Remarks at Nergis Television (NTV) Press Conference

by
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NTV: [In progress] - you have seen the earthquake victims, you have spoken to literally everybody who comes under your sphere. What exactly is your initial impression of the development of things in Turkey? Because Turkey and the World Bank has a longstanding relation, but in the last couple of years, it had been some sort of a rather rough relation. How are things moving this way?

MR. WOLFENSOHN: Well, I get the impression from the peasants that I met today to the highest people in the land that there is a real sense of momentum and movement in the country -- a sense of focus, if I could put it that way, and a real, I think, impetus to move forward in terms of making this country everything that you all want it to be.

I was impressed in my meetings with the parliamentarians of the different parties, that they were focused on reform. I was impressed that the Prime Minister is in charge and has a very clear agenda. And I have been impressed in my meetings with both civil society and with business that there does appear to be a unity of purpose and a sense of momentum.

So I come away from this trip feeling that the next 18 months, two years is very important, but that you are exactly on the right path at this moment.

NTV: Do you think this message can be passed on to the international community? Because Turkey, I think, as you have mentioned, desperately needs foreign funds and bringing in foreign funds, especially the foreign portfolio investments in Turkey in a short time, will keep the ball rolling in Turkey, to maybe catch up with the speed we are all looking forward to.

MR. WOLFENSOHN: Well, I think, first of all, that Turkey has not had the prominence that it should have, either in terms of its geopolitical importance or in terms of its economic importance. And it would be my hope that with publicity of what is going to be done in the coming months and with support of friends like us and many other friends you have, that Turkey can move itself more into the spotlight than it has been as a place to invest.
I think you have got excellent universities. You have got movements forward in technology. You are geographically very well positioned. But you have never had the sort of reform agenda that you have now. And I think the implementation of the reform agenda will be the last thing that you need in order to bring about the focus of the world on Turkey.

Certainly I am going to do everything I can to help.

NTV: Within the course of the last 12 months that this government has been in office, we have been taking some quite dramatic steps in reforming the matters in Turkey. What other vital steps do you think would create more repercussion and would bring about more positive response from the international community?

MR. WOLFENSOHN: Well, first of all, I think your parliament and the Prime Minister have been working extraordinarily hard. I think the achievements have been significant over the last 12 months. And it is the first time, certainly, as seen from the outside, that you have seen a working coalition that has been seamless. But it has not been for long. It has been months, not years.

And so in terms of turning around the impression of Turkey, I think a little more time is needed. And I think some more steps are probably also needed on the issues that the government itself has identified. I think the issue of legal reform, the issue of straightening out the financial system, of addressing the questions of energy, addressing the questions in this country, still very important, of the rural sector where you have had a lot of poverty and where there is a need to move forward -- all that will build, I think, a sense of both the direction and stability that people are looking for.

And it is my belief that if you can continue to do that during the next 12 to 18 months, that you will see a gradual increase both in investment and in people seeking partnerships in this country.

NTV: Judging from your previous experience as a businessman and as a manager all across the world and also with your five years in the World Bank, what sort of a figure do you think Turkey should be looking forward to in the coming years? I do not want to push you into a corner to give numbers, but -

MR. WOLFENSOHN: But I think that you need to have – you know, you need to be having real economic growth; 5, 6 percent is the sort of target that I think you can easily and should achieve. I think what is important is that you should recognize that we are going into a new type of globalization, and the importance of technology is critical. We have come through an agricultural and industrial revolution. We are now in a technological age. You have all the capacities in Turkey to grasp this technological change.

So when you talk about what sort of growth and what are the factors, I would say technology is clearly there. You really deserve much more investment in an economy of your size than the $7 or $8 billion you have
got in foreign investment over the last 10 years, which is very, very little.

But I think what you need is for confident Turkish businessmen, which you have plenty of, to go out and really try and engage people in the outside world in partnerships and to try to bring them into the country. There is, I think, now a great sense of predictability in this country for foreign investment.

So I think that you can not expect it to happen from one day to the next, but when I speak of the next 12 to 18 months, I think that you should see a very regular progression. And it would be my expectation that that will happen, so long as your leaders and businessmen want it to.

NTV: And we know that around the globe there are lots of countries, if not in the same magnitude as Turkey but maybe based on similar economic positioning, vying for any funds around. And when we look at the world economy, we know that still the crisis that has started in the Far East is not over yet. Europe is still trying to struggle to come up against the euro crisis it has been facing. And still the world is a U.S. dollar dominant economy.

How do you think these factors will come into this picture?

MR. WOLFENSOHN: Well, first of all, I think Turkey is different in terms of its competitive position and in terms of its location—between East and West, close to Central Asia, part of the Balkans, close to Europe, educated workforce, a lot of universities, capacity, certainly, to advance in the field of technology. I think this gives you a good competitive position.

I have just come from Asia where I was in Korea, Thailand, Indonesia, Vietnam. They are all asking the same questions, but they are answering the questions in terms of education, in terms of technological advance, in terms of competitiveness -- the same things that you are discussing here.

I would add the other thing that you have, which is that you have a millennia of culture as an international actor. I think what you need is the self-confidence to get out and do it again.

There is no question that Turkey can expand its range of influence the moment that you get your own act together internally. And you have got your act together internally. You have got an alignment between your administration and your parliament. You have got your education moving forward. You are moving on primary education, which is critically important. In the areas of infrastructure, you are addressing those questions. You are addressing the questions of law and justice, and you're focused on corruption.

That is a pretty full agenda, but it is the right agenda. And it seems to me that that is the moment when Turkey could again have a very important step forward, and I would not be scared—I would be just as happy being Turkish as being Asian.
NTV: And World Bank seems to be willing to commit itself to something up to 5-or over $5 billion within the course of this three years-

MR. WOLFENSOHN: Yes.

NTV: --provided certain steps are taken in certain sectors or certainly forums such as the financial sector, the energy sector, education, and agriculture.

Do you think there is determination and plans and projects in place to accomplish all these time scales so that this $5-plus billion would be in place?

MR. WOLFENSOHN: Well, my impression is very positive, but it is not just convincing me. The real question for Turkey is not to convince us. The real question is to have the convictions yourselves, and then to create the atmosphere that will convince people on the outside who are looking for places to invest and looking for partners.

And I think if you follow through on the programs that you have articulated, that will certainly come. I think if you delay, if there are changes in the momentum, if you decide you want to go in different directions, if there are internal frictions, you will have more difficulty.

But what I find impressive now, and I find particularly impressive with the Prime Minister, is that you have got a man there who understands what should be done. There is a very clear focus. There are no frills. It is straight down the middle, as they say. And I think in my meeting with the parliament and the parliamentary leaders, I got that same sense.

If you can do that, you will, I am sure, bring about the sort of interest in Turkey that you would all like to have.

NTV: Well, thank you very much, but can I very quickly go back to the state of the world economy? As far as this dollar-euro problem or the parity change is concerned, what is your forecast for the next 12 months? How do you think the euro will fare in the coming days.

MR. WOLFENSOHN: I think it will fluctuate.

NTV: It will fluctuate. Do you think Europe will be in a position to put its act together and to pull out, or shall we be seeing a different picture?

MR. WOLFENSOHN: Look, if I—if I knew that, I would not have had to become a civil servant. I could stay in the private sector and make millions.

No, I think, seriously, that what is happening in Europe in terms of a coming together is impressive. But I also think what is happening in the United States is impressive. I think that in the United States the focus on entrepreneurialism and on new technology and on productivity has been
remarkable, as has the capacity of the system to provide finance and risk capital for entrepreneurs.

I think Europe needs to do that and is in the process of trying to do that, and those are the conditions, I think, today that you need to have if you are going to get vibrant and competitive societies.

I think that is coming in Europe. I believe that you see evidence of growth in technology. If you take a look, for example, at the Airbus and its competitive position against Boeing, at an earlier time you would not have given them a chance in terms of coming together on a competitive basis, and now it is a highly competitive activity.

So there is no doubt that Europe can do it. I just cannot predict the pace at which the United States and Europe are going to work, and I would not worry about it if I was Turkey.

NTV: We are quite happy as far as this is concerned. Well, what I am trying to get at, is that the style of management of American economic management or economic handling is more united, whereas in Europe you have a multitude of voices and lots of different interest that has to be traded off?

MR. WOLFENSOHN: Well, I guess the U.S. is a single power that has an $8 trillion economy in a global $30 trillion economy. And your largest single economy in Europe is Germany at about a trillion seven--$1.7 trillion, maybe a little more. And so you have more fragmentation in terms of national GDP, national products, but you have a coming together. But it takes time to weld Europe.

Europe for millennia, as I need hardly tell you since you come from Turkey, has been subject to many waves of changes in power. And I think what you're seeing now is a settling down. The achievements of the euro— even to have the euro itself is quite remarkable when you look at the history.

But I think at the moment the United States does have the advantage that it has a single government and a tradition that happens to fit current developments. You cannot underestimate technology. It is a new world. And I think in that the combination of the university system, the entrepreneurs, and the availability of risk capital gives the United States a significant edge, but by no means a permanent edge.

NTV: Well, Mr. Wolfensohn, thank you very much for your time.

MR. WOLFENSOHN: Thank you very much.