


Soma coal mine explosion raises questions about Turkey's 'economic miracle'

On May 13, a fire at a coal mine in Soma, Turkey left 301  miners dead. Turkish media have called the incident the worst industrial disaster in the history of modern Turkey. A similar episode occurred in 1992 when an explosion killed 263 workers at a coal mine in Zonguldak. That episode should have prompted an overhaul of Turkey's mining safety regulations and the apparent failure on the part of the authorities to improve standards partly explains the political character of the public's reaction. Turkish police have arrested 18 people accusing them of negligence in relation to the explosion at the coal mine of Soma including executives and employees. However, Turkey's Prime Minister Recep Tayyip Erdogan, who has faced an already difficult year, was the target of a very harsh protest. Relatives of the victims demanded his resignation and targeted his car when as he tried to pay his respects.

Erdogan was forced to take refuge in a supermarket while the crowds dissipated and calm was restored. The incident continued to be the focus of anti-government protests and violent clashes throughout Turkey as many accused the company that owns the mine of negligence and the government for failing to take adequate safety measures despite well known problems at the site. The people also perceived Erdogan as having downplayed the government's responsibility, accusing him of being indifferent to the fate of the miners.

The political opposition has used the Soma explosion to score some political points. The Republican People's Party (CHP), the largest secular and leftist opposition in Turkey, a week before the incident had fatefully presented a bill in

Parliament to increase the safety of Turkish mines; it failed to gain political support from Erdogan's own majority in the moderate Islamic AKP Party, which has led the country for the past twelve years. Soma Holdings, which acquired the mine from the government two years ago, was proud of its cost cutting measures. However, from a modern business perspective, Soma Holdings failed in the all too often overlooked aspect of sustainability. Sustainability involves far more than environmental stewardship.

A sustainable business approach shows that the Company cares about the community as well as the environment. Soma Holdings, given the scope of the disaster and the public's politically charged reaction, will now face enormous reparation costs, hurting its own investors. Had Soma Holdings paid more attention to reducing the inherent risks of coal mining operations, ensuring a better working environment, leading to fewer lost hours due to health concerns and a greater sense of legitimacy and acceptance from the local population, the public's reaction would have been less virulent.

Ideally, in advanced economies, governments establish a framework of rules and benefits that help businesses thrive thanks to widely available preventive and direct medical and safety rules and practices. Turkey has experienced a period of tremendous growth, technological and social change in the past decades. However, it seems that the Government has failed to address the need to improve industrial health and safety regulations. Growth has come both in the form of actual GDP and reduced deficits. A modern private sector, meanwhile, should have compensated for the gaps left by the government, if anything at all to reduce its own business risk. The best managed private sector enterprises have, in fact, adopted a front line role in helping to integrate the workers – and other seemingly external aspects – as part of the value chain.

The Soma mine tragedy has caused the population of Turkey to question the entire Turkish economic model of the last twelve

years – beyond the political price that the ruling Party will have to pay. Of course, the Government will now legislate to improve the safety of mines in Turkey, for example by mandating the installation of carbon monoxide hazard lights or the use of metal rather than wood scaffolding. The government will then consider new recommendations taking every possible precaution emerging from an inevitable parliamentary committee investigating safety at Soma. However, the Soma explosion will have greater repercussions than that. The tragedy will increase calls to regulate the seemingly unrestrained and careless attitudes from the environment to the lack of respect of anti-seismic regulations in the construction of new buildings.

The AKP government has undertaken to make public investments in the health sector, transport (a tunnel beneath the Bosphorus, a third bridge in Istanbul), new high speed rail lines and new nuclear power plants. The opposition will certainly use the Soma disaster as a reminder that even if the AKP has had the wisdom in the last twelve years to adopt effective macroeconomic policies, these were inherited from Kemal Dervis, former Minister of the Economy (March 2001 – August 2002) of the previous non-Islamic and secular government led by the CHP. Dervis was the true architect of Turkey's economic miracle.

In many ways, Turkey's recent progress and tremendous growth is similar to China's. Not by chance, in Europe, Turkey has been described as "the China around the corner". Like China, which is undergoing its own environmental 'mea culpa' or self examination – before it reaches a dangerous social level – Turkey has adopted an economic development unhinged by safety, environmental or corporate governance regulations: i.e. corruption. The Soma explosion is the latest incident to force a re-consideration of the AKP's interpretation of the model established by Kemal Dervis, who stressed that growth measures should always be adopted within the checks and balances

framework of the rule of law. Prime Minister Erdogan has, however, taken an increasingly authoritarian vision of the country and its economy and his political gamble could undermine Turkey's economic miracle itself.