So Europe Ends at the Bosporus?

There is one largely unheralded, and outside its own frontiers probably little mourned, casualty of the European crisis of confidence—Turkey. In its decades-long aspiration to become a member of the European community, this nation on the fringes of the continent's southeastern frontier has played the part of the poor little orphan boy, nose pressed firmly against the glass shop window filled with sweets. Somehow, Turkey, despite its most valiant efforts, has never managed to find a way inside.

This may no longer matter. Turkey appears to have all but given up on its aspirations and is finally prepared to cast its lot with the Middle East—neighboring nations it's traded with, even ruled, for centuries. If there was any more persuasive evidence of this new reality, it was Turkey's sudden and dramatic confrontation over the Gaza blockade with Israel, whose own fate is so closely bound to Europe and America.

The central question facing the European Union as it stares down the barrel of potential fiscal collapse isn't which nation will fail next, but which nations should not have been invited in the first place. Growth in both Portugal and Spain has stagnated, and their debt is nearing junk level. Greece's growth rate shrank by 0.8 percent, and the growth rates in Spain (1 percent), Portugal (0.08 percent), Germany (0.2 percent) and France (0.1 percent) have been anemic. Yet Turkey's GDP is growing at 2.3 percent.

While there are still "candidate members" of the EU, who now seem quite likely to remain in that status for the indefinite future, none outranks Turkey in the metrics that should make its membership so compelling. Indeed, there is a certain irony that Greece, rather than Turkey, was invited into the club that it has now threatened to bring down. The two nearly came to blows repeatedly over the divided island nation of Cyprus—now a member of the very union that Turkey has been so desperate to join.

The case of Turkey is compelling because it reflects a larger theme. What makes a bloc like the European Union thrive, or even function effectively? And is the organization of the world by blocs the future, or merely a brief historical hiccup that is now on the verge of unraveling, perhaps catastrophically?

Istanbul or Constantinople

When I landed in Istanbul for the first time, more than 30 years ago, it was quite clear that I was not in Europe anymore. Minarets and domed mosques dominated the skyline. Despite all warnings, I got lost in the Great Bazaar, the Kapali Çarsi or Covered Market—a sprawling warren of tiny alleys and more than 4,000 stalls packed with the mysteries of the East, from centuries-old Korans and intricately-woven carpets to huge sacks of exotic spices, glazed tiles and pottery, copper and brassware, leather, cotton and wool clothing, carved meerschaum pipes and alabaster bookends. When the Sublime Porte of the Ottoman sultans ruled half of the known world, this capital city was known as Constantinople, and it held the bulk of southeastern Europe, the Middle East and North Africa in its sway, its reign stretching into Spain and Portugal, its armies spreading fear from the Balkans to the very gates of Vienna. But the sultan chose the wrong side in the First World War. His empire was already crumbling across Mesopotamia and North Africa, and the Treaty of San Remo, an offshoot of the Paris negotiations that led to the Treaty of Versailles, put a final stake through the heart of the Ottoman Empire. The Allied leaders created several nations carved from its remains: Iraq, Syria, Palestine, Lebanon, eventually Saudi Arabia, and one core country called Turkey. This territory and its limited resources—vastly reduced from the once grand empire—would, the Allied leaders hoped, be forever weakened.

As it happened, the Allies created a nation more viable, stable and independent than any other in the region. It's a tribute, in part, to Turkish energy and persistence and the vision of one gifted leader, Mustafa Kemal Atatürk, who believed passionately in the virtues of democracy, secularism and the West. As Turkey's first prime minister, then president, Atatürk was determined to eradicate the last vestiges of the sultanate and set Turkey firmly on the path to prosperity and success as a modern, secular democracy. The Arabic alphabet was replaced by a Latinate Turkish version. Islamic and secular law were clearly divorced, succeeded by a penal code modeled on Italian law and a civil code modeled on the Swiss. Women were freed from the veil and given full equality. And the final break with the past? The Hat Law of 1925 introduced the use of the Western-style fedora, banning the ancient fez. Atatürk delighted in parading through the streets in a sparkling straw Panama.

While Atatürk sought to build a secular, westernized state, he by no means intended to disestablish the dominant religion of Islam. Rather, he sought to create a nation where all religions would be tolerated. There's no doubt that this is where Turkey's problems with Europe began. Turkey is the only Islamic nation with European aspirations. In that sense, Europe has always considered the Bosporus—the strait that flows past Istanbul and serves as the entrance to the Black Sea—the end of the continent. Most of Turkey is on the far side, closer in so many ways to the Middle East that it once ruled than the Europe it now aspires to join.

Already Among Us

The second set of obstacles obstructing Turkey's acceptance into Europe are the *gastarbeiter*. European nations might have effectively overlooked Turkey's Islamic leanings if they hadn't been thrust so directly, even intrusively, in their collective faces beginning a half century ago. When large stretches of Europe—particularly its most economically and demographically dominant nation, Germany—began to run out of native workers to fuel a post-World War II growth spurt, the solution was guest workers. At the start of the *Wirtschaftswunder* or economic miracle, Germany signed guest worker agreements with Italy in 1955, followed by Greece in 1960 and Turkey a year later. Almost immediately, there was an influx of largely unskilled laborers. The Turks were the first Muslims to arrive in great numbers, bringing their religion, language and customs with them. Today, there are at least 1.7 million Turks in Germany who've retained their Turkish citizenship and another 1.2 million

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who've become German citizens. The total, including all those of ancestral Turkish descent, may number 4 million. They comprise a nation within a nation, indeed a nation larger than eight other member nations of the EU. While most began by taking on the menial jobs that Germans shunned—collecting the garbage, digging ditches, pumping gas, and cleaning factories, offices and homes—increasingly their sons and daughters sought to work their way up the economic food chain. Often, they moved from the faceless underclass to a far more visible—and threatening—status.

This was the situation under a treaty that still required *gastarbeiter* to return to their home country after a year or two (few did, of course). Imagine what could happen with such a nation legally within the walls of Europe—with a single passport, single currency and virtually no barrier to movement or, for that matter, employment at will. These were the fears when Turkey first formally applied for membership to the European Union on April 14, 1987. Today, the issue has become far more complex.

First, there's terrorism. Islamic communities in Europe, especially their mosques and their madrassas, are increasingly being perceived as hotbeds of radical activism. While there is no evidence that Turks are behind any terrorist actions—indeed the secular nature of their homeland would suggest quite the contrary—the fear of terrorism is an ever-present reality.

But within the last several months, economic imperatives have come to dominate the dialogue. Northern Europe scarcely needs another drag on its tenuous recovery from the global recession. But how real is such a fear? Turkey's growth rate is substantially higher than virtually any other nation in Europe. While its unemployment is at 14.4 percent, Spain's has hit 19.1 percent. At the same time, Turkey's private sector is thriving. Its ISE stock market index has soared 57.8 percent in the past year, compared with 21 percent for Germany's benchmark DAX index and London's FTSE, which edged up just 17.4 percent in the same period.

By other measures, of course, Turkey is still facing challenges—inflation hovers at 10 percent and its trade deficit is significant, especially with the EU. But this may simply mean that Turkey is an enormous market for Europe's still ailing factories—especially if it were safely inside the EU and facing lower tariff barriers. Indeed, its vibrant consumer market of 73 million people should be most attractive to EU manufacturers and retailers.

Barriers Rising

For the moment at least, Europe is as large as it is likely to become. It's increasingly popular to propose chucking some members overboard to keep the whole European monetary system afloat. Beyond Portugal and Spain, there are some awfully weak sisters. The economies of Hungary and Ireland are already contracting at 13.5 and 1.3 percent, respectively. Slovenia has posted a feeble 0.1 percent growth rate, while Austria and Finland show no growth at all. Candidate members of the EU will likely remain candidates for the foreseeable future, dismaying such fledgling democracies (and economies) as Croatia and Macedonia.

Still, the goal of a united Europe—from its earliest incarnation as the European Coal and Steel Community (ECSC) in the days following World War II—was just that: unity. First proposed by French Foreign Minister Robert Schuman on May 9, 1950, in a speech at the Quai d'Orsay in Paris, the ECSC was designed as a way to prevent further war between France and Germany, serving to unify Western Europe during the Cold War while creating a foundation for today's modern European Union. "Europe will be born from this," Schuman said in his message unveiling the proposal, and edited by President Charles de Gaulle's Planning Commissioner, Jean Monnet. Monnet went on to win the title, "father of a United Europe." The vision shared by Monnet and Schuman was "a Europe which is solidly united and constructed around a strong framework. It will be a Europe where the standard of living will rise by grouping together production and expanding markets, thus encouraging the lowering of prices," Schuman observed, concluding, quite presciently, that "Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity." Europe has achieved all its initial aims, and much more. The six core nations that formed the ECSC—France, West Germany, Italy, Belgium, Luxembourg and the Netherlands—would ultimately grow to 27 countries, including four kingdoms and one grand duchy, stretching from Ireland to the Bosporus.

Eventually, the EU began to welcome nations on Europe's periphery—states including former members of the Warsaw Pact and the Soviet-dominated Comecon bloc, and, in the case of the Baltic Republics, even portions of the former Soviet Union. At the same time, debates grew within the original core states over whether these fragile economies were vigorous enough to be subsumed into a single trading and, in time, currency bloc. The vast disparities between the potent industrial nations of northern Europe, the more agrarian states of southern Europe and the fledgling economies of Eastern and Central Europe, all needed to find some sort of equilibrium. In December 1995, when the EU agreed to move beyond common tariff and immigration regimes to a single, unified currency. It was an attempt by Europe to assume its place alongside the United States, with its all but omnipotent dollar, the world's premier global currency; the OPEC nations and their universal currency (oil); the rising, newly-freed empire of China and its renminbi; and the long-time powerhouse of Japan and the yen. For a time, this grand gesture by Europe worked—but no longer, at least not now.

The euro is in retreat, the dollar again is riding high, and China is being watched carefully from Wall Street and Threadneedle to the Bahnhofstrasse for every indication about what it may do with its vast holdings of both these global currencies and the debt in which they are denominated. At this moment, at least, Europe needs no new members to throw fresh uncertainty into the minds of those who trade and hold this currency.

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Pressed Against Which Glass?

So what is Turkey, its nose pressed against an increasingly clouded glass, to do? If it has any alternative, it should probably look elsewhere, return to its roots, face East rather than West, at the same time forsaking its traditionally close ties with Israel—the only Middle East nation to maintain such ties at all. Indeed, Turkey could have quite a lot to gain by embracing—this time as a partner—the Arab world its predecessor once ruled.

On May 25, 1981, the six Arab nations bordering the Persian Gulf signed an agreement creating the Gulf Cooperation Council (GCC). There was a certain symmetry here—six members, all sharing a common geography and contiguous heritage, banding together for purposes of joint economic advancement and, ultimately, security. It was the European Coal and Steel Community, a quarter century later and a world apart. All shared a host of traits. Each of them—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates—was a major oil producer and member of OPEC, which includes a number of non-Arab and non-Middle East nations. But in contrast to polyglot Europe, the GCC members were all Arabic speaking and overwhelmingly Muslim.

In many respects the nations of the GCC have far more in common with each other than do most members of the EU with their own neighbors. Beyond a common language, all have much the same tribal, Bedouin origins, virtually identical natural resources and source of wealth (oil), similar topography and comparable rates of development and growth. All share common challenges and threats—a theocratic Iran seeking to assert is dominance over the region; a powerful West anxious to preserve its access to the oil resources so vital to its own economic viability; and the growing Asian nations of China and India, anxious to assure their own access to the same sources of wealth and expansion.

The GCC has considered a common currency from the moment of its creation. But several intra-bloc frictions—like whether the central bank will be in Saudi Arabia or the UAE—have slowed the process. And now, of course, the very stability of such common currencies has been called into question. In May, the bloc decided to push off the proposed date for a common currency from 2010 to 2015, and may launch the project without two of its members, Oman and the UAE. As Abdulrahman al-Attiyah, the GCC Secretary-General, observed the GCC should draw some lessons from the European debt crisis.

Beyond the UAE and Oman, however, there are other nations waiting eagerly in the wings to join up. Just as the EU has its candidate members, including Turkey, so the GCC has Iraq and Yemen. Each brings enormous strengths and the potential for enormous tensions as well. Together, Yemen, with 23.6 million people, and Iraq, with 30.7 million, would dwarf their fellow members. Iraq, with the world's fourth largest proven oil reserves, would add some serious economic muscle, though following years of torturous conflict, it is still the scene of instabilities unlike any in current GCC member states. Equally, Yemen is a nation torn by conflicts and Al Qaeda operations that pose an enormous threat to neighboring Arab nations.

What the GCC has demonstrated, however, is that the ECSC was not the last organization to be based on the principles of supranationalism. Soon after its formation, the GCC set forth a host of ambitious goals—unified regulations that governed the economies of member countries and their trade relations, as well as tourism, legislation and administration; growth in science and industry, mining and agriculture; and conservation of precious water and other resources. The GCC nations promoted joint scientific research and business ventures. Most notably, they formed a unified military presence under "The Peninsula Shield." While the shield—a two-brigade unit of some 10,000 infantry and armored troops based in Saudi Arabia near the Kuwait-Iraq border—is still a viable, if flimsy, military force, the common market aspects of the GCC have flourished and hold a substantial promise for the future. With a total GDP of some $1.1 trillion, the GCC is barely a tenth the size of the United States or the EU, but the six Middle East nations boast a population of just 38.3 million, barely the size of Poland and half that of Turkey. The result is an average per capita income of $28,720, just $4,000 below that of France, and some $10,000 above Hungary and Poland. All the strengths should be an enormous attraction to a potential candidate nation like Turkey.

Turkish Challenges

Should it finally disabuse itself of its European aspirations and turn toward its Middle East roots, Turkey brings along its own series of challenges and opportunities. In terms of scale, its $880 billion GDP and its population of 73 million would nearly double the size of the GCC with a single stroke. But there are some serious differences and historic frictions that would also make such a union fraught. While Turkey is unquestionably an Islamic nation, the ancestral enslavement by the Sultanate of much of the Arab world for six centuries still resonates. At the same time, Turkey would be the only nation within the GCC that fails to use the Arabic alphabet—a significant obstacle, though clearly the EU has managed to succeed, if not always thrive, despite its multilingual nature.

Turkey has already succeeded in cultivating close economic and trade relations with much of the Arab world. In May, Saudi Arabia and Turkey signed a military cooperation pact, though Turkey remains at least nominally a member of NATO. And when it came time in June for the UN Security Council to impose new sanctions on Iran, Turkey was one of two countries to vote against the measure. The other was Brazil. Two years ago, Turkish foreign minister Ali Babacan and Qatari Prime Minister Shaikh Hamad Bin Jasem Bin Jabr Al Than, then chairman of the GCC Ministerial Council, signed a joint agreement declaring Turkey a strategic partner of the GCC. In the aftermath of the Israeli attack on Turkish ships seeking to run the Israeli blockade on Gaza, Turkey's president hosted Russian Prime Minister Vladimir Putin and Iranian President Mahmoud Amadinejad, as well as leaders of Afghanistan, Pakistan, the Palestinian Authority and a dozen other nations at a regional security summit in Istanbul—a direct challenge to Europe and the United States. "The consequences of acts undertaken with feelings of hatred and vengeance are obvious. Unfortunately, we saw a merciless example of that recently," Turkish President Abdullah Gul told the leaders gathered for the summit—a pointed reference to Israeli actions against the flotilla. In the economic sphere, Turkey's Finance Minister Mehmet Simsek said in February on a visit to Bahrain that a free trade agreement—an important first step in any economic unification—would be signed with the GCC by the end of this year.

Clearly, Turkey has been hedging its bets. And there are compelling reasons for it to do so. Today's transient troubles within the EU notwithstanding, during the next several decades, large blocs will increasingly dominate the world's economic, financial, political and security systems.

Bloc-ing and Tackling

The EU and the GCC are perhaps the most advanced regional blocs in terms of their overall development and unification, but by no means the only such groupings that have been launched in recent years. In 1996, China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan formed the Shanghai Cooperation Organization (SCO), which was joined five years later by Uzbekistan and, without China, comprises the overlapping Eurasian Economic Community. While any sort of common currency for the SCO is unlikely in the foreseeable future—their economies being so vastly divergent—a host of other cooperative ventures could make them an important regional force.

The SCO has served as an umbrella for joint Russia-China war games, and Russian Defense Minister Sergei Ivanov has begun talking about bringing India into such exercises in the future. At the same time, joint actions are underway in counter-terrorism and counter-narcotics trafficking. Seven years ago, Chinese Prime Minister Wen Jiabao proposed that the members of the SCO begin moving toward a free trade zone, though there appears to have been little concrete movement in this direction. And like the EU and the GCC, there are states that seem quite passionate about joining the SCO for a host of strategic and economic reasons. Thus far, India, Pakistan, Iran and Mongolia have been awarded observer status, while the United States has been rejected. Two years ago, Iran applied to become a full member.

At the same time, the bitter conflict between Kyrgyzstan and its Uzbek minority could poison whatever good will remains between these two countries. If the ultimate outcome is a partition of Krygyzstan into its ethnic Kyrgyz north and its Uzbek south, yet another member could be added to the SCO, which could ultimately serve in some fashion as an arbitrator.

Asia and Beyond

In 1967, long before the GCC or the SCO, five other Asian nations—Indonesia, Malaysia, the Philippines, Singapore and Thailand—signed a document in Bangkok creating the Association of Southeast Asian Nations (ASEAN). At the time, at the height of the Cold War and the war in Vietnam, it was seen as an economic counterpart to the American-dominated Southeast Asia Treaty Organization (SEATO), the equivalent of the European Union and NATO or Comecon and the Warsaw Pact. Laos, Cambodia, Vietnam, Myanmar and Papua New Guinea have since joined ASEAN, which now comprises 10 countries with a staggering 577 million people and a GDP of $3.4 trillion, though a per capita annual income of under $6,000. The vast disparities of wealth again make it an unlikely candidate for a common currency anytime soon. Nevertheless it has pledged to create an ASEAN Economic Community by 2015, and has already achieved some internal tariff accommodations. In a region that stretches across four time zones, there's even talk of a single ASEAN Common Time.

In Africa, regional groupings are also in various stages of gestation. The African Economic Community hopes to move toward a free trade zone in 2019 and have a common currency by 2028; there's a five-member East African Community with its own customs union; an Economic Community of Central African States already shares a common currency called the CFA franc; and the Economic Community of West African States has, like the other African blocs, free trade areas. But integration of such disparate, often feuding economies, governments, and even tribes suggests that any true union may be in a somewhat more distant future.

Onward and Inward

The world is watching what will happen to the euro, and the European Union. There seems to be little doubt that both will, in some fashion, survive. Putting such a large, intricate genie back into its bottle is unlikely and potentially catastrophic. At the same time, it will become ever more vital for small groups of nations to band together, ensuring their ability to navigate the increasingly turbulent waters of a global economy dominated by a handful of powerful currencies. Then there's the added benefit of ensuring their own national security in a time of transnational terrorism and cross-border threats.

How the world organizes itself is an essential issue. Small nations gravitate to the orbit of larger neighbors in some form of union which, if successful, inevitably provokes stronger, closer and more comprehensive ties. In my previous column, I examined how a small Himalayan kingdom, Bhutan, was able to survive being crushed between China and India. For geographical reasons, it chose India as its partner, though in cultural, linguistic and religious terms it was far closer to Tibetan Chinese on the northern slope of the Himalayas. Since the relationship with India allows it to retain its independence and prosper, inevitably that relationship has strengthened. When Yugoslavia returned to its ancestral roots and broke into seven component nations, the stronger components found a unity of sorts within the EU, which allowed each to retain an individual identity while guaranteeing prosperity and security. Equally, many nations of the former Soviet Union are finding a new unity in the Shanghai Cooperation Organization, which will likely flourish only as it manages to avoid dominance by a single member—Russia or China.

At the same time, artificial boundaries created decades, even centuries, in the past by statesmen and adventurers with little understanding of the people and tribes who live there, will cease to play an important role in international organization. Borders will cease to be the subjects of conflicts and bickering as nations make voluntary choices on just how much sovereignty they are prepared to relinquish in the interests of peace and security. Above all, the issue may increasingly become which bloc a nation decides to cast its lot with. Turkey, for one, appears to be making such a choice. In the process, it's sounding a wakeup call to many in the West, especially Washington, that nations left on the outside will need to make some difficult choices—sooner rather than later. *—David A. Andelman*