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A Harvard Economist. A Coup Plot. A Career Forever Changed.

By Marc Parry | OCTOBER 16, 2015

M. Scott Brauer

Dani Rodrik, an influential economist at Harvard, took on the role of sleuth and political activist when his father-in-law, a retired general in Turkey, was accused of leading a plot to overthrow the government there.

It began with unexpected news from home. In January 2010, Dani Rodrik and Pinar Dogan, married Turkish economists at Harvard University, got word of a dramatic story hitting newsstands in Istanbul. There had been a plot to topple the government. It involved terrorism. And its ringleader was a retired general named Cetin Dogan — Pinar's father. Within weeks the general would be in jail. And his case would upend Rodrik's life, turning the prominent economist into a criminal sleuth and political crusader.

Political skullduggery is not Rodrik's specialty. The low-key scholar has spent his life studying what works in economic reform. Over his 35-year career, Rodrik has developed a reputation as an iconoclast whose work challenges received wisdom about development and globalization. Much of his thinking is distilled in *The Globalization Paradox: Democracy and the Future of the World Economy* (W.W. Norton), a 2011 book that mines 300 years of evidence to make the case for a healthier globalization that allows countries ample leeway to set their destinies.

"There's hardly anyone whose new papers I would rather read than his," says Tyler Cowen, a professor of economics at George Mason University and co-founder of the blog Marginal Revolution.

The story breaking in Turkey that day presented a puzzle unlike anything Rodrik had faced in those papers. *Taraf*, a feisty upstart newspaper with an avid following among the country's liberal intellectuals, had begun to publish what purported to be secret military documents from 2002-3. These revealed an operation, code-named Sledgehammer, to destabilize and overthrow the newly elected government of the Islamist-rooted Justice and Development Party. The plot, though never carried out, was packed with grisly details: Mosques were to be bombed, a jet downed, journalists arrested. It was also consistent with Turkey's long history of military coups.

When Rodrik and his wife spoke with Cetin Dogan, though, the general told them he'd never heard of Sledgehammer. They believed him. But that only deepened the mystery. Were the coup plans genuine? Had Dogan's name somehow been added to them? Rodrik and Pinar Dogan began to investigate the coup documents, which eventually became the centerpiece of a landmark court case that targeted hundreds of military officers. Many called it Turkey's "trial of the century." The two economists called it a fraud.

As a social scientist, Rodrik had always believed in the power of evidence to change people's minds. His Sledgehammer investigation revealed the coup plans to be forgeries. The evidence was clearer than anything he had ever encountered in economics. But it didn't matter. People clung to the story regardless.

To his bafflement, Rodrik found himself in a battle with Turkey's intellectual establishment: fellow liberals, many of whom he was friendly with, who shared his hopes for a more democratic country. Critics accused him of supporting militarism, of disgracing Harvard's reputation, of manipulating the facts to save his father-in-law. Once a favorite son, the Turkish economist with the highest global profile, he was forced to avoid his homeland for fear of detention.

It's a personal ordeal that still wakes Rodrik up at night. But it has also become more: the springboard for a new way of studying politics.

Dani Rodrik sat down to tell that story in April in his bright, roomy office at Princeton, N.J.'s Institute for Advanced Study, which he and Pinar Dogan joined in 2013. Rodrik's writing can be shrill, but in person his vaguely foreign voice rarely rises. He is a tall, graceful man with gray hair, a slight smile, and a modest demeanor — generally. This morning he can't help mentioning that his Twitter profile, open on his desktop computer, has just hit 50,000 followers. He is describing that social-media audience — about 40 percent of it comes from Turkey — when four quick knocks at the door announce the arrival of Dogan, who works nearby in a much smaller space that is decorated with Radiohead album art. "I told Dani that I want to have a tent over here," she jokes. "Just give up my office."

Though Rodrik and Dogan share a discipline, in background, personality, and research focus the two are not much alike. Rodrik, 58, hails from Turkey's small Jewish community, the son of a self-made pen manufacturer who managed to send his son to Harvard. Dogan, 42, grew up moving among Italy, London, and southeastern Turkey, the migratory life of a military daughter. Rodrik is reserved. Dogan is animated. Rodrik is a public figure whose accessible books, columns, and blog posts speak to policy issues debated around the globe. Dogan is a more narrowly focused researcher who specializes in industrial organization, competition policy, and regulation.

By the time Rodrik got to know Dogan's father in 2004, the four-star general had already retired from the military, as the economist recalls in a long personal essay about Sledgehammer. Rodrik expected an authoritarian character; he found a soft-spoken man who doted on his daughter. But there was no chance he could win the general over to his

political views. Cetin Dogan, like many Turks of an older generation, viewed the military as an essential backstop against Turkey's sliding into an Islamic state. Rodrik, like other liberals, wanted to see the military's role diminished.

Until the late 1990s, Turkey's intensely secular military had dominated politics in the mostly Muslim nation. It clashed with Islamist-rooted political movements like the Justice and Development Party of Recep Tayyip Erdogan, the leading figure in Turkish politics since he become prime minister in 2003 and president in 2014. The military also repeatedly stepped in to oust governments. General Dogan himself had played an important role in what is known as the "postmodern coup" of 1997, as Rodrik describes in his essay. The military, he writes, had "tightened the screws" on Erdogan's Islamist forerunner, Necmettin Erbakan. "There had been a purge of suspected Islamists in the bureaucracy and universities," Rodrik writes. Erbakan eventually had to resign.

"A lot of people hate my father-in-law in Turkey," Rodrik says, "because they associate him with a hardline view that has done much damage to the deepening of democracy."

Reuters

Cetin Dogan, a retired general in the Turkish military, was accused of leading a plot to overthrow the government.

But was he the murderous putschist depicted in the Sledgehammer plans? Soon after the coup story broke, Rodrik and Pinar Dogan began to spot odd inconsistencies. The first glaring anachronism concerned a well-known nationalist youth organization that had been named as a Sledgehammer collaborator in the core coup document, dated December 2002. The group turned out not to have been founded until 2006. For Rodrik and Dogan, that suggested a way forward. They weren't military experts. But they could search for further inconsistencies. "If they made one mistake," Dogan told her husband, "they must have made more."

Many more. Working in the evenings, in their house near Harvard Square, Dogan Googled through the coup documents like an undergraduate paper she suspected of plagiarism. "Dani!" she would shout. "You have to come and see!" Hospitals, military units, companies — Dogan and Rodrik identified dozens of instances in which the documents listed entities by names they had acquired only years later. For example, a pharmaceutical company, Yeni Ilac, had been renamed Yeni Recordati after an Italian firm took it over in 2008. Yet the new name appeared in a coup document that was supposed to have been most recently saved and burned onto a CD in 2003.

Rodrik and Dogan reported each inconsistency on a blog about the case. It all added up to a clear conclusion: "Operation Sledgehammer is a fiction," they wrote in September 2010. "Its authors are not the defendants in the case but unknown malfeasants who fabricated the documents sometime after 2008."

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Rodrik and Dogan had discovered the underbelly of Erdogan's Turkey. The prime minister had established a reputation as a moderate Muslim democratizer. But Sledgehammer reflected a growing crackdown on dissent. It marked the second in a series of major trials that were rooted in an alliance of convenience between the prime minister and followers of Turkey's most famous Islamic preacher, Fethullah Gulen. In exchange for their support, Erdogan let the Gulenists "establish a substantial presence in the police and the judiciary, which was then used to target their shared enemies, opponents and rivals," according to a report on the case by Gareth Jenkins, an Istanbul-based political analyst associated with the School of Advanced International Studies at the Johns Hopkins University. The targets ranged from "hardline secularists to military personnel, charity workers, journalists, lawyers, trade union officials, opposition politicians, Turkish nationalists and Kurdish nationalists," Jenkins writes. Thousands would be charged and jailed. Many more were "intimidated into silence."

Even before Sledgehammer, the Turkish justice system had never worked all that well. Everyone knew that politics had tainted cases in the past. But "what we were seeing was something that was many, many times worse, and that had actually not taken place before," Rodrik says, emotion edging into his voice. "Which was that these prosecutors were actually *literally members of a criminal gang* —"

"Yes," Dogan says.

"— that were running these cases knowing full well that in fact the evidence was bogus," Rodrik says.

What was unfolding in Turkey, he came to understand, wasn't the popular story of democratic reform. It was something else: the "reconstitution of a new kind of authoritarianism."

Determined to press their case, Rodrik and Dogan flew to Turkey — and into the headwinds of a competing narrative. It was December 2010. Cetin Dogan's trial was beginning on the grounds of a prison complex near Istanbul. The case accused nearly 200 officers of plotting to topple the government in 2003. Outside the courthouse, bearded and headscarf-wearing demonstrators carried signs with Cetin Dogan's image. "Break the Junta's Sledgehammer," their banner said. It was in this atmosphere that Rodrik and Pinar Dogan began to attack the case in a book and a series of appearances on Turkey's leading TV news programs.

The reaction, Rodrik later wrote, was "a mix of denial, deception, and fear." Most vexing was the response from his would-be friends in the intelligentsia. These liberals saw the Sledgehammer trial as a sign of democratic progress. Finally the military would be removed

from politics and its leaders forced to confront their crimes. But presented with Rodrik and Dogan's research, the intellectuals mostly ignored it. They refused to re-evaluate their beliefs. When leading columnists were invited to a forum about the couple's findings, just three showed up. People declined to see them. Their emails went unanswered.

The couple also became the target of personal attacks. Military officers had fooled Rodrik, opponents would say. Love had blinded him. Opportunism had driven him to scheme for a job as finance minister once the military seized power. In the Islamist press, articles smeared Rodrik's Judaism. His religion was used to tar Cetin Dogan, because the general let his daughter marry a Jew. It also fed accusations that Rodrik was working his Zionist connections to turn the world against Turkey.

More ominously, one newspaper close to the government published the name of Rodrik and Dogan's then-3-year-old son as well as information from the boy's identity card. But even that threat didn't stir the liberal intellectuals. "People that Dani had considered friends, it wasn't just that they attacked him over his findings on the case itself," says Jenkins, the political analyst. "They remained silent in the face of this quite disgraceful campaign against him and his wife. It must have been very devastating personally."

Still, Rodrik and Dogan felt that their arguments were gaining traction. Their blog traffic soared. But just around that time, prosecutors made a new discovery: a fresh trove of evidence that flung Rodrik and Dogan back on their heels.

If Rodrik were to be found wrong here, the economist would be forever tainted with the accusation that he had allowed family loyalty to overcome professional objectivity. Yet, great as the risk was, it was also, to some extent, familiar territory. Rodrik had devoted much of his academic career to puncturing overhyped narratives. In some cases, the professional consensus eventually swung closer to his positions. The question was whether he could pull that off again with Sledgehammer.

The fact that Rodrik came from Turkey, a relatively underdeveloped country, had a lot to do with his choice of profession. Early on, one basic question preoccupied him: Why are some nations poor and others rich? He flirted with both political science and economics, but decided the latter offered the more powerful tools.

Trade liberalization (removing barriers to free trade) was the subject where Rodrik first distinguished himself as a maverick. In the 1980s, two major questions confronted economists and policy makers. One was what to make of the remarkable growth of Taiwan, Hong Kong, Singapore, and South Korea. The other was how to promote growth in Latin America and Africa. The conventional wisdom on those issues came to be known as the Washington Consensus, as Rodrik recalls in an unpublished intellectual autobiography. The Washington Consensus diagnosed East Asia's success and prescribed a series of reforms to other developing regions — reforms that emphasized liberalization, deregulation, privatization, and price stabilization.

Rodrik was dubious. He argued that East Asia should be viewed "not as an experiment in economic liberalism, but as a judicious combination of markets and state interventions." The extraordinary growth of South Korea and Taiwan hinged on the significant steps that those countries' governments had taken to "stimulate and coordinate private investment." But it was uncertain how much of that playbook applied to the weaker states of Africa and Latin America. "The East Asian experience suggested that one of the standard narratives in economics, pitting state against market, may have gotten it backwards," he wrote. "In fact, markets required a strong state."

In the 1990s, Rodrik shifted his attention to carving up another sacred cow of economics: financial globalization. The term refers to the free flow of capital around the world — countries opening up to investors from abroad, banks borrowing freely across borders. The idea was that financial globalization would be a boon for developing countries because they could access international capital markets, borrow, and then invest more domestically. The problem, as Rodrik saw it, was that liberating capital flows carried great risks even as the evidence did not indicate a strong stimulus on growth. "He stood out as one of the voices that questioned orthodoxy before it became fashionable to do that," says Joseph E. Stiglitz, a fellow skeptic on the subject who was chief economist at the World Bank at the time and now teaches at Columbia University.

Something similar happened with what may be Rodrik's most famous idea, a simple but far-reaching theory that frames the trade-offs of globalization. The theory holds that democratic politics, national sovereignty, and hyperglobalization are "mutually incompatible." At most, you can have two of the three. If you want to deepen globalization, he argues, you need to give up some sovereignty or some democracy. This idea, known as the "political trilemma of the world economy," failed to generate much interest when Rodrik initially proposed it in 2001. A decade later, though, the theory re-emerged with the struggles of Europe, which had tried to build a unified market while leaving political control vested in the national entities that it comprised.

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Dani Rodrik and his wife, Pinar, found themselves embroiled in Turkish politics and, to his surprise, in battle with many of their fellow intellectuals there.

"The trilemma is now completely mainstream, especially after the whole eurozone crisis," says Cowen, the George Mason economist. "Countries can't just do what they want, and they feel this pain very badly. That's another area where he's very much been

vindicated."

As the Sledgehammer case progressed in December 2010, Rodrik's prospects for vindication plummeted. That month, Turkish prosecutors searched a naval base. They produced crucial new evidence they said had been stashed under the floorboards of the intelligence unit. Here were copies of the original Sledgehammer plans, plus more documents implicating others in the conspiracy. The discovery enabled authorities to expand their dragnet. It also supplied fresh ammunition to the case's supporters. *Taraf* had based its reporting on a suitcase full of CDs and tapes obtained from an anonymous source. But this new material turned up at a military base. It had to be genuine, proponents argued. Whatever claims Rodrik and Dogan had made, they were now invalid.

The two economists knew that their opponents had "moles within the military," as Rodrik puts it. The trove given to *Taraf* had included genuine materials like recordings from a military seminar — sometimes embarrassing tapes that showed the top brass's low regard for the Islamists. "If the culprits were able to remove such material from within a military compound," Rodrik and Dogan reasoned, "wouldn't they have also been able to plant some fabricated files in a storage area on a naval base?" So the couple kept digging.

It was an obscure officer and software engineer that finally led them to the smoking gun. On March 29, 2012, Abdurrahman Basbug stood to defend himself in the Sledgehammer trial. Basbug's technical talk generated little notice then, Rodrik writes in his Sledgehammer essay. But the officer's research revealed something crucial: The putsch documents had been created using Microsoft Office 2007, software that did not exist at the time the coup was said to have been planned. Rodrik and Dogan passed Basbug's analysis to a Boston-area forensic consultant they had hired to examine the digital evidence. He confirmed that the documents could not have been produced in 2002-3. Jenkins, who has studied the Sledgehammer documents, says Rodrik and Dogan "proved beyond a shadow of a doubt that the case was fabricated."

But it didn't matter. The judges couldn't have cared less.

And, outside the courtroom, it wasn't just the Turkish intellectuals who continued to frustrate Rodrik. Foreign observers, too, viewed Turkish politics through "rose-tinted glasses," he writes. He singles out the pronouncements of Steven A. Cook, a Turkey expert at the Council on Foreign Relations, who said Erdogan's Justice and Development Party "has done everything that it can" to forge "a more democratic, open country."

That was in May 2012. Four months later, the Turkish court convicted 331 Sledgehammer defendants of planning to overthrow the government. Cetin Dogan got a 20-year sentence.

The turning point of the case was unrelated to Rodrik's evidence. In December 2013, with their mutual enemies enfeebled, the Islamist alliance between Erdogan and the Gulen movement collapsed. Gulen

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law have taken place?' Rodrik asks.

supporters in the police and judiciary tried to arrest nearly 100 "close associates" of the Justice and Development Party leadership on corruption charges, according to Jenkins's report. In response, Erdogan removed the prosecutors behind the corruption investigations, Jenkins writes, and set in motion a "purge" of suspected Gulenists in the criminal-justice system. Erdogan also disassociated himself from Sledgehammer, the case that had helped him defang Turkey's once-mighty generals.

Most people would interpret what happened next as a victory for Rodrik and Dogan. In 2014 the Turkish constitutional court, finding that the defendants' rights had been violated, ordered a retrial in the Sledgehammer case. Cetin Dogan was released from jail. When *The Economist* wrote up the news, its article began, "That long-awaited 'we told you so' moment arrived on June 18 for Dani Rodrik … and his wife Pinar Dogan." The retrial resulted in the acquittal, on March 31, of all the defendants.

"We won," says Pinar Dogan.

Rodrik sees it differently.

"We would have won," he says, "if we had convinced people earlier."

"Oh, come on," she says.

"I'm very disappointed," he says.

"How could this have happened?" Rodrik asks later, after his wife has left. "How could such a massive undermining of the rule of law have taken place in the name of building the rule of law for so many years," all while "people were looking and applauding? That's the massive paradox that I'm trying to understand."

Rodrik and Dogan returned to Harvard in the summer. Their Sledgehammer battles have quieted. If you hear about Rodrik this fall, it's more likely to be in connection with his new book, *Economics Rules* (Norton), a study of his discipline's successes and failures that makes no mention of coups, trials, or forgeries. The Turkish odyssey remains alive for Rodrik, though. The policy course that he taught recently. The papers he writes. The diagrams he sketches in blue marker on his whiteboard. All are shaped by it.

"I'm desperately trying to intellectualize my experience in some way," Rodrik says.

The case has rekindled his interest in what makes real democracy possible. When do democracies generate not just electoral majorities but also protection of rights for minorities, equality before the law — the kinds of things that were missing in the Sledgehammer affair?

By some measures, democracy has never been healthier. Electoral democracies account for more than 60 percent of the world's nations, up from roughly 40 percent in the late 1980s. In practice, though, most of those democracies "fail to provide equal protection under the

law," according to a recent essay that Rodrik published with another economist, Sharun Mukand. To understand why, they examine three kinds of rights. Political rights rest on the strength of numbers. Property rights have the wealth of elites behind them. But civil rights typically benefit a relatively powerless minority, who lack wealth or numbers. For that reason, "a truly functioning liberal democracy that provides civil rights is going to be a very, very rare phenomenon," Rodrik says. The question isn't why democracies slide into illiberalism. That's what you should expect. The interesting question — and one of the key puzzles that his new work tries to solve — is why *some* democracies manage to remain liberal. What makes the emergence of civil rights possible in societies where, on the face of it, those rights don't have a strong constituency?

Rodrik's new scholarship also tackles a second, related puzzle: one about narratives. His foray into Turkish politics pushed him to reconsider a deeply established tradition in economics, one that views policy outcomes in terms of vested interests. These are the powerful groups, like companies or trade unions, that advance their agendas through the political sphere. Rodrik realized there was something missing from scholars' models of political and economic life: ideas.

Take the liberal intellectuals in Turkey. Their interests and Rodrik's were the same: a more democratic country. But they bought into a different narrative, he says, one that made them "tools" of the government. They legitimized Sledgehammer for middle-class Turks and the West. It's not an outcome that vested interests can explain.

"My argument here is not to deny that there are organized groups that have disproportionate power in the policy-making process," Rodrik says, "but to make the argument that the manner in which these groups define what is in fact in their interest depends on all sorts of things having to do with their ideas, with the stories they've constructed, and with how they view their own identity."

This may not seem all that novel, and you can play out the same logic through countless examples. In business, firms might believe that their interests are best served by blocking competitors from a market. Or they might believe that the health of their industry depends on innovation (think Silicon Valley). Or consider inequality. Until recently the harms of inequality didn't play a major role in American economic discourse. A different narrative, about efficiency, incentives, and entrepreneurship, overwhelmed that one. But now inequality has emerged as a prominent and politically consequential story.

The real mystery that intrigues Rodrik is the timing. When can ideas make a difference in shaping perceptions? And when are interests so strongly entrenched that ideas become secondary?

On a less abstract level, Sledgehammer changed another aspect of Rodrik's thinking. He no longer trusts much of what he reads in the newspaper. The professor had long been skeptical of economics stories. He now feels similarly wary about coverage of political developments in foreign countries. The reason: If you hadn't known the reality in Turkey, he says, it was simple to accept the usual liberal explanations of what was happening.

"It's very easy to read these stories, and they resonate with your own worldview as a liberal," Rodrik says. "And you're likely to believe it. I wouldn't say that it turned me into a conservative. But it made me much more skeptical and much more cautious about what one might say is the standard Northeastern-Ivy League-elite-liberal-establishment narrative about how the world works. It's made me extremely skeptical of what I read in *The New York Times*, and *The New York Times*'s take on what's happening in different countries. In a way, I should have known."

Marc Parry is a senior reporter who writes about ideas, focusing on research in the humanities and social sciences. Email him at marc.parry@chronicle.com, or follow him on Twitter @marcparry.

1255 Twenty-Third St., N.W.
Washington, D.C. 20037