the wider AKP need to restore its structural advantage in an unusual electoral system. Strengthening either of the 10 percenters, especially at the expense of the AKP's own vote makes little tactical sense. A possible alliance with the CHP would in principle create a strong legislative majority, but in reality the secular ideology of the CHP makes this a tough fit. So too does the fact that the relative scale of the CHP would significantly roll back AKP influence over state institutions. In addition, the anti-corruption agenda of all opposition parties could place uncomfortable pressure on Erdogan in areas where he has little interest in greater public scrutiny or debate.

Given the many policy trade-offs the AKP would face in a coalition, AKP strategists may calculate that minority government is the best scenario for the largest party. Polling suggests that the majority of Turks clearly want a functioning government. This may put pressure on the MHP in particular to prevent a snap election by supporting an AKP minority. During the speaker election earlier this

month, the nationalists showed that they will not collaborate with the HDP but, will support the AKP indirectly. If the MHP maintains its staunch refusal to cooperate with the HDP - as it surely will - its options are limited and the pressure to support the AKP will be real.

### Uncertainty ahead

It is unclear how the AKP's strategic calculations will play out in the coalition talks. Whatever the result, uncertainty and greater political instability are likely to remain beyond the potential formation of a new government. If no government can be formed and survive a confidence vote during the 45 day period, snap elections will be held. The polls have not moved since the election in June and snap elections could be risky if they result in a hung parliament once again. Earlier this month, the World Bank lowered its growth forecast due to the political uncertainties ahead. Although it kept its forecast of 3% for 2015, growth is expected to reach 3.5% in 2016 and 2017, down from 3.9% and 3.7%, respectively. These figures suggest the government target of 4% annual growth is out of reach for years ahead. The Bank argued that households and corporates are likely to postpone spending on consumption and investment. Moreover, uncertainty will be a drag on the market confidence that is a prerequisite for Turkey to continue receiving large short-term financing from abroad.

It also seems probable that in most scenarios the structural reform agenda will be further delayed. Turkey's economy entered a slow-growth period prior to the election and manufacturing productivity and private investment have both been flat since 2010 amid large current account deficits. The prospect of monetary tightening in the US leaves little time for delaying needed reforms. Prime Minister Davutoglu announced a reform package in November last year, but little has been implemented so far due to the elections. The prospect of sustained political uncertainty inevitably raises big questions over implementation.

Furthermore, and notwithstanding the AKP's tactical need to win back Kurdish support, the instability is likely to keep the Kurdish peace process unresolved for some time. This will increase security risks and businesses will need to watch developments closely. It is unlikely that the AKP will give up its goal of ending the decade-long conflict. However, there are also apparently contradicting incentives for the AKP to deal with the new Kurdish force. If the new Kurdish coalition

looks durable, AKP strategists may in fact judge that they have no choice but to seek to win back electoral support from the right by moving more assertively onto the MHP's nationalist ground, and the Syrian conflict could potentially provide a theatre for demonstrating a new willingness to take a hard line.

It remains to be seen whether Erdogan can actually maintain his grip on the party and government. So far, party internal critics have remained silent and Prime Minister Davutoglu insisted the president's position will not be part of coalition talks despite demands from all opposition parties to keep Erdogan's role within the boundaries of the constitution. How the president's role will adjust to new realities and whether he can benefit from increased levels of instability remains an open question for now. The most important conclusion, however, is that regardless of the outcome of coalition talks, the rise of the 10 percenters has created uncertainty and greater political instability for the period ahead.

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