



**SPEECH OF MR. KEMAL KILIÇDAROĞLU**  
**PRESIDENT OF CHP**

**Council meeting of the Socialist International**

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*(unofficial translation)*

**GLOBAL ECONOMY AND TURKEY**

*Dear President and Members of the  
Council of the Socialist International,*

I respectfully greet all of you on behalf of my country and the CHP. I am honored to take the floor here for the first time as the leader of my Party.



The time period of this meeting coincides with very important changes in political, economic and environmental dimensions, and also with the period of fragility and restructuring in global economy. In this respect, I believe that our debates, bilateral discussions and the final declaration will reflect these challenges.

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As of 2007, the global economy faced with a serious crisis. Economies have not overcome the aftershocks, yet. Though emerging economies started to return to their pre-crisis positions back, in the USA and the other developed countries, in



other words, in the originating countries of the crisis, the recovery is still slow and the projections are not positive.

As we all know, the excessive financialization tendencies emerged primarily in the USA in 2000s broke the links between production and financial transactions, and created fragile economic and financial structures. This financial bubble resulted in a financial crisis and its effects persist.



By 2009, the financial crisis caused the return of hot money flows from emerging economies back to the developed countries. Through the effects of this reverse flow, the depreciation of the currencies came into question in the developed economies. However, following March 2009, the liquidity at near-zero-interest rate in large countries run to the peripheral economies rapidly. This brought the turn for appreciation of national currencies in these economies, -except China. In light of these, the most recent decision of FED for a new expansionary monetary policy of \$ 600 billion is likely to lead to the depreciation of dollar and to raise concerns.



The most negative outcomes of hot money flows forcing peripheral economies to the excessive appreciation of national currencies are vulnerability of these economies to import, the abrasion of productive sectors, especially industrial sectors, and increase in unemployment rates.

Moreover, in economies suffering from high trade balance and current account deficits like in Turkey's, the model named "growth without employment" is applied not just after the crisis, but throughout 2000s. Hot money has become the most important challenge for domestic production, especially for Turkey.



It is necessary to leave this vicious circle and decrease the unemployment to manageable levels. And we think, that does matter not only for Turkey, but for the countries at the same economic levels, and that is in common responsibility area



of Socialist International and all developed countries. Because unemployment, employment without social security and the poverty threaten not only the economies but also the democracies.

On the other hand, “bleeding of capital” (= “hémorragie des capitaux”) caused by excessive profits and interest transfers paid for hot money in peripheral economies is also counted as an additional cost to “growth without employment”.

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Turkish economy was very fragile at early times of 2007 crisis, since the financing of the growth was based on the trade balance deficit. That was the reason why Turkey was one of the countries which were mostly and strongly affected by the crisis.

Mass groups, including laborers, farmers, the retired, tradesmen and unemployed, had been affected the most by economic policies implemented in Turkey in the last decade. Cruel competition brought up by global economy had turned unemployment and poverty into a chronic problem and caused the recession of the social state that could be a solution to the competition. It also harmed family and increased unhappy people.

In Turkey, social expenditures are not enough and granted not systematically. It is organized by the political requirements of the government, not by social requirements. For that reason, the government refrains from applying family insurance among the social benefits subject to legal arrangements.



Only \$ 2 billion (5%) of \$ 40 billion of the Unemployment Insurance Fund had been granted as a benefit to the unemployed people in the last decade. My party is willing to correct it, bring up rights-based social approach instead of a charity approach, implement family insurance, invest on humanitarian development



means such as health and education, support the existence of women in social and business life, develop union rights, and restructure social state system.

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The main question about the issue handled here: **in such a world that no one wants to lose its trade advantage, are the risks of recession and return to protectionism increasing?**



In our point of view, common interests of all parties lie in reciprocity and putting the world economy as a whole to the way of growth, leaving the perception of getting competitive advantage by low wage and poor social rights, and focusing on paying more attention to solve the social and environmental issues. These common interests also require supporting the domestic demand in all countries; for this purpose it is necessary to increase the purchase power of laborers and to concentrate on policies improving the income distribution and social rights. It is also required to resolutely struggle with unemployment, informal employment, child employment, discrimination against woman workers, working under slavery conditions and violation of human rights. In brief, these require leftist governments prioritising human come into power; and strenghten if they are currently ruling.

As a consequence, the Council of Socialist International met here today has a historical importance. We all carry historical responsibilities for creating a peaceful, ecologically sound, developed and egalitarian world in the future.



*Thank you for your kind interest, and I respectfully salute all the participants.*

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