



PERSPECTIVES

Turkey Election Guide: Too Close to Call

Our perspectives feature the viewpoints of our subject matter experts on current topics and emerging trends.

INTRODUCTION

On Sunday, 14 May, Turkish citizens will vote in presidential and parliamentary elections, which will arguably be the most consequential poll since the country's first competitive multiparty elections in 1950.

The vote will be the largest electoral challenge to Recep Tayyip Erdogan, who has governed the country continuously for two decades, first as prime minister and since 2014 as president. His party, the Justice and Development Party ('AKP'), have been in government since 2002.

Despite opinion polls showing a very narrow lead for the main opposition candidate and Republican People's Party ('CHP') leader Kemal Kilicdaroglu, **we believe the vote is too close to call and there will likely be no winners in the first round of presidential election**, triggering a runoff between Erdogan and Kilicdaroglu on 28 May.

We present a guide to the dynamics around the elections and what a post-Erdogan government might look like. Part I is a summary of the **key scenarios** for the election and possible run-off. Part II looks **in more detail** at the dynamics of the election and the key players.

PART I – ELECTION SCENARIOS

Opposition activists are campaigning for a resounding Kilicdaroglu victory in the first round of voting – in our view this is unlikely. However, the vote appears too close to call in the second round. Whoever wins, we believe there will be heightened risks of social instability and political infighting in the medium-term.

Will the election be run fairly?

As Erdogan and AKP appear at their weakest in two decades, a key question is whether the integrity of the free vote will be maintained (even if the process is unfair) and whether peaceful transfer of power could happen, should the opposition win.

In our view, there will likely be irregularities on the election day but the scale and impact of them are difficult to predict. Indeed, the AKP candidate Binali Yildirim's attempt

to declare victory in the 2019 Istanbul mayoral election before the counting was over and the Supreme Electoral Council's controversial decision to annul the vote at the AKP's behest have demonstrated the extent of the ruling party's willingness to break the rules to ensure victory. On the other hand, it also demonstrated that such attempts can be thwarted through a robust organisation and coordination by opposition parties and their activists.

The opposition parties, especially the CHP, insist that while the AKP may very well resort to dirty tactics, they are well-prepared to counter this. However, the party has put in charge Onursal Adiguzel, the same party official who worked on a botched election monitoring platform in the 2018 general elections. The party claims to have mobilised 500,000 activists to ensure ballot safety but anecdotal evidence from social media suggests that the party may be struggling to find observers at even some of the larger cities. This creates an additional challenge for Kilicdaroglu, who must not only win against Erdogan but he must win "convincingly." Interior Minister Suleyman Soylu has already described the upcoming elections on 14 May as a "political coup attempt," while high profile polemicist columnist Nagehan Alci warned that "no citizen will respect a [close] result such as 50.2%."

The result, therefore, is likely to be tight. We present our key scenarios below:

Scenario 1: No winners in the first round, Erdogan wins in second round

This is one of the more likely scenarios. A similar scenario happened in June 2015, when Erdogan's AKP lost its parliamentary majority and was unable to form a government (it was before the adoption of executive presidency). During three months of negotiations where no government could be formed, there was a significant uptick in violence in the country's southeast in clashes between the armed forces and Kurdish militants (both sides blame each other for the escalation). Following months of instability and deteriorating security situation, AKP regained its parliamentary majority in repeat elections in November 2015.

Based on this example, many senior opposition figures allude to fears of a similar situation in the two weeks in the run up to the second round of presidential elections. In our view, this is plausible and there could be a similar uptick in

clashes with Kurdish militants or a new military operation into northern Syria. However, the window to 'agitate' is relatively short and there is no guarantee that deteriorating security amid economic crisis would automatically push voters towards the incumbent as it did in the past.

Under this scenario, expect:

- Chaotic two weeks including risk of political violence targeting high profile figures
- Return to status quo
- Long-term social instability, as roughly half of the country's faith in the electoral system would diminish
- Continuation of erratic economic policy aimed at growth at all costs but with some mild return to orthodoxy on certain areas once the election pressure is off
- No significant change in Turkey's diplomatic standing and relations if Erdogan victory is ultimately seen as legitimate

Scenario 2: Kilidaroglu wins in second round, Erdogan concedes

This is also one of the more likely scenarios. Erdogan might concede defeat, hoping to capitalise on the inherent instability of the coalition that would pave the way for his return to power.

Under this scenario, expect:

- Immediate improvement in individual freedoms
- Boost to the country's image diplomatically and potentially as an investment destination
- Economic policy reorientation toward orthodoxy
- Coalition infighting in medium-term and potential snap elections

Scenario 3: Kilidaroglu wins in second round, Erdogan refuses to concede

Erdogan might reject the results and choose to escalate the situation, which is the scenario the opposition parties are quietly most worried about. It is the scenario that poses most uncertainty. The events would be difficult to predict in this situation but we cannot rule out the risk of nationwide protests and widespread political violence.

Under this scenario, expect:

- Countrywide street protests
- Prolonged power struggle between two camps
- Risk of international sanctions against Erdogan depending on the level of escalation

Scenario 4: Kilidaroglu wins comfortably in first round

This is the ideal scenario for the opposition and the one that could be the most peaceful. However, it is one of the less likely scenarios. The outcome would be similar to scenario 2 above.

Under this scenario, expect:

- Little to no unrest
- Immediate improvement in individual freedoms
- Boost to the country's image diplomatically and potentially as an investment destination
- Economic policy reorientation toward orthodoxy
- Coalition infighting in medium-term and potential snap elections

Scenario 5: Erdogan pulls an upset and wins handily in first round

This would be a surprise outcome as things stand currently but nonetheless not impossible.

Under this scenario, expect:

- ‘Dangerous status quo’ – semblance of stability in the short-term but higher risk of long term instability, as economic problems will persist and the opposition will now be convinced Erdogan can’t be removed via ballot box
- Continuation of erratic economic policy aimed at growth at all costs but with some mild return to orthodoxy on certain areas once the election pressure is off
- No significant change in Turkey’s diplomatic standing and relations if Erdogan victory is ultimately seen as legitimate

PART II – A PRIMER ON TURKISH POLITICS

The rise of Erdogan and the AKP

Erdogan and AKP rose to power off the back of the economic boom of the 2000s. GDP per capita jumped from USD 4,700 in 2003 to USD 12,500 in 2013. A brief period of perceived improvements in civil liberties amid EU accession talks and accompanying reforms (when in reality, Turkish democracy plateaued and then declined by most metrics throughout the AKP period) and a highly fractured opposition also contributed to Erdogan’s early success.

As the economic boom waned, Erdogan’s autocratic tendencies have become increasingly visible, as his - and his party’s – survival depended on ever tighter control over the state apparatus and suppression of dissent.

Many military officers, opposition activists and journalists have been imprisoned in sham trials based on evidence later proven to have been falsified. The violent crackdown on Gezi Park environmental protests in 2013 was a watershed moment, which also coincided with Erdogan’s falling out with his ally-turned-enemy Fethullah Gulen, an Islamic cleric who lives in self-exile in the US. The power struggle between followers of Erdogan and Gulen resulted in widespread purges of Gulen sympathisers, culminating in a coup attempt against Erdogan in 2016. Over 125,000 civil servants have been

dismissed in post-coup purges since January 2017, according to the data compiled by a parliamentary commission.

Erdogan used the failed coup attempt as an opportunity to significantly expand his formal powers through a constitutional referendum in 2017, which introduced an executive presidency that granted the president extensive powers, replacing the Turkey’s old parliamentary system. In the process, Erdogan forged an alliance with the ultra-nationalist Nationalist Movement Party (‘MHP’). The two parties remain allied to this day, branding themselves as the People’s Alliance (they are joined by the Great Unity Party, a fringe Islamist nationalist group as well as other smaller parties that have since joined).

Turkish opposition – the wilderness years

By the time of 2018 presidential and parliamentary elections, the economic problems were beginning to be felt by the public. GDP per capita had peaked (in USD terms) in 2013, while the foreign direct investment never recovered from the 2006-2008 peak at around USD 20bn per year. 2018 was also the year the depreciation of the lira started gaining pace. The Turkish currency was trading TRY 3.80 to the US dollar in early 2018, by the end of the year it was trading at TRY 5.30. After various episodes of chaotic freefall, the lira is currently trading TRY 19.50 to the dollar.

Back in 2018, the opposition parties had hoped that combined with rights erosions and stifling of dissent, the economic pain would be enough to convince voters to turn against Erdogan and the AKP. This turned out to be a severe miscalculation.

The CHP nominated Muharrem Ince, a firebrand party activist and MP. It also formed an alliance at the parliamentary elections level with the anti-Erdogan MHP splinter group headed by Meral Aksener under the banner of the newly-formed Good Party (‘Iyi’), though Aksener stood separately as presidential candidate. This marked the inception of the Nation Alliance that is challenging Erdogan in Sunday’s elections. Iyi and CHP were joined by the Felicity Party (‘SP’), a tiny Islamist party that rejected Erdogan’s presidential system and authoritarian rule.

Erdogan won handily, securing the presidency in the first round of voting with over 52% of the vote. Ince trailed with

just above 30%, while Aksener managed to secure 7.3%. Selahattin Demirtas, jailed leader of the Peoples’ Democratic Party (‘HDP’) – which consists of Kurdish nationalists and urban leftists – came third with 8.4% of the vote. The AKP and MHP retained their parliamentary majority as well.

The landslide exposed not only the opposition parties’ misplaced confidence but organisational failings too. Under CHP leadership, the opposition parties and civil society groups had formed the Fair Elections Platform to minimise risk of electoral fraud and manipulation by independently monitoring the election results. The electronic system devised by the organisation collapsed within the first hour of counting.

Meanwhile, Ince, who had been calling on activists to not abandon counting stations earlier in the evening, fell completely silent and was incommunicable for hours. He eventually messaged a pro-opposition journalist acknowledging defeat after midnight with a single line that read “the man [Erdogan] has won.”

The resurgence of opposition

There are signs that the opposition parties have learnt from some of their past mistakes. In the municipal elections in March 2019, CHP and Iyi nominated joint candidates in most major towns and cities, while the HDP lent tacit support by not fielding candidates in some of those districts. The result was a major upset for the People’s Alliance. The AKP lost the mayoral race in Istanbul and Ankara and suffered defeat in many other large cities. The results catapulted newly-elected mayors of Istanbul and Ankara, Ekrem Imamoglu and Mansur Yavas, to nationwide fame.

This prompted the Supreme Electoral Council to adopt the unprecedented and much criticised decision to annul the mayoral portion of the Istanbul elections, but not the councillors elected through the same ballot. Instead of boycotting the elections, the opposition parties refused the legitimacy of the decision but agreed to the rerun, where Imamoglu turned his razor-thin victory with 25,000 votes into a landslide win with a 800,000-vote lead.

Alliances, infighting, and trade-offs

Hoping to replicate their success, CHP, Iyi and SP are once again contesting the elections together under the banner

of the Nation Alliance. To broaden their appeal among the traditionally AKP-voting religious conservative electorate, the Nation Alliance expanded the coalition to the newly-formed Future Party (‘GP’), and Democracy and Progress Party (‘Deva’), both of which are headed by former Erdogan allies and AKP heavyweights – GP by former Prime Minister Ahmet Davutoglu and Deva by former economy tsar Ali Babacan. The Democrat Party (‘DP’), a small centre right party, is the sixth member of the opposition coalition (also dubbed the Table of Six).

However, expanding the coalition might not automatically mean additional votes for the Nation Alliance. Rather than fielding their own candidates, GP, Deva, DP and SP will run on the CHP ticket, whereas Iyi will nominate its own candidates. Until the decision to join the CHP lists, the four smaller parties had been collectively polling about 2-4% of the vote: SP’s vote hovers around 1%, Deva and GP were polling 0.5-2% each, whereas DP’s vote is too small to consistently turn up in opinion polls.

By joining forces with senior former AKP figures and Islamist politicians, CHP risks alienating some of its own voters. Following negotiations, the four small right-wing parties will be represented through 71 CHP candidates, about 30 of these in seats where CHP won in previous elections. The leaders of each party in the alliance will likewise become a vice president (there is no limit on the number of vice presidents). This is significantly more than what the smaller parties could ever hope to achieve had they run under their own logos.

Some of the names pushed forward by Deva and GP are also highly controversial for the CHP (and Iyi) electorate. For example, senior Deva leader Sadullah Ergin is nominated in a very safe CHP seat in Ankara. Ergin was Justice Minister during the Gezi Park protests and remained an AKP member until 2019, having joined campaign dinners ahead of the referendum that introduced Erdogan’s executive presidency in 2017. Ergin’s candidacy attracted much criticism but CHP and Deva refused to budge.

The infighting and generous concessions given by CHP to smaller parties have created a vacuum within the secular nationalist segment of the opposition bloc, and naturally, candidates seeking to fill it.

Ince, the defeated former presidential candidate who split from the CHP to set up his own party in 2021, was one such

figure. He had been polling less than 1% throughout 2022. However, he experienced a surge in popularity following the announcement of Kilicdaroglu's candidacy with his party briefly hitting 3-4% in some opinion polls. Sinan Ogan, a former MHP MP, is the fourth presidential candidate, representing the anti-immigration ATA Alliance, currently polling 1-2%.

In a last minute twist, Ince announced today (Thursday) that he is withdrawing from the presidential race but his party will still contest the parliamentary elections. Ince's withdrawal will help Kilicdaroglu.

Kemal Kilicdaroglu – the candidate to beat Erdogan?

Given the significant electoral trade off, the inclusion of the former AKP figures appears to have been primarily motivated by CHP leader Kilicdaroglu's desire to justify his candidacy, as he would have been likely unable to achieve this through negotiations with Iyi leader Aksener alone, as she has long championed for either of the mayors' candidacy.

Indeed, the choice of presidential candidate has been a major source of tension within the opposition alliance. Instead of announcing their candidate and moving onto a campaign footing last year, the Nation Alliance waited until early March to announce Kilicdaroglu as their candidate. Kilicdaroglu, under whose leadership the CHP lost four general elections and struggled to obtain more than 25% of the vote, had been consistently lagging behind Imamoglu and Yavas in opinion polls as the most likely candidate to win against Erdogan.

The disagreement on the candidate was so deep that Aksener briefly withdrew from the Nation Alliance ahead of the official announcement of Kilicdaroglu as the opposition's candidate, only to return to the fold three days later in exchange for Imamoglu and Yavas becoming vice presidents as well. The disruption and the immediate U-turn appears to have damaged Iyi, which suffered a 3-4 percentage point decline in opinion polls.

One major boost to Kilicdaroglu's candidacy came from the HDP, which is running under the newly formed Green Left Party ('YSP') – as a pre-emptive measure against HDP's potential closure ahead of the elections – and in a

coalition with a number of smaller left-wing parties. The HDP/YSP-led Labour and Freedom Alliance decided to not field its own candidate but to support Kilicdaroglu in the presidential election, contesting only parliamentary seats. The bloc commands 10-13% of the vote.

Erdogan and AKP now look weak

Despite the opposition's failure to fully unite behind a single candidate, a victory for Erdogan is far from certain. After over two decades in power, it is difficult for him to shift the blame for the country's economic troubles, which have progressively worsened since 2018.

Erdogan's unorthodox economic policies resulted in the collapse of the lira and runaway inflation. Erdogan insists that higher interest rates cause (rather than lower) inflation and he has repeatedly vowed to lower rates, not even paying lip service to nominal central bank independence.

As the central bank continually cut interest rates, inflation reached 85% year-on-year in November 2022, gradually slowing to 45% in April this year, according to official data (independent figures are much higher).

Meanwhile, the lira has been experiencing a precipitous decline against all major currencies. The Turkish currency lost 29% of its value against the dollar in 2018, followed by further 11% and 24% declines in 2019 and 2020. It collapsed again in 2021 and 2022, losing 44% and 30% of its value against the dollar. The currency has been largely stable since last summer but financial analysts believe the central bank has been burning through its reserves (already in net negative) to avoid further slides ahead of the elections. Last month, the central bank informally asked private lenders to limit their foreign currency purchases to curb demand.

The devastating earthquakes that flattened many towns and cities in south eastern Turkey and left over 50,000 dead have added to Erdogan's woes amid widespread allegations of poor crisis management. Government and UN estimates put the cost of damage above USD 100bn, which will further exacerbate the country's economic troubles. While it is difficult to tell how much of the blame the victims of the disaster (including more than 3 million displaced people) will put on Erdogan and his administration, the enormous level of destruction will undoubtedly have some political implications.

Erdogan is acutely aware of the challenges ahead of his re-election, as for the first time, opinion polls have been consistently showing him behind his rival, Kilicdaroglu. Erdogan has been on an election footing since last year, announcing a series of measures aimed at mitigating the economic pain on the electorate. These include:

- A new social housing drive, what he dubbed the largest of its kind in the history of the republic
- One month of free gas to all households
- A 30% minimum wage hike in July 2022, followed by a further 55% increase in December 2022, and a 45% pay rise to public sector workers announced this week
- Various debt forgiveness schemes covering student and personal loans
- Tax holidays for farmers and SME employers
- Relaxing rules around pension eligibility

In terms of electoral alliances, Erdogan's options are somewhat limited, though he did try to expand the bloc. Notably, the Free Cause Party, a Kurdish Islamist group with very close ties to the Kurdish Hezbollah, formally joined the People's Alliance in March, announcing that its candidates will run under the AKP ticket. The Kurdish Hezbollah is a violent radical Islamist group (designated as a terrorist organisation by Turkey), which was active in the 1980s and 1990s, responsible for the murder of many activists. As a further gesture of goodwill, Erdogan granted a presidential pardon on compassionate grounds to Mehmet Emin Alpsoy, a high profile Hezbollah executioner who was serving a life sentence for torturing and killing three people.

What would a new government look like?

While many of the country's economic problems will persist, an opposition win could facilitate a policy correction back toward economic orthodoxy. Kilicdaroglu promised to restore central bank independence, and to alleviate some of the government's debt burden by converting generous foreign currency-denominated payment guarantees provided to contractors of large infrastructure projects

(often with untoward ties to the AKP) to the local currency. He also pledged to set up a parliamentary commission to investigate large scale corruption and establish an agency dedicated to repatriate ill-gotten assets from abroad within his first 100 days in office.

Bilge Yilmaz, a member of Iyi, is widely speculated as the most likely candidate for the top economic position in the coalition cabinet. Yilmaz is a respected economist educated at Princeton and a professor at the Wharton business school. Such an appointment would be a positive step in restoring credibility of policymakers among both domestic and international investors.

We do not anticipate any major structural shifts in foreign policy in the event of a Kilicdaroglu victory. Turkey will maintain its balancing act between Russia and the West, as both remain important economic partners for the country. However, Erdogan's personalised style of diplomacy will likely be replaced by a more institutional model with Kilicdaroglu abandoning most of the belligerent rhetoric towards the EU. That said, the migration deal between Turkey and the EU is a potential source of friction and Kilicdaroglu might seek to renegotiate it, as he has repeatedly criticised the deal, describing it as the EU bribing an autocratic leader to absolve itself of its human rights responsibilities and turning Turkey into a "buffer zone" and "Europe's refugee camp." Anti-refugee sentiment has been on the rise in Turkey and addressing the issue in speeches contributed to Kilicdaroglu's boost in popularity.

One area of immediate improvement following an opposition win would be personal rights and media freedom. The opposition alliance have pledged to comply with the European Court of Human Rights rulings and release jailed political leaders, activists and journalists including high profile figures such as HDP leader Demirtas and liberal philanthropist Osman Kavala. Thousands of lawsuits against citizens for insulting the president and other government officials would also be dropped. A noticeable improvement in media freedoms is also plausible in the short term.

Under any scenario involving a Kilicdaroglu win, the largest and most immediate political challenge for the coalition government will be ensuring its stability. While all coalitions are inherently unstable to a degree, Turkey's six-way coalition contains an unusually large number of parties. Moreover, the smaller parties will be significantly

overrepresented beyond their vote share (which will not even be measured as their candidates will be elected from CHP lists), granting them considerable bargaining power. There also remains a risk around Erdogan successfully luring former AKP figures back to his party, hoping to undermine the coalition government, and in the best case scenario, trigger early elections.

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