



## City Research Online

### City, University of London Institutional Repository

---

**Citation:** Kutlay, M. (2019). The Politics of State Capitalism in a Post-Liberal International Order: The Case of Turkey. *Third World Quarterly*, 41(4), pp. 683-706. doi: 10.1080/01436597.2019.1699400

This is the accepted version of the paper.

This version of the publication may differ from the final published version.

---

**Permanent repository link:** <https://openaccess.city.ac.uk/id/eprint/23294/>

**Link to published version:** <https://doi.org/10.1080/01436597.2019.1699400>

**Copyright:** City Research Online aims to make research outputs of City, University of London available to a wider audience. Copyright and Moral Rights remain with the author(s) and/or copyright holders. URLs from City Research Online may be freely distributed and linked to.

**Reuse:** Copies of full items can be used for personal research or study, educational, or not-for-profit purposes without prior permission or charge. Provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page and the content is not changed in any way.

---

---

---

City Research Online:

<http://openaccess.city.ac.uk/>

[publications@city.ac.uk](mailto:publications@city.ac.uk)

---

# **The Politics of State Capitalism in a Post-Liberal International Order:**

## **The Case of Turkey**

*This is the accepted version of the paper to be published in Third World Quarterly. This version of the publication may differ from the final published version.*

**Mustafa Kutlay**

City, University of London

[Mustafa.Kutlay@city.ac.uk](mailto:Mustafa.Kutlay@city.ac.uk)

### **Abstract**

This article discusses the transformation of the liberal international order, with reference to the ways in which global shifts affect the developmental paradigms among the emerging middle powers. Although it is rarely contested that the liberal order is being severely tested, the dynamics and potential consequences of this transformation are a matter of intense controversy. Also, the debate mainly focuses on great power politics, without paying adequate attention to the ways in which middle powers are influenced by and inform the transition to a post-liberal international order. By focusing on the case of Turkey, this article addresses whether non-Western great powers (Russia and China in particular) are leading the emergence of alternative order(s), and if so, through which mechanisms. Based on the reciprocal interactions between ideas, material capabilities, and institutions, I argue that the preferences of the Turkish ruling elites seem to be gradually shifting from a Western-oriented liberal model towards a variety of “state capitalism” as an alternative developmental paradigm in a post-liberal international order.

**Keywords:** Liberal international order, state capitalism, Turkey, development

### **Acknowledgments**

Global Challenges Research Fund (GCRF) Institutional Block Grant (48240AY), City, University of London, supported this research. I would like to extend my thanks to the participants of the two workshops organized as part of the GCRF grant. Different versions are presented at PSA Annual International Conference 2019 in Nottingham and 4<sup>th</sup> UPTAKE Training School 2018 in Uppsala. I also thank to anonymous reviewers, Ziya Öniş, Elias Götz, Muzaffer Kutlay, Emrah Karaoguz, and Umut Adisonmez for valuable comments on different versions of the manuscript.

# **The Politics of State Capitalism in a Post-Liberal International Order: The Case of Turkey**

## **Introduction**

This article investigates the nature, properties, and contradictions of the transformation in the liberal international order, with reference to the ways in which the non-Western great powers (Russia and China in particular) inform the developmental paradigms among the emerging middle powers. The mainstream approaches portray two mutually exclusive trends regarding the nature of the current shifts in the international system. One strand of research argues that the liberal international order will endure, despite the current relocations in material power, certain governance problems and institutional discontent.<sup>1</sup> According to liberal scholars defending the supremacy of liberal internationalism, “today’s dire predictions ignore [liberalism’s] past successes,” as “liberal democracies have repeatedly recovered from crises resulting from their own excesses.”<sup>2</sup> Making a categorical distinction between the relative decline of the US hegemony and the densely institutionalized, rule-based liberal international order, Ikenberry suggests that China’s rise can be accommodated within the existing multilateral governance framework, since China, as one of the chief beneficiaries taking advantage of open global markets, does not have any revisionist incentives to overturn it.<sup>3</sup> Focusing on global governance, Kahler also suggests that the large emerging powers “are less likely to be radical reformers than conservatives.”<sup>4</sup>

Alternative explanations drawing on different paradigms, however, assert that what we witness today is not only a transition to *multi-polarity*, but also to a *multi-order*

world in which liberal norms and values are no longer the dominant, but merely one of several alternative visions of the international order.<sup>5</sup> The emerging perspectives on the international order, as the argument goes, rely on different conceptions of collective identity, political arrangements, and economic norms. According to Acharya, for instance, “in a world of multiple modernities [...] Western liberal modernity (and its preferred pathways to economic development and governance) is only a part of what is on offer.”<sup>6</sup> The recent shifts indicate that the liberal hegemonic system is likely to give way to a post-liberal international order described as an age of hybridity, where the constitutive pillars of the mainstream path toward modernization—that is, free market economy and liberal democracy—are genuinely challenged by non-Western powers in the face of the redistribution of material power within the international system.

It appears that, regardless of the direction and nature of change, debates on international transformations overly focus on “great power politics,” without paying adequate attention to the ways in which emerging middle powers are influenced by and inform on-going shifts in international politics. In a similar vein, both perspectives portrayed above need to be enriched through empirically grounded research to assess the ways in which the developing economies are responding to and being affected by the alleged weakening of the liberal international order. From this perspective, there is still a gap in the literature in terms of in-depth case studies to test macro-level inferences and to supplement broad generalizations. This article frames an argument to address the question whether the non-Western great powers are leading the advent of alternative order(s), and if so, through which mechanisms. It maintains that the founding pillars of the liberal international order are increasingly contested among the emerging middle

powers. For instance, “state capitalism,” which has gained traction in the non-Western great powers as an alternative to the neoliberal economic model and liberal democratic governance, is making its way into other mid-range states, even those located in the periphery of Europe. By focusing on Turkey as a “least likely case,” this article demonstrates that the perspectives and preferences of the Turkish ruling elites seem to be gradually shifting from the Western-oriented liberal templates toward the Russia-China axis promoting alternative developmental paradigms. I suggest, however, that, although state capitalism proves increasingly popular in a growing number of cases, it also harbors a set of inherent dilemmas that deserve a thorough analysis of their own.

The rest of the article proceeds as follows: The following section sketches an analytical framework that seeks to explain the sources of and pathways through which the developmental shifts taking place with the re-emergence of the non-Western great powers. The third section focuses on recent shifts in the Turkish political economy to explore how state capitalism makes its way into the middle powers. The fourth section discusses some inchoate aspects and inherent paradoxes of the new developmental models. The final section concludes the article by delineating avenues for further research.

### **A Framework for Analysis: Alternative Paths to Development?**

There appears to exist in the literature a quasi-consensus that the current international order is in the midst of profound shifts in terms of economic and political governance structures. The nature of this transformation, however, remains a topic of intense controversy. A central question concerns whether the non-Western great powers are

investing in and leading the advent of alternative order(s), and if so, through which mechanisms. This section sketches an analytical framework identifying the main mechanisms that alternative developmental paradigms are becoming part of the policy repertoires in the middle powers exposed to the vagaries of the shifting international order. The large-scale transformations, as Sil and Katzenstein argue, prove highly complex; therefore, they require foregoing mono-causal, paradigm-bound research that “runs the risk of a high degree of error [...] to explain phenomena.”<sup>7</sup> The framework sketched in this article has its origins in Robert Cox’s writings, which focus on the complex interaction of “three categories of forces (expressed as potentials)” that structure the configuration of alternative orders.<sup>8</sup> It also draws on the rich tradition of multi-paradigm research in comparative politics, which attempts to account for the complexity of significant political-economic phenomena.<sup>9</sup> The article maintains that the configuration of three interconnected and reciprocal mechanisms—that is, ideas, material interests, and institutions (3Is)—condition the predominant developmental paradigms in the target countries, which in turn undermine the institutional and normative underpinnings of the liberal international order, whether intentionally or unintentionally (Table 1).

### ***Ideas: Lineages of State Capitalism***

As the key components of construction and change in international orders, ideational mechanisms constitute the take-off point. The literature has established that critical junctures in the wake of significant transformations are conducive to the advent of new ideational paradigms.<sup>10</sup> As Blyth suggests, especially in times of increasing uncertainty

and anxiety, when “agents are unsure as to what their interests actually are,” ideas play a constitutive role, as “they diagnose ‘what has gone wrong’ and ‘what is to be done.’”<sup>11</sup> Ideas—and particularly “the clash of rival collective images,” as Cox points out—“represent potential for alternative paths of development,” which “raises questions as to the possible material and institutional basis for the emergence of an alternative structure.”<sup>12</sup> As such, an ideational shift occurs in two distinct realms: ideational collapse, and the consolidation of new ideas,<sup>13</sup> which can also be sketched out as push-and-pull factors.<sup>14</sup>

The legitimacy crisis of neoliberal ideas constitutes the “push” side of the equilibrium. The neoliberal paradigm, in the Polanyian sense of the term, paved the way for “disembedded” markets from political and social structures as a result of the commodification of land, labour, and money.<sup>15</sup> The unshakeable trust placed in the primacy and welfare-enhancing capacity of unfettered markets *vis-à-vis* states is based on a set of ideas that has constituted conventional wisdom since the 1980s: advocating financial liberalization, privatization, and the independence of Central Banks and regulatory institutions, along with a disdain for state intervention.<sup>16</sup> Also known as the “Washington Consensus” and backed by the sheer material capabilities of US-led global governance institutions, these neoliberal ideas became immensely influential. However, rather than advancing the economic welfare of the unprivileged masses through “trickle-down” economics, the neoliberal paradigm exacerbated income inequalities and deepened financial fragilities in the developed world and beyond.<sup>17</sup> On that note, the 2008 financial crisis marks a critical juncture because, for the first time in the post-1945 order, all major Western economies simultaneously plunged into an economic deadlock, which severely

hit the Anglo-American core of global capitalism.<sup>18</sup> The collapse of giant financial institutions, mounting household debt, and a steep rise in unemployment figures in the US and Europe put the neoliberal paradigm to a severe test.<sup>19</sup>

What deepened the crisis of the liberal market economy model was that the Western governments could not handle the aftershocks of the 2008 financial crisis in an effective and sustained manner to fix the structural fault lines within the global economy. In effect, neoliberalism took a more techno-managerial turn in the crisis-ridden European countries, due to the “constitutionalization of austerity” regimes “in the name of necessity, whatever the actual state of play.”<sup>20</sup> The heavy reliance on unwarranted austerity measures exacerbated economic stagnation and profoundly deteriorated the social fabric in Greece, Spain, Italy, and beyond.<sup>21</sup> Reflecting the failure of the centrist political parties to steer a course out of the Eurozone turmoil, the dwindling purchasing power of citizens further jeopardized the legitimacy of the liberal market paradigm in the eyes of the electorate in several states. As a result, economic liberalism and political pluralism, once perceived as the safest route to prosperity and power, were increasingly discredited, even in countries positioned in the EU’s sphere of influence.<sup>22</sup>

The “pull” factors, on the other hand, inform the consolidation of new developmental ideas, primarily driven by the non-Western powers. Given that the power balance is shifting in favor of the emerging countries, and since the US is not as strong and willing as it once was to provide the public goods needed to stabilize the current international order, it is more likely that new regional orders are in the making across the world. In the coming “multi-order world,” so Flockhart argues, “with alternative international orders emerging, cost-benefit calculations of states that do not really share

the fundamental principles rooted in a Western identity look set to change.”<sup>23</sup> The alternative developmental paradigms gaining predominance among the non-Western great powers diverge from the conventional neoliberal ideas. As such, non-Western great powers rely on a strategic model of capitalism—that is, “state capitalism,”<sup>24</sup> which constitutes “the only candidate to put liberal hegemony into question, and a further deepening of the current US-led global liberal order.”<sup>25</sup> State capitalism has two distinctive political economy images that distinguish it from liberal developmental ideas.

First, from an economic viewpoint, state capitalism prescribes state intervention as a permanent feature of economic upgrading.<sup>26</sup> The literature on comparative capitalisms suggests that the state capitalist model represents a distinct variety in terms of key domestic institutional spheres with its emphasis on (i) state-permeated corporate relations, (ii) government-led industrial and innovation policies, (iii) political control over regulatory institutions and strategic utilization of financial statecraft, and (iv) “personalized network of capital accumulation” strategies.<sup>27</sup> Hence, this model is at odds with the central prescription of neoliberal ideas in terms of the organization of national economies. State capitalists think that markets are mainly tools “that serve national interests, or at least those of ruling elites, rather than as an engine of opportunity for the individual.”<sup>28</sup> To be clear, state intervention is an old-age theme in the comparative development literature, and a considerable amount of ink has been spilled about it. The state-led import substitution industrialization (ISI) in Asia and Latin America until the late 1970s and different forms of developmental state practices among the Northeast “Asian Tigers” offer rich insights in terms of the potentials and limits of the state’s role in making and shaping markets.<sup>29</sup> Likewise, as some scholars have meticulously

documented, states assumed constitutive roles in the early stages of today's advanced economies, through a Listian "infant industry promotion."<sup>30</sup>

The modalities of the state-market configuration in contemporary state capitalist economies, however, are different from classical statist ideas. Heterodox developmental models target rapid economic "catch-up" policies not *over* private actors, but *through* them by investing in research and development (R&D) through public-private partnerships, sovereign wealth funds, and fiscal stability within the broader contours of a capitalist framework.<sup>31</sup> Thus, the state's patient involvement in its domestic economy is framed as a strategic choice to design long-term alternatives that promote post-Listian foreign investment, labor market, and trade policies.<sup>32</sup> Neo-developmentalism, as some scholars put it, "allows domestic firms to seize global economies of scale and technological updating processes, but also innovation policy and an activist trade policy."<sup>33</sup>

China, as the paragon of state capitalism, pursues global economic integration along with exempting key sectors—such as energy, R&D, and indigenous defense—deemed "to be of high strategic importance."<sup>34</sup> In this way, state-market relations reflect a new form of selective protectionism. For instance, China allows German car manufacturers to invest in its domestic market, if they are willing to form 50/50 joint ventures to ensure the transfer of know-how.<sup>35</sup> As Strange has documented, "gated globalization" policies are essentially different from liberal varieties of capitalism in terms of the organization of state-market relations, foreign trade and transnational investments.<sup>36</sup> On the financial front, these economies advocate heterodox ideas that "aim beyond the mainstream goal of monetary stability."<sup>37</sup> For instance, the independence of

central banks and other regulatory institutions, the sacrosanct norm of the neoliberal paradigm with its exclusive emphasis on inflation targeting, is now being challenged, as the emerging powers increasingly rely on a “developmental central banking” that considers financial autonomy and economic stability along with monetary prudence.<sup>38</sup>

Second, from a political viewpoint, the ruling elites in state capitalist economies hold a distinct set of political frames that organize domestic production and distributive dynamics. It is rather striking that most conceptualizations of state capitalism, especially in the varieties of capitalism literature, underappreciate the constitutive role of nationalist-populist ideas undergirding state-permeated economies. As Gilpin points out, however, “every economic system rests on a particular political order, [and] its nature cannot be understood aside from politics.”<sup>39</sup> Seen this way, state capitalist models are embedded in a distinct set of illiberal political governance structures incompatible with liberal democracy and political pluralism. In the post-crisis global political economy, when “democratic efficacy, self-confidence and economic dynamism recedes” in liberal democracies,<sup>40</sup> the performance of the non-Western powers has lent credence to the notion that sustainable economic development can be accomplished in majoritarian political settings. Under strongman regimes, in those political economies, *market capture* becomes a critical aspect of state-business relations – that is, the ruling elite pick up winners and losers in the private sector based on their political loyalty. To maximize their power, political elites in state capitalist models are inclined to use lucrative resources, government subsidies, infrastructure projects, and credit allocation schemes to reward politically loyal economic actors and weaponize taxation and other regulatory instruments to punish dissidents.

The future of state capitalism, therefore, becomes immensely important as an alternative ideational paradigm capable of making its way into other cases through its global reach. In times of uncertainty and anxiety, strongman regimes prioritizing collective security, pursuit of national glory and national will over individual rights and personal liberties are perceived as the safest route to prosperity and power.<sup>41</sup> State capitalist models, so the logic goes, with their exclusive emphasis on “rapid development” and “national sovereignty,” embrace executive aggrandizement under the guise of swift decision-making and effective policy implementation. As a result, state capitalist ideas gaining currency in like-minded states such as Russia and China pose new reference points for the ruling elites in other countries located in the semi-periphery of the Anglo-American core.<sup>42</sup>

### ***Interests: New Material Linkages***

As Colin Hay points out, crises and large-scale social fluctuations are conducive to new ideas as “moment[s] of transformation,” since the old ones are generally associated with the accumulation of structural contradictions.<sup>43</sup> However, one question remains: Whose ideas matter “in times of decisive intervention,”<sup>44</sup> and what drives the allure of new developmental norms at critical junctures? New perspectives gain true prominence when they are informed by and reinforced with the parallel redistribution of material capabilities. Therefore, the second mechanism through which the non-Western great powers exert influence beyond their borders consists of material interests. Accordingly, deepening trade linkages, ample investment and credit opportunities, and flexible developmental aid schemes in different shapes and forms incentivize political elites elsewhere to sustain illiberal regimes.<sup>45</sup>

As stated above, although the 2008 global financial crisis marked a watershed in terms of accelerating material shifts in the global political economy, the rise of the “rest” had started earlier. Over the last two decades, BRICS grouping (Brazil, Russia, India, China, South Africa), which constitutes more than 40 percent of the global population, has gradually become a new center of gravity in the international economy. The share of BRICS in the world GNP (as measured in 2005 USD PPP) almost doubled between 1997 and 2017, with an impressive increase from 15.4 to 30.4 percent. The share of the US, on the other hand, decreased from 23 to 18.2 percent.<sup>46</sup> The re-emergence of China as an astounding trading state along with other BRICS members also reshuffled global trade relations. The share of BRICS in global trade, for instance, increased from 11.8 to 32 percent over the same time-period.<sup>47</sup> Also, according to the Fortune 500 list ranking the top 500 global companies around the world, China has 120 multinationals, only second to the US with 126 companies.<sup>48</sup> The material shifts in the global political economy, as Monck and Foa point out, have raised question marks about the economic effectiveness of liberal democratic systems. The countries ranked “not free” by Freedom House now make up 33 percent of the global income, in comparison to 12 percent in 1990. This shift is telling, since it “matches the level they achieved in the early 1930s, during the rise of fascism in Europe, and surpassing the heights they reached in the Cold War when Soviet power was at its apex.”<sup>49</sup>

The massive production potential, favorable demographic conditions, and burgeoning trade, investment and credit linkages provide new policy space and material capabilities for the non-Western great powers to exert more leverage in target countries. To be clear, the emerging literature indicates that autocratic regimes do not always

deliberately promote illiberal practices in target countries;<sup>50</sup> but, as Risse and Babayan suggest, the promotion of strongman regimes might also unintentionally “derive from [their] attempt to move the [target] country closer into its own sphere of influence by offering stronger economic and security ties.”<sup>51</sup>

The emerging state capitalist economies, as a reflection of the strongman regimes at home, prioritize a distinct set of norms in their foreign economic relations, which gives them further leverage due to the improvements in their material capabilities. Rather than attaching strict political conditionality to economic partnership agreements or development assistance, these states tend to promote experimentation-led flexible cooperation schemes in their relations with partner countries. As Balding points out, “unlike Western lenders, China does not require its partners to meet stringent conditions related to corruption, human rights, or financial sustainability.”<sup>52</sup> For instance, it is estimated that between 2000 and 2017 China loaned some USD 143 billion to African governments and state-owned enterprises alone.<sup>53</sup> Chin and Thakur assert that Chinese state institutions and ministries “have worked with their counterparts in African states [...] to share China’s lessons on [...] the financing of national development projects including preferred balances between the financial sector, infrastructure, and industrial and agricultural development.”<sup>54</sup> Thus, economic vigor, shifting material capabilities, and flexible cooperation schemes turn the emerging great powers into promising partners in other countries in the global South.

**Table 1:** Three pillars of emerging great power influence in target states

	<b>Mechanisms</b>		
	<i>Ideas</i>	<i>Material Interests</i>	<i>Institutions</i>
<b>Instruments</b>	<ul style="list-style-type: none"> <li>• State capitalism</li> <li>• Strongman regimes</li> <li>• Political power maximization with weak checks and balances</li> </ul>	<ul style="list-style-type: none"> <li>• Trade/investment linkages</li> <li>• Development aid and flexible financial credits</li> <li>• Mega infrastructure projects, defense and energy cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• BRICS and New Development Bank</li> <li>• Shanghai Cooperation Organisation</li> <li>• Belt and Road Initiative, Asian Infrastructure Investment Bank</li> </ul>

**Source:** Author's compilation

***Institutions: Networks of Influence***

All international/regional orders rest on a network of complementary institutions that perpetuate rule-based interactions and “encourage collective images” among actors.<sup>55</sup> Hall aptly states that “new ideas are only fully realized when they become institutionalized into standard operating procedures of key organizations.”<sup>56</sup> In view of the complex reciprocal relationships among ideas and institutions, Cox points to the fact that “institutions are particular amalgams of ideas and material power which in turn influence the development of ideas and material capabilities.”<sup>57</sup> Institutions are settled in ways that “lock in” power hierarchies and perpetuate privileged arrangements for order-establishing actors.<sup>58</sup> Hence, in the absence of functioning institutional networks, or in the event of a significant dissonance between distinct pillars of a particular order, new ideas and emerging economic linkages are susceptible to major reversals.

In the aftermath of the global financial crisis, the Bretton Woods institutions upholding the liberal paradigm found themselves under growing pressure. In that sense, the most astounding status-seekers of the non-Western world pursue a “dual-track”

strategy in the form of reform and innovation.<sup>59</sup> On the one hand, emerging powers try hard to reform existing international institutions so as to be represented on a more equal footing. On the other hand, they devote considerable efforts to establishing alternative sets of economic governance institutions resonating with their ideas and material power to draw other states into their orbits.

In terms of institutional reform, China, Russia and other rising powers have pressed hard for an overhaul of international financial institutions (such as the IMF and the World Bank) to make their voices heard. The emerging economies have finally managed to increase their quota shares in the IMF and the World Bank, although the reforms were hardly revolutionary.<sup>60</sup> The G7, the Western-dominated intergovernmental institution that used to be the main platform for coordinating global economic policy, was also replaced by the G20, with the inclusion of several key non-Western powers such as China, India, Turkey, and South Africa. The G20's emergence as the new focal point to coordinate global economic policies proves that Western powers' weight as stewards of the international economic order have slipped, despite the resilience of the status quo.

In terms of institutional innovation, non-Western great powers have expended a great deal of effort and resources to create new institutions that are becoming increasingly attractive alternatives for other emerging middle powers. One of the most ambitious initiatives of the non-Western states as "institution-builders" is probably the Asian Infrastructure Investment Bank (AIIB). Backed by China, the AIIB aims to foster economic development in Asia through funding mega-sized infrastructure projects, partnership with private actors, and establishing new financial networks. The AIIB has been considered "China's answer to the World Bank" and received a harsh response from

the US.<sup>61</sup> The AIIB, combined with the Belt and Road Initiative (BRI), poses a challenge to the economic institutions of the liberal international order. The consolidation of new political institutions such as BRICS and its economic pillar (the New Development Bank), the Shanghai Cooperation Organisation, and the Eurasian Economic Union also undergird the emerging web of institutions promoting alternative policies in the global South. On that note, the BRI is considered the most ambitious developmental initiative that the Chinese have ever put into implementation. Benabdallah, for instance, documented that the BRI shows “not only Beijing’s capacity to generate new norms (in international development, mainly) but also its ability to socialise and persuade other actors to internalise China’s alternatives.”<sup>62</sup> It is perhaps too early to judge the transformative capacity of the newly established institutions. Yet, it seems valid to claim that the new economic governance institutions stem from alternative ideas and reflect shifting material capacities at the global level. Layne, therefore, has a point when he states that “the staying power of these institutions are uncertain but at the very least they are important symbolically.”<sup>63</sup> The following section documents how non-Western great powers have a demonstrative effect on other emerging middle powers and how state capitalism makes its way into their sphere, with reference to the Turkish case.

### **The Turkish Case: A Nascent Form of State Capitalism?**

This article focuses on Turkey as a crucial case, based on the “least likely” design, in order to assess whether (and if so, in which ways) the non-Western great powers inform developmental patterns in emerging middle states. A “least likely” case “is one that in all dimensions of theoretical interest is predicted not to achieve a certain outcome, and yet it

does so.”<sup>64</sup> There are three main reasons to expect only a very limited impact by the non-Western great powers in the Turkish case. First, Turkey has been “locked in” Western alliance since the inception of the post-1945 liberal order, through deep-rooted institutional links with the NATO, the Council of Europe, and the EU candidacy process. Second, despite military breakdowns, with a functioning electoral democracy and multi-party system, Westernization has been an integral part of Turkey’s secular state identity for more than nine decades. Turkey’s Western orientation as a “grand strategy” even precedes the establishment of the Republic.<sup>65</sup> Third, not only the leverage of, but also the linkages with the Western powers prove very deep and multidimensional in the Turkish case. Turkey has embraced the neoliberal economic model since the early 1980s.<sup>66</sup> Turkey’s Western partners accounted for 54 percent of its total trade in 2017, and almost 70 percent of the inward direct investment originates from the West.<sup>67</sup> Ostensibly, then, Turkey constitutes an unlikely example to be influenced by the non-Western great powers, either directly or indirectly, and their effects should be limited.<sup>68</sup> However, as demonstrated below in reference to the 3Is framework, the developmental patterns in the Turkish political economy seem to gradually shift from Western-oriented neoliberal norms towards state capitalist overtones.

### ***Ideational Shifts: Reversal of the Regulatory State***

Turkey’s gradual shift from the neoliberal paradigm is informed particularly by the 2008 financial crisis. In the pre-crisis era, the economic framework that the Justice and Development Party (AKP) government followed was very much compatible with the augmented version of the Washington Consensus, also called the “regulatory state

paradigm” implemented under the aegis of the Bretton Woods institutions and the EU. The predominant economic template to which the AKP adhered in its first term in office harkens back to Turkey’s 2001 crisis, which proved to be the deepest economic shock the country had encountered in decades. The shaky coalition government at the time implemented a comprehensive set of institutional reforms under the stewardship of Kemal Derviş, the former Vice President of the World Bank, as the minister in charge of economic affairs with extensive powers. The three-pronged program—with its strong emphasis on the state’s fiscal discipline, strict oversight of the financial system, and structural transformation through privatizations—received the unequivocal material and ideational support of the IMF, the World Bank, and the EU. In line with the regulatory state paradigm nine independent regulatory institutions were established, along with legal independence granted to the Central Bank.<sup>69</sup> The AKP government, which won a sweeping majority in parliament in the 2002 general elections, embraced the reform template with no discernible attempt to edit the neoliberal orthodoxy.<sup>70</sup> Rather, the reform program garnered strong support at the political level since it was deemed “necessary to converge with the EU.”<sup>71</sup>

The allure of the regulatory state paradigm in Turkey, however, experienced a gradual decline in the aftermath of the global financial crisis, as some government elites grew increasingly sceptic about mainstream neoliberal ideas.<sup>72</sup> It was at this critical juncture that the state capitalist discourse started to make inroads into governmental circles, albeit in a staggered manner. The chief economic adviser of the Turkish president, for instance, denounced the neoliberal orthodoxy as “enslaving”<sup>73</sup> and argued that “liberal economic and political integration [policies] have become bankrupt.”<sup>74</sup>

Praising China as a successful model of development, the chief advisor endorsed the state's active involvement in the economy, without entirely crowding out private actors: "State has to involve in the economy [...] to regulate it, [and] consider monetary and fiscal policies as [instruments of] economic security and national development."<sup>75</sup>

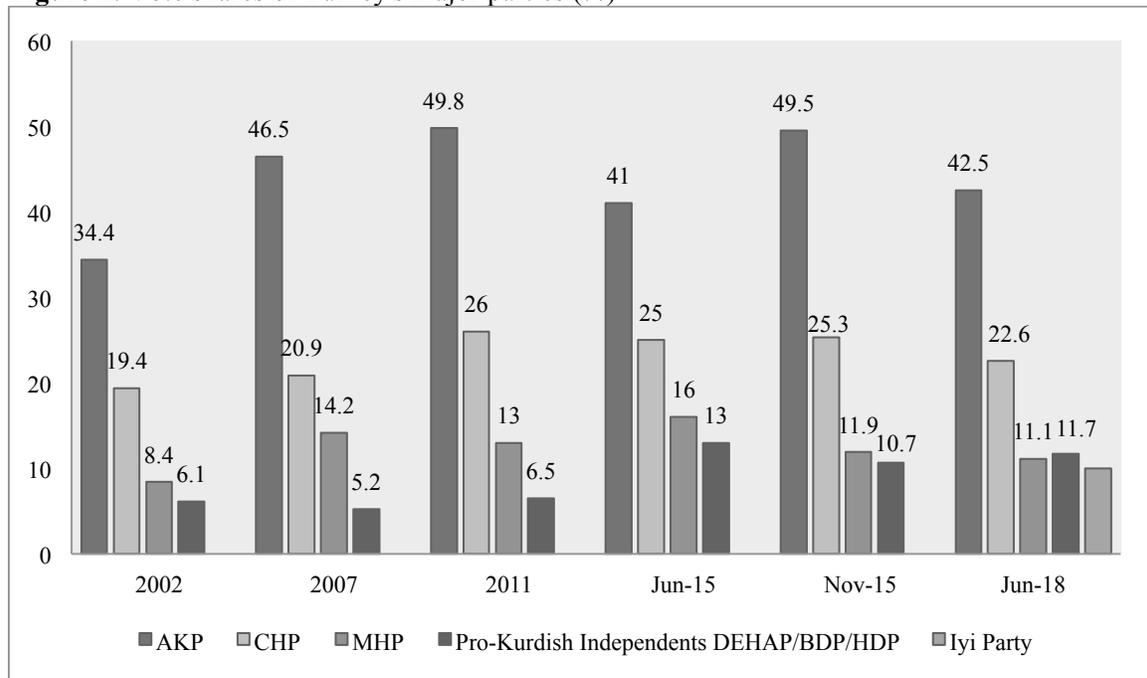
Given that the 2008 financial crisis carved out space for new developmental policies, Turkish policy-makers also became more attuned to the policy repertoire of new developmentalist ideas.<sup>76</sup> To start with, the *Industrial Strategy Document* was adopted in 2011 (updated in 2015 and 2019), under the auspices of the then Ministry of Science, Industry, and Technology, along with the involvement of public and private bodies.<sup>77</sup> The long-term goal of the industrial plan was to position Turkey as "the production base of Eurasia in medium and high-tech products."<sup>78</sup> Through public-private partnerships—an investment model gaining traction, with the state guaranteeing loans and revenue for participating companies—the Turkish government kicked off mega-sized multi-billion-dollar infrastructure projects, including airports, a giant canal bisecting the country to open a new trade route, railways, highways, city hospitals, and other grandiose construction sites.<sup>79</sup> The government also established a Joint Enterprise Group comprising five private companies under the auspices of the then Science, Industry and Technology Ministry to create Turkey's first domestic automobile brand,<sup>80</sup> and the Turkish president declared his intention to develop "native and national technologies" especially in the automobile, aviation, and indigenous defense industries as priority sites.<sup>81</sup>

The new indigenous turn in the Turkish political economy, however, consolidated the personalized network of capital accumulation that conforms with the basic tenets of

state capitalism. In effect, the government stepped up investments in enormous infrastructure projects, providing ample opportunity to reshape power balances within the capitalist class and utilize public money to maintain distributive coalitions. According to the 2018 World Bank report, with an investment of USD 143 billion, Turkey became the fourth largest-investor—following China, Brazil, and India—in infrastructure projects carried out through public-private partnerships.<sup>82</sup> The data also suggest that five of the world’s top ten private sponsors of public infrastructure projects are Turkish companies,<sup>83</sup> with overlapping ownerships in construction, media, and energy, which are reported to have close ties to the government.<sup>84</sup>

The shifts in the predominant economic policies should be analyzed in conjunction with the political path consolidated in Turkey over the past decade. Parallel to the global transformations, the state capitalist overtones correlate with the rise of the strongman regime at home imbued with a growing anti-Western discourse. The institutional regression toward political illiberalism became discernible following the second term of the AKP government, “which effectively marked the beginning of a new era of Turkey’s political economy.”<sup>85</sup> In June 2011, the AKP under the leadership of Erdoğan succeeded in outperforming its rivals for the third time in a row, by obtaining almost half of the votes (Figure 1), an exceptional achievement in Turkish political history.

**Figure 1.** Vote shares of Turkey's major parties (%)



**Source:** Ministry of Interior, Republic of Turkey

**Note:** The parliamentary and presidential elections took place at the same time on 24 June 2018. The figure above shows the outcome of the vote shares of major parties in parliament. Erdoğan was elected president in the same elections, with 52.6 percent of the total vote.

With successive electoral victories and through the step-by-step concentration of executive power, institutional checks and balances gradually eroded, with irrevocable ramifications beyond the realm of politics. Significant setbacks in terms of freedom of expression, media freedom, and independence of the judicial system reduced the democratic space. The political shift in Turkey is closely associated with the rise of illiberalism across the world. This rise of political aggrandizement was legitimized, *inter alia*, under the guise of swift decision-making and economic efficiency.<sup>86</sup> Turkey's transition from a parliamentary regime to a Russian-style hyper-presidentialism in April 2017 marked a watershed in this regard, as the new system accumulated extensive power in the hands of a strong executive authority.<sup>87</sup> Following a polarized campaign process under the state of emergency declared in the immediate aftermath of the failed coup

attempt of July 2016, 52 percent of the Turkish voters approved of the presidential system, which extensively expanded the president's executive discretion.<sup>88</sup> In the June 2018 elections, Turkey formally transitioned to executive presidentialism, with Erdoğan elected as the first president.

Turkey's gradual drift toward illiberalism, however, was by no means uncontested and straightforward. The sweeping political majoritarianism and rising suppression over different corners of opposition had deep ramifications on different segments of Turkish society. The most explicit sign of societal uneasiness about the Turkish government's political path was the Gezi protests that erupted in May-June 2013. On 28 May 2013, a wave of civil unrest began in Gezi Park, a small area of trees abutting Istanbul's central place, Taksim Square. The planned demolition of the park and the forceful eviction of the protesters by police forces sparked a nationwide mobilization spreading to all corners of the country. The protests were more than an expression of concern for the environment; rather, they were an outburst of social anxieties about the majoritarian turn in Turkish politics, interference in private life-style choices, and political suppression in a multitude of forms.<sup>89</sup> The response of the government was to launch an organized nationalist-populist counter-discourse along the lines of "national will," by portraying the protests "as the latest attempt of the West" to "terminate Turkey's presence."<sup>90</sup> The exclusive emphasis on "national will," "electoral majoritarianism," and "sovereignty" imbued with anti-Westernism became more conspicuous following the failed coup attempt of July 2016. As a result, Turkey ceased to be considered a "free country" according to the Freedom House scores (Table 2).

**Table 2.** Political rights and civil liberties in Turkey (2002-2018)

<b>Year/indicator</b>	<b>2002</b>	<b>2008</b>	<b>2014</b>	<b>2018</b>
Political rights	4/7	3/7	3/7	5/7
Civil liberties	5/7	3/7	4/7	6/7
Freedom status	“Partly free”	“Partly free”	“Partly free”	“Not free”

**Source:** Freedom House, 2018 Freedom in the World (1=best; 7=worst)

In summary, Turkey’s drift towards state capitalism had repercussions on the economic and political fronts. The new developmentalist policies were put into implementation under nationalist-populist overtones. As discussed in the conceptual section, however, the shifts on the ideational front should be analyzed in conjunction with the redistribution of material capabilities and the interaction with institutional structures to assess the limits of the possible for Turkish version of state capitalism.

### ***Interests: Trade and Investment Linkages***

Parallel to the upswing of new developmentalism—and, in fact, undergirding current ideational shifts—the material leverage of the Russia-China axis has strengthened in a steady manner. First, Russia and China upgraded their status as Turkey’s major trading partners. Turkey’s total trade volume with the Russia-China axis amounted to around USD 50 billion in 2018, reaching USD 60 billion in current prices in 2013, just before the diplomatic rift with Russia due to the Turkish air forces shooting down a Russian SU-24 fighter jet near the Turkish-Syrian border in November 2015.<sup>91</sup> The severity of the crisis notwithstanding, bilateral cooperation recovered rather swiftly over the last four years and, as Putin declared, “relations between Russia and Turkey are taking on an increasingly more profound and substantive character in the economy.”<sup>92</sup> Russia was

Turkey’s third-largest trading partner in 2017, with USD 22.2 billion, despite the government’s long-term plans to diversify its energy imports. China became the second major trading partner, expected to overtake Germany in the coming years. These bilateral trade relations, however, prove highly asymmetric, as Turkey’s total trade deficit *vis-à-vis* the Russia-China axis was USD 37.2 billion in 2017, hinting at the degree of Turkey’s growing dependence on imports from the non-Western great powers (Table 3).

**Table 3:** Trade volume between Turkey, Russia and China

<b>Turkey's exports in billion USD (1)</b>									
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
China	1.6	2.2	2.4	2.8	3.6	2.8	2.4	2.3	2.9
Russia	3.4	4.6	5.9	6.6	6.9	5.9	3.5	1.7	2.7
<b>Total</b>	5	6.8	8.3	9.4	10.5	8.7	5.9	4	5.6
<b>Turkey's imports in billion USD (2)</b>									
China	12.6	17.1	21.6	21.2	24.6	24.9	24.8	25.4	23.3
Russia	19.4	21.6	23.9	26.6	25	25.2	20.4	15.1	19.5
Total	32	38.7	45.5	47.8	49.6	50.1	45.2	40.5	42.8
<b>1+2 Total</b>	37	45	53.8	57.2	60.1	58.8	51.1	44.5	48.4

New investment opportunities emerging between the parties are reinforcing trade interdependence as the second pillar of material linkages. With the rise of non-Western actors, Turkish policy-makers have also become more eager to benefit from the “shifting centers of economic gravity.”<sup>93</sup> The current mega-sized construction and infrastructure projects emerge as main sites of investments for Russian and Chinese companies. The projects in the energy sector—such as the Akkuyu nuclear power plants worth USD 20 billion and the TurkStream pipeline project—offer lucrative opportunities for Russian firms operating in Turkey. The sovereign wealth funds of both states signed an agreement in April 2018 to launch a joint investment fund worth USD 1 billion. Significantly larger than the current joint investment fund, this initiative appears to carry symbolic value for

Turkish policy-makers, as they consider extant investment projects with Russia (and China) as first new steps heralding a new, and arguably non-Western, order in the making. The board member of the Türkiye Wealth Fund at the time and chief adviser to the Turkish president, for instance, suggested that the “world economy is moving to the East and the Turkey-Russia line will be one of the new economic power centers of the New World Equation.”<sup>94</sup>

The investment projects also focus on strategic sectors with “high exit costs” such as the national defense industry, where Turkey currently stands at odds with NATO members due to Ankara’s shifting priorities. On that note, Turkey sealed a potentially “game-changing” agreement with Russia on the procurement of the S-400 anti-ballistic missile defense systems in 2019 and made a down payment for the USD 2.5 billion in the midst of severe US criticism concerning Turkey’s decision as a NATO ally.<sup>95</sup> Although Turkey and Russia have held opposite foreign policy stances regarding the war in Georgia (2008), the Syrian civil war (2011-) and the Ukrainian conflict (2014-), multi-level interdependence between the two actors continues to intensify,<sup>96</sup> on the basis of a “strong anti-Western and anti-European rhetoric.”<sup>97</sup> Even though Turkish officials criticized Russia’s annexation of Crimea, Turkey did not join the Western powers in their economic sanctions against Russia.<sup>98</sup> On the contrary, in an attempt to purge Western economic dominance, Turkey and Russia—along with China—decided to switch to local currencies in foreign trade relations, as a move to reduce dependence on the US dollar.<sup>99</sup>

Third, parallel to the shifts in material capabilities, Turkish policy-makers have developed a strong interest in taking an active part in alternative regional integration projects such as China’s BRI. Turkey has already established cooperation with the

Chinese concerning railway infrastructure development, finance, and transportation projects to diversify its economic partners and supply chains.<sup>100</sup> The Turkish government formed “a working group specially dealing with Turkey’s engagement with OBOR [BRI] by the Turkish ministry of foreign affairs with inputs from the ministries of transportation, energy, economy and customs.”<sup>101</sup> China, along with Russia, also emerged as a new destination for the Turkish government to diversify foreign credit sources. As an outcome of the souring relations with the West, the Turkish government has struggled hard to avoid at all costs renewing a stand-by agreement with the IMF in the post-2008 context. This was accompanied by an active search for alternative credit sources. Therefore, in his official visit to China in July 2018, the Turkish treasury and finance minister announced that the Industrial and Commercial Bank of China provided a USD 3.6 billion loan package, to be channeled towards investments in the energy and transportation sectors.<sup>102</sup> As the Turkish government reached a credit agreement with China at a critical juncture—that is, when bilateral relations with the US and the EU were souring rapidly—Turkey’s “China card” conveyed a symbolic message in terms of shifting alliances more than its material value.

### ***Institutions: New Friends in the Making***

The interface of ideas and material capabilities should be analyzed in conjunction with institutions, so as to fully account for the pathways of complex interactions. In a post-liberal international order where material power is spreading, Turkey’s institutional relationship with Western actors also looks set to change. The transformation in Turkey-EU relations over the past decade is a striking case in point. Turkish policy-makers for quite a long time framed the EU membership process as a normative force for the good,

to serve as a base for Turkey's political liberalization, democratization and transition to a rule-based liberal market economy. The restructuration of state-market relations emphasized by the EU conditionality had been an overriding theme in Turkish politics during the first term of the AKP rule.

The EU, however, has recently been reframed as an actor "blocking Turkey's progress" by the same political elites.<sup>103</sup> If the credibility of commitment problems on part of the EU constituted one side of Turkey's drift away from the EU, new institutional opportunities in the emerging world also motivated the Turkish ruling elites to capitalize on the anti-Western rhetoric. In this vein, BRICS has emerged as an attractive substitute to deepen institutional linkages.<sup>104</sup> For instance, the chief adviser to the president of Turkey claimed several times that the EU is destined to "break up"<sup>105</sup> and pointed to the emerging powers as an alternative to a Western alliance.<sup>106</sup> Mehmet Simsek, Turkey's former economy minister, announced in 2017 that "Turkey seriously considers" becoming a member of the BRICS development bank to benefit from the ample investment opportunities and projects.<sup>107</sup> Finally, the Turkish president reiterated his eagerness to join BRICS as the sixth member during the 10<sup>th</sup> BRICS Summit in Johannesburg in July 2018. He even proposed "BRICST" as the modified name of the grouping if and when Turkey joins.<sup>108</sup> The Turkish president on several occasions indicated the Shanghai Cooperation Organization as an alternative for Turkey to substitute for the EU membership goal.<sup>109</sup> In a highly symbolic move, for instance, the government closed down the EU Ministry in June 2018.<sup>110</sup>

The regulatory institutions, established as part of the EU candidacy process and serving as hallmarks of the neoliberal paradigm were also transformed in line with the

state capitalist paradigm. Following the global trend in the post-crisis era, the Turkish government has re-politicized the regulatory institutions.<sup>111</sup> The independence of those bodies was first *de facto* curtailed, and then *de jure* political control over regulatory institutions was codified by government decree.<sup>112</sup> The de-delegation of authority and reinstatement of executive power over regulatory bodies, such as central banks, is a reflection of the shifting sands, as institutional checks and balances are increasingly considered as impediments to swift decision-making.<sup>113</sup>

The debates surrounding the status of the Central Bank of Turkey are worth noting. The idea of “developmental central banking,” as practiced in several emerging powers in different forms, has made its way into the Turkish case.<sup>114</sup> Ali Babacan, the deputy prime minister responsible for the Treasury and a staunch supporter of the regulatory state paradigm at the time, opposed political intervention in regulatory institutions. The governor of the Central Bank, Erdem Başçı, also resisted government attempts to reduce interest rates in late 2013. Erdoğan and his close advisers, however, were increasingly advocating a more interventionist developmental paradigm. Turkish president severely criticized the Central Bank governor, claiming that he, and not the unelected central bank bureaucrats, represented the will of the Turkish citizens; therefore, he felt more responsibility towards them than to the “unelected” governors of regulatory institutions.<sup>115</sup> Erdoğan also appointed ministers in favor of hands-on approach through lower-interest rates, more flexible fiscal and financial regulations, and political oversight of monetary policy. Lambasting key aspects of augmented neoliberalism (such as inflation-targeting and tight monetary policies) as untenable, the president advocated more interventionist investment and employment policies by stating “[Turkey is] in need

of investment, employment and production.”<sup>116</sup> Not surprisingly, Ali Babacan was not reappointed as minister in the new government after the November 2015 elections. The powers of the deputy prime minister responsible for overseeing all regulatory institutions were curtailed, and his supervisory authority was transferred to other ministries. Similarly, Erdem Başçı was appointed to a different post once his first term as Central Bank governor ended in April 2016.

On a final note, Turkish policy-makers created a new sovereign wealth fund (Türkiye Wealth Fund). The Fund with its centralized budget controlling public assets in the value of USD 200 billion was launched to finance mega-sized infrastructure projects for which private investments proved inadequate. In the aftermath of the June 2018 elections, which rubber-stamped Turkey’s transition to hyper-presidentialism, the Turkish president appointed himself as chairman of the Wealth Fund and his son-in-law as the deputy chairman.<sup>117</sup> The Türkiye Wealth Fund signed its first agreement with the wealth fund of Russia in the presence of the Turkish and Russian presidents who launched the joint Russia-Turkey Investment Fund. The amendments in legislation also provided scope for the Treasury to become a partner to private firms,<sup>118</sup> reflecting the *market capture* tendencies in state capitalist economies.

### **The Paradoxes of State Capitalism: Limits of the Possible**

The discussion so far suggests that alternative forms of state-market relations have gained traction in the global political economy. The Turkish example is a case in point. That being said, it is arguably too early to make conclusive judgements, for two main reasons. First, state capitalism with its distinct varieties is still a work in progress. In the post-

crisis period, the international developmental regime appears to have become “loosely coupled,” in the sense that there exists disconnect between international economic organizations, developmental ideas, and the distribution of material capabilities.<sup>119</sup> Thus, the high degree of regime coherence we have observed during the neo-liberal era is giving way to more fragmented development regimes. On the one hand, this should be considered a positive change, as it carves out precious policy space for developing countries. On the other hand, new developmentalist ideas are not as coherent and clear-cut as the principles of the liberal market model implemented under the aegis of the US-led international organizations. In a “loosely coupled” development regime, inchoate, staggered and often contradictory experimentation gives direction to policy design and implementation – as documented in the Turkish case. Still, neoliberal policies carry significant weight in the global South, whereas a growing number of states also adopt alternative developmental paradigms. As Ban and Blyth point out, the emerging powers “attempt to balance their adoption of select parts of the Washington consensus template while defending and often reinventing the relevance of state-led development policies.”<sup>120</sup>

Second, the jury is still out on the long-term allure of state-permeated economic models. Snyder underlines that rulers in liberal democracies acquire their legitimacy and mandate through free and fair elections, which is independent of their economic performance in the short term.<sup>121</sup> The state capitalist models based on illiberal political regimes, however, retain their legitimacy primarily through economic efficiency, mega-sized infrastructure projects and military aggrandizement. In this regard, the critical

question still remains unanswered: Are the emerging powers capable of sustaining state capitalism to build coherent alternatives in a multi-order world in the long-term?

The tensions between sustainable economic development and illiberal governance appear to be the major challenge for emerging states seeking status improvement in global politics. The literature on comparative development maintains that sustainable long-term growth is predominantly determined by the quality of institutions.<sup>122</sup> At the heart of the paradox lies the alleged incompatibility of extractive institutional structures and economic development in state-permeated economies. As middle-income economies move from labor-intensive and low-cost exports toward capital-intensive production, labor is re-allocated from agriculture to manufacturing. This necessitates inclusive political institutions, especially for skill formation, to ensure high-value-added production.<sup>123</sup> The peculiar configuration of political and economic institutions, therefore, may lead to a crisis of “performance legitimacy.”<sup>124</sup> On the one hand, rulers subscribing to state capitalism have to maintain high growth performance to retain their popular legitimacy. On the other hand, long-term development under state capitalism may be hampered due to the extractive nature of institutions and the rising political expectations on part of the citizens acquiring more economic power.

The recent fluctuations in the Turkish economy and its political tribulations are illustrative in this regard. It appears that so far new developmental policies have not helped narrowing down the technology gap in Turkey, as it is heavily dependent on foreign capital due to low savings rates, a high current account deficit, and weak high-tech export performance (Table 4).<sup>125</sup> Turkish developmentalism still reflects a pattern of “deficit-led growth,” heavily relying on foreign capital to finance a spending spree by

domestic firms and households.<sup>126</sup> The savings rates over the GDP stagnate around 15 percent, whereas investments hover around 20 percent.<sup>127</sup> The heavy reliance on foreign capital to sustain robust growth renders the Turkish economy vulnerable to external shocks. The latest developments transpired with the geopolitical frictions with the US and sanctions imposed by the Trump administration in August 2018, for instance, triggered a flight of capital.<sup>128</sup> Much deeper than the current spat with the Western states, the depletion of institutions is said to lurk below the surface. Acemoğlu and Üçer argue that the recent drift toward economic stagnation is causally linked to the increasingly arbitrary nature of political institutions crafted under the guise of strong executive authority.<sup>129</sup> Seen this way, state capitalist models blended with nationalist-populist political overtones and illiberal institutions raise question marks concerning the sub-optimal determinants of long-term development.

**Table 4.** Turkey: Selected indicators (2002-2018)

	2002	2008	2014	2016	2017	2018
GDP (USD billion)	238	764	934	863	851	766
Per capita (USD)	3,660	10,851	12,127	10,863	10,546	9,631
CAD (% of GDP)	-0.3	-5.2	-4.7	-3.8	-5.6	-3.5
FDI (billion USD)	0.6	19.9	13.1	13.3	11	13
High-tech exports (% manufactured exports)	1.8	1.9	2.3	2.5	2.9	2.3

**Note:** GDP and GDP per capita figures (first and second rows) are in current USD. CAD: Current account deficit. **Source:** World Bank, World Development Indicators Database.

State capitalist models tend to rely on different extraction mechanisms to ensure rapid development and to maintain domestic distributive coalitions. Russia, for instance, achieves this through energy resources, whereas China relies on its cheap labor force and massive domestic market. In the Turkish version of state capitalism, land, construction, and public tenders have been the principal commodity of extraction and distribution, with

construction utilized as the main driver of growth.<sup>130</sup> Between 1984 and 2002, “the average floor area granted for construction permits per annum roughly amounted to 64.6 million m<sup>2</sup>, whereas it more than doubled to 143 million m<sup>2</sup> during the AKP’s 14 year rule.”<sup>131</sup> As a proxy, the Central Bank’s housing price index increased 132 percent between 2010 and 2018.<sup>132</sup> Although the AKP government reshuffled state-business relations by supporting politically loyal business groups through lucrative state incentives, public-private partnerships and extensive political support, the new business elites have not demonstrated the expected developmental performance.<sup>133</sup> On the contrary, Turkey’s GDP per capita in current prices appears to be stuck around USD 10,000 over the last decade (Table 4). The Turkish case, therefore, shows that emerging powers may struggle to maintain their performance legitimacy through sustainable economic growth in the long term.

## **Conclusion**

It is rarely contested that the liberal international order faces serious tests. The two main pillars of the US-led international architecture—namely, the free market economy and liberal democracy—are in shambles due to simultaneous internal and external challenges. The Western responses to the global financial crisis remained patchy, and the structural fault lines in the global economy have yet to be fixed. The increasing inequality and the failure of mainstream political parties to alleviate the concerns of those “left behind” in the process of neoliberal globalization have estranged the masses. As a result, the liberal international order has plunged into turbulence unprecedented since its formation. The shifting geopolitical and geo-economic landscape in the global political economy puts

additional pressure on mainstream developmental norms associated with Western-dominated liberal order.

The alternative developmental paradigm gaining traction among the non-Western great powers—that is, state capitalism—is likely to have demonstrative effects on other middle powers as well. This article has examined the Turkish case that constitutes a striking example of this structural shift in the global political economy. To be clear, neoliberalism still carries significant weight in the way in which domestic economic and social relations are organized in Turkey and beyond. This appears particularly the case with regards to the unfettered financial markets and flexible labor market regulations. State capitalism with illiberal overtones, however, seems to be on the rise as an alternative paradigm expanding its global reach. This article has demonstrated that the recent shifts in the Turkish political economy reflect this trend, while it has also highlighted the inchoate and often staggered implementation. The future of the “multi-order world,” therefore, would be informed not only by the capacity of the Western powers to revitalize liberal democracy and free market economy, but also by the ability of the state capitalist economies to offer a coherent and durable alternative to the Western-led governance models.

## Notes

---

<sup>1</sup> Ikenberry, “The End of Liberal”; Ikenberry, “The Liberal International.”

<sup>2</sup> Deudney and Ikenberry, “Liberal World,” 18-19.

<sup>3</sup> Ikenberry, “The Liberal International.”

<sup>4</sup> Kahler, “Rising Powers,” 712.

<sup>5</sup> Flockhart, “The Coming”; Acharya, *The End of American*.

<sup>6</sup> Acharya, “After Liberal Hegemony,” 277.

<sup>7</sup> Sil and Katzenstein, *Beyond Paradigms*, 11.

<sup>8</sup> Cox, “Social Forces,” 136.

<sup>9</sup> Hall, “The Role of Interests.”

- 
- <sup>10</sup> Hay, “Crisis and Structural”; Capoccia and Kelemen, “The Study of Critical Junctures.”
- <sup>11</sup> Blyth, *Great Transformations*, 9, 10.
- <sup>12</sup> Cox, “Social Forces,” 136.
- <sup>13</sup> Legro, “The Transformation.”
- <sup>14</sup> Öniş and Kutlay, “Global Shifts.”
- <sup>15</sup> Polanyi, *The Great Transformation*.
- <sup>16</sup> Öniş and Şenses, “Rethinking the Emerging.”
- <sup>17</sup> Stiglitz, *Globalization and its Discontents*.
- <sup>18</sup> Hodgson, “The Great Crash of 2008 and the Reform of Economics.”
- <sup>19</sup> Wolf, *The Shifts and the Shocks*.
- <sup>20</sup> Bruff, “The Rise of,” 123-24.
- <sup>21</sup> Blyth, *Austerity: The History of a Dangerous Idea*.
- <sup>22</sup> Öniş and Kutlay, “Global Shifts,” 229-232, 234.
- <sup>23</sup> Flockhart, “The Coming,” 23.
- <sup>24</sup> Bremmer, *The End of the Free Market*.
- <sup>25</sup> Nölke et al. “Domestic Structures,” 543.
- <sup>26</sup> Bremmer, *The End of the Free Market*, 2010; Kurlantzick, *State Capitalism*.
- <sup>27</sup> McNally, “Sino-Capitalism,” 744-5; Nölke et al. “Domestic Structures,” 543-545.
- <sup>28</sup> Bremmer, *The End of Free Market*, 52.
- <sup>29</sup> Evans, *Embedded Autonomy*.
- <sup>30</sup> Chang, *Kicking Away the Ladder*.
- <sup>31</sup> Haggard, “The Developmental State”; Mazzucato, *The Entrepreneurial State*.
- <sup>32</sup> Strange, *Towards a New Political Economy*.
- <sup>33</sup> Ban, “Brazil’s Liberal,” 300. Bresser-Pereira, “Reflecting on.”
- <sup>34</sup> Nölke, “Dependent versus State Permeated,” 273.
- <sup>35</sup> Ibid.
- <sup>36</sup> Strange, *Towards a New Political Economy*, chapter 3.
- <sup>37</sup> Saad-Filho and Morais, *Brazil*, 93.
- <sup>38</sup> Epstein, “Developmental Central Banking.”
- <sup>39</sup> Gilpin, “U.S. Power,” 40-41.
- <sup>40</sup> Öniş and Kutlay, “Global Shifts,” 234; Diamond, “Facing up to.”
- <sup>41</sup> Foa, “Modernization and Authoritarianism,” 133.
- <sup>42</sup> Nathan, “China’s Challenge.”
- <sup>43</sup> Hay, “Crisis and Structural,” 317.
- <sup>44</sup> Ibid., 323. Also see Hay, “Narrating Crisis.”
- <sup>45</sup> Tansey, Koehler, Schmotz, “Ties to the Rest.”
- <sup>46</sup> New Development Bank, “The Role of BRICS,” 18.
- <sup>47</sup> Ibid., 29.
- <sup>48</sup> For the full list see: <http://fortune.com/global500/>
- <sup>49</sup> Mounk and Foa, “The End of,” 30.
- <sup>50</sup> Yakouchyk, “Beyond Autocracy Promotion.”
- <sup>51</sup> Risse and Babayan, “Democracy Promotion,” 389.
- <sup>52</sup> Balding, “Why Democracies.”
- <sup>53</sup> Strauss, “IMF Faces China.”
- <sup>54</sup> Chin and Thakur, “Will China Change,” 125.
- <sup>55</sup> Cox, “Social Forces,” 136.
- <sup>56</sup> Hay, “The Role of Interests, Institutions, and Ideas,” 184.
- <sup>57</sup> Cox, “Social Forces,” 137.
- <sup>58</sup> Ikenberry, *After Victory*.
- <sup>59</sup> Hurrell, “Beyond BRICS.”
- <sup>60</sup> Wade, “Emerging World Order?”
- <sup>61</sup> Perlez, “U.S. Opposing.”
- <sup>62</sup> Benabdallah, “Contesting the International,” 93.
- <sup>63</sup> Layne, “The US-Chinese Power Shift”, 100
- <sup>64</sup> Gerring, “Is There a (viable),” 232.

- 
- <sup>65</sup> Inalcik, *Turkey and Europe*.
- <sup>66</sup> Yalman, *Transition to Neoliberalism*.
- <sup>67</sup> Data retrieved from Turkish Statistical Institute.
- <sup>68</sup> See, *inter alia*, Öniş and Yılmaz, “Turkey and Russia.”
- <sup>69</sup> Özel, “Emerging on an Illiberal Path,” 170; Kutlay, *The Political Economies*, 75.
- <sup>70</sup> Öniş and Kutlay, “Rising Powers.”
- <sup>71</sup> Kutlay, *The Political Economies*, 96.
- <sup>72</sup> Interview with senior policy consultant, expert and scholar (Istanbul, 2019).
- <sup>73</sup> Ertem, “NATO ve Faiz-enflasyon.”
- <sup>74</sup> Ertem, “Güncel-somut Orneklerle.”
- <sup>75</sup> Ibid.
- <sup>76</sup> Interview with senior policy consultant, expert and scholar (Istanbul, 2019).
- <sup>77</sup> The Ministry renamed as the ‘Ministry of Industry and Technology’ in July 2018.
- <sup>78</sup> Ministry of Science, Industry and Technology, “*Turkish Industrial*.” The document was updated in 2015 and 2019.
- <sup>79</sup> Gal, “A Canal through Turkey?”
- <sup>80</sup> Daily Sabah, “Five Turkish,” 2 November 2017.
- <sup>81</sup> TCCB, “100 Günlük İcraat Programı.”
- <sup>82</sup> Data retrieved from the World Bank Database: <https://ppi.worldbank.org/snapshots/rankings>.
- <sup>83</sup> Ibid.
- <sup>84</sup> Esen and Gumuscu, “Building a Competitive.”
- <sup>85</sup> Öniş, “Turkey under the Challenge,” 202.
- <sup>86</sup> Öniş, “Monopolising the Centre,” 26.
- <sup>87</sup> Öniş, “Turkey under the Challenge,” 210.
- <sup>88</sup> Anadolu Ajansı, “Erdoğan Cumhurbaşkanlığı.”
- <sup>89</sup> Yörük and Yüksel, “Class and Politics”
- <sup>90</sup> Bilgic, “Reclaiming the National”, 273-74.
- <sup>91</sup> Köstem, “The Political Economy.”
- <sup>92</sup> Taas, “Putin Comments on.”
- <sup>93</sup> Bulut, “Doğu’daki Ekonomik.”
- <sup>94</sup> RDIF, “RDIF and Türkiye Wealth Fund.” Also see, *ibid*.
- <sup>95</sup> Hurriyet Daily News, “US ‘against’ Turkey.”
- <sup>96</sup> Aktürk, “Toward a Turkish-Russian Axis?”
- <sup>97</sup> Öniş, “Turkey under the Challenge,” 210.
- <sup>98</sup> Köstem, “The Political Economy,” 23.
- <sup>99</sup> RT, “Turkey Favors.”
- <sup>100</sup> Interview with senior consultant and expert (Istanbul, 2019).
- <sup>101</sup> Atlı, “Turkey Seeking.”
- <sup>102</sup> Hurriyet Daily News, “Chinese Bank.”
- <sup>103</sup> Hurriyet, “Cumhurbaşkanı Erdoğan’dan.” Also see, Aydın-Duzgit and Keyman, “Turkey-EU Relations.”
- <sup>104</sup> Öniş and Kutlay, “Rising Powers.”
- <sup>105</sup> Bulut, “Türkiye, Avrupa Birliği.”
- <sup>106</sup> Bulut, “2023 Büyük Türkiye.”
- <sup>107</sup> Daily Sabah, “Turkey May Become.”
- <sup>108</sup> Munyar, “Erdoğan suggests adding ‘T’ to BRICS”.
- <sup>109</sup> Sputnik News, “Erdoğan”.
- <sup>110</sup> Haberturk, “Avrupa Birliği Bakanlığı.”
- <sup>111</sup> Özel, “Reverting Structural Reforms.”
- <sup>112</sup> Özel, “Emerging on an Illiberal Path,” 170.
- <sup>113</sup> Interview with senior policy expert and scholar (Istanbul, 2019).
- <sup>114</sup> Interview with senior policy consultant, expert and scholar (Istanbul, 2019).
- <sup>115</sup> Yağcı, “The Political Economy”, 532.
- <sup>116</sup> Hurriyet Daily News, “President Erdoğan.”
- <sup>117</sup> Ant, “Erdoğan Names Himself.”

- 
- <sup>118</sup> Cumhurbaşkanlığı Kararnamesi, Resmi Gazete, no. 30083, August 7, 2019.
- <sup>119</sup> Babb and Chorev, “International Organizations.”
- <sup>120</sup> Ban and Blyth, “The BRICs,” 241.
- <sup>121</sup> Snyder, “The Modernization Trap.”
- <sup>122</sup> Acemođlu and Robinson, *Why Nations Fail?*; Rodrik, Subramanian and Trebbi, *Institutions Rule*.
- <sup>123</sup> Doner and Schneider, “The Middle-Income Trap,” 610-611.
- <sup>124</sup> Foa, “Modernization and Authoritarianism,” 137.
- <sup>125</sup> Kutlay and Karaoguz, “Neo-developmental Turn.”
- <sup>126</sup> Güven, “Rethinking Development.”
- <sup>127</sup> *Ibid.*, 1006.
- <sup>128</sup> Goldman and Harris, “U.S. Imposes.”
- <sup>129</sup> Acemođlu and Üçer, “The Ups and Downs,” 15-16.
- <sup>130</sup> Öniş, “Turkey under the Challenge.”
- <sup>131</sup> Tansel, “Reproducing Authoritarian,” 323.
- <sup>132</sup> Data retrieved from Turkish Central Bank database.
- <sup>133</sup> Bugra and Savaskan, *New Capitalism in Turkey*.

## Bibliography

- Acemođlu, D. and Robinson, J. *Why Nations Fail?* London: Penguin Books, 2012.
- Acemođlu, D. and Üçer, M. “The Ups and Downs of Turkish Growth, 2002-2015: Political Dynamics, the European Union and the Institutional Slide”, *NBER Working Paper*, no. 21608 2015.
- Acharya, A. “After Liberal Hegemony: The Advent of a Multiplex World Order.” *Ethics & International Affairs* 31, no. 3 (2017): 271-285.
- Acharya, A. *The End of American World Order*. Cambridge: Polity Press, 2018.
- Aktürk, Ş. “Toward a Turkish-Russian Axis? Conflicts in Georgia, Syria, and Ukraine, and Co-operation over Nuclear Energy.” *Insight Turkey* 16, no. 4 (2014): 12-22.
- Anadolu Ajansi. “Erdoğan Cumhurbaşkanlığı Hükümet Sistemini Anlattı.” 21 June 2018.
- Ant, O. “Erdoğan Names Himself Turkey Wealth Fund Chairman in Shakeup.” *Bloomberg*, 12 September 2018.
- Atlı, A. “Turkey seeking its place in the Maritime Silk Road.” *Asia Times*, 26 February 2017.
- Aydin-Duzgit, S. and Keyman, E. F. “EU-Turkey Relations and the Stagnation of Turkish Democracy.” *Global Turkey in Europe, Working Paper*, no. 2, 2012.

- 
- Babb, S. and Chorev, N. "International Organizations: Loose and Tight Coupling in the Development Regime." *Studies in Comparative International Development* 51, no. 1 (2016): 81-102.
- Balding, C. "Why Democracies Are Turning Against Belt and Road." *Foreign Affairs*, 24 October 2018.
- Ban, C. "Brazil's Liberal Neo-Developmentalism: New Paradigm or Edited Orthodox." *Review of International Political Economy* 20, no. 2 (2013): 298-331.
- Ban, C. and Blyth, M. "The BRICs and the Washington Consensus: An introduction." *Review of International Political Economy* 20, no. 2 (2013): 241-255.
- Benabdallah, L. "Contesting the International Order by Integrating It: The Case of China's Belt and Road Initiative." *Third World Quarterly* 40, no. 1 (2019): 92-108.
- Bilgic, A. "Reclaiming the National Will: Resilience of Turkish Authoritarian Neoliberalism after Gezi." *South European Society and Politics* 23, no. 2 (2018): 259-280.
- Blyth, M. *Great Transformations*. Cambridge: Cambridge University Press, 2002.
- Blyth, M. *Austerity: History of a Dangerous Idea*. Oxford: Oxford University Press, 2013.
- Bremmer, I. *The End of the Free Market*. New York: Portfolio, 2010.
- Bresser-Pereira, L. C. "Reflecting on New Developmentalism and Classical Developmentalism." *Review of Keynesian Economics* 4, no. 3 (2016): 331-352.
- Bruff, I. "The Rise of Authoritarian Neoliberalism." *Rethinking Marxism* 26, no. 1 (2014): 113-129.
- Bugra, A. and Savaskan, O. *New Capitalism in Turkey: The Relationship between Politics, Religion and Business*. Cheltenham: Edward Elgar, 2014.
- Bulut, Y. "2023 Büyük Türkiye Doktrini Yazılmaya Başlandı." *Star*, 11 August 2014b.
- Bulut, Y. "Türkiye, Avrupa Birliği Projesinin 'Alternatifi' Olabilir." *Star*, 15 January 2014a.
- Bulut, Y. "Doğu'daki Ekonomik Sistemin Merkezi 'Türkiye' Olacak!" *Star*, 3 September 2017.

---

Capoccia, C. and Kelemen, D. R. "The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism." *World Politics* 59, no. 3 (2007): 341-369.

Chang, H. *Kicking Away The Ladder: Development Strategy in Historical Perspective*. London: Anthem Press, 2002.

Chin, G. and Thakur, R. "Will China Change the Rules of Global Order?" *The Washington Quarterly* 33, no. 4 (2010): 119-138.

Cox, R. W. "Social Forces, States and World Orders: Beyond International Relations Theory," *Millennium: Journal of International Studies* 10, no. 2 (1981): 126-155.

Daily Sabah, "Turkey May Become Member of BRICS Bank." 27 April 2017.

Daily Sabah. "Five Turkish Companies Take Part in Consortium for Domestically-made Car Production." 2 November 2017.

Deudney, D. and Ikenberry, J. G. "Liberal World: The Resilient Order." *Foreign Affairs* 97, no. (2018): 16-24.

Diamond, L. "Facing up to the Democratic Recession." *Journal of Democracy*, 26 no. 1 (2015): 141-155.

Doner, R. F. and Schneider, B. R. "The Middle-Income Trap: More Politics than Economics." *World Politics* 68, no. 4 (2016): 608-644.

Epstein, G. "Developmental Central Banking: Winning the Future by Updating a Page from the Past." *Review of Keynesian Economics* 1, no. 3 (2013): 273-287.

Ertem, C. "Güncel-Somut Örneklerle Yeni Devlet ve Ekonomi Perspektifi." *Milliyet*, 6 March 2018.

Ertem, C. "NATO ve Faiz-enflasyon Meselesi Uzerine." *Milliyet*, 21 November 2017.

Esen, B. and Gumuscu, S. "Building a Competitive Authoritarian Regime: State-Business Relations in the AKP's Turkey." *Journal of Balkan and Near Eastern Studies* 20, no. 4 (2018): 349-372.

Evans, P. *Embedded Autonomy: State and Industrial Transformation*. Princeton: Princeton University Press, 1995.

Flockhart, T. "The Coming Multi-order World." *Contemporary Security Policy* 37, no. 1 (2016): 3-30.

- 
- Foa, R. S. "Modernization and Authoritarianism." *Journal of Democracy* 29, no. 3 (2018): 129-140.
- Gal, C. "A Canal through Turkey? Presidential Vote is a Test of Erdoğan's Building Spree." *New York Times*, 21 June 2018.
- Gerring, J. "Is There a (Viable) Crucial-Case Method?" *Comparative Political Studies* 40, no. 3 (2007): 231-253.
- Goldman, A. and Harris, G. "U.S. Imposes Sanctions on Turkish Officials Over Detained American Pastor." *New York Times*, 1 August 2018.
- Güven, A. B. "Rethinking Development Space in Emerging Countries: Turkey's Conservative Countermovement." *Development and Change* 47, no. 5 (2016): 995-1024.
- Haberturk. "Avrupa Birliği Bakanlığı Artık Yok." 15 July 2018.
- Haggard, S. "The Developmental State Is Dead: Long Live the Developmental State!" In *Advances in Comparative-Historical Analysis*, edited by James Mahoney and Kathleen Thelen, Cambridge: Cambridge University Press, 2015: 39-66.
- Hall, P. A. "The Role of Interests, Institutions, and Ideas in the Comparative Political Economy of the Industrialized Nations." In Mark Lichbach and Alan Zuckerman, eds., *Comparative Politics: Rationality, Culture and Structure*. New York: Cambridge University Press, 1997.
- Hay, C. "Crisis and the Structural Transformation of the State: Interrogating the Process of Change." *British Journal of Politics and International Relations* 1, no. 3 (1999): 317-344.
- Hay, C. "Narrating Crisis: The Discursive Construction of the 'Winter of Discontent.'" *Sociology* 30, no. 2 (1996): 253-277.
- Hodgson, G. M. "The Great Crash of 2008 and the Reform of Economics." *Cambridge Journal of Economics*, 33, no. 6 (2009): 1205-1221.
- Hurrell, A. "Beyond the BRICS: Power, Pluralism, and the Future of Global Order." *Ethics & International Affairs* 32, no. 1 (2018): 89-90.
- Hurriyet. "Cumhurbaşkanı Erdoğan'dan Önemli Açıklamalar." Hurriyet, 27 April 2019.
- Hurriyet Daily News. "US 'against' Turkey Purchasing S-400 Missiles from Russia." 24 August 2018.

---

Hurriyet Daily News. “Chinese Bank to lend \$3.6 Billion to Turkey: Albayrak.” 27 July 2018.

Ikenberry, J. G. “The End of Liberal International Order?” *International Affairs* 94, no. 1 (2018): 7-23.

Ikenberry, J. G. “The Liberal International Order and its Discontents.” *Millennium: Journal of International Studies* 38, no. 3 (2011): 509–21.

Ikenberry, J. G. *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars*, Princeton: Princeton University Press, 2000.

Inalcik, H. *Turkey and Europe in History*. Istanbul: Eren Yayincilik, 2006.

Kahler, M. “Rising Powers and Global Governance: Negotiating Change in a Resilient Status Quo.” *International Affairs* 89, no. 3 (2013): 711-729.

Köstem, S. “The Political Economy of Turkish-Russian Relations: Dynamics of Asymmetric Interdependence.” *Perceptions: Journal of International Affairs* 23, no. 2 (2018): 10-32.

Kurlantzick, J. *State Capitalism: How the Return of Statism is transforming the World?* Oxford: Oxford University Press, 2016.

Kutlay, M. *The Political Economies of Turkey and Greece: Crisis and Change*. Basingstoke: Palgrave Macmillan, 2019.

Kutlay, M. and Karaoguz, H. E. “Neo-developmental Turn in Global Political Economy? The Turkish Case.” *Turkish Studies* 19, no. 2 (2018): 289–316.

Layne, C. “The US-Chinese Power Shift and the End of the Pax Americana.” *International Affairs* 94, no. 1 (2018): 89-111.

Legro, J. W. “The Transformation of Policy Ideas.” *American Journal of Political Science* 44, no. 3 (2000): 419-432.

Mazzucato, M. *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*. London: Anthem Press, 2013.

McNally, C. A. “Sino-Capitalism: China’s Reemergence and the International Political Economy.” *World Politics* 64, no. 4 (2012): 741-76.

Ministry of Science, Industry and Technology. *Turkish Industrial Strategy Document*. Ankara, 2011.

---

Mounk, Y. and Foa, R. S. "The End of the Democratic Century." *Foreign Affairs*, 97, no. 3 (2018): 29-36.

Munyar, V. "Erdoğan suggests adding 'T' to BRICS." *Hurriyet Daily News*, 29 July 2018.

Nathan, A. J. "China's Challenge." *Journal of Democracy* 26, no. 1 (2015): 156-170.

New Development Bank. "The Role of BRICS in the World Economy and International Development." <https://reddytoread.files.wordpress.com/2017/09/brics-2017.pdf>, 2017.

Nölke, A. et al. "Domestic Structures, Foreign Economic Policies and Global Economic Order: Implications from the Rise of Large Emerging Economies." *European Journal of International Relations* 21, no. 3 (2015): 538-567.

Öniş, Z. and Kutlay, M. "Rising Powers in a Changing Global Order: Political Economy of Turkey in the Age of BRICs." *Third World Quarterly* 34, no 8 (2013): 1416-1434.

Öniş, Z. and Kutlay, M. "Global Shifts and the Limits of the EU's Transformative Power in the European Periphery: Comparative Perspectives from Hungary and Turkey," *Government and Opposition* 54, no. 2 (2019): 226-253.

Öniş, Z. and Senses, F. "'Rethinking the Emerging Post-Washington Consensus.'" *Development and Change* 36, no. 2 (2005): 263-290.

Öniş, Z. "Turkey under the Challenge of State Capitalism: The Political Economy of the Late AKP Era." *Southeast European and Black Sea Studies* 19, no. 2 (2019): 201-225.

Öniş, Z. "Turkey's Two Elections: The AKP Comes Back." *Journal of Democracy* 27, no. 2 (2016): 141-154.

Özbudun, E. "AKP at the Crossroads: Erdoğan's Majoritarian Drift." *South European Society and Politics* 19, no. 2 (2014): 155-167.

Özel, I. "Reverting Structural Reforms in Turkey: Towards an Illiberal Economic Governance?" In *Global Turkey in Europe III: Democracy, Trade, and the Kurdish Question in Turkey-EU Relations*, Rome: IAI Press, 2015.

Özel, I. "Emerging on an Illiberal Path: The Turkish Variety of Capitalism." In *The BRICs and Emerging Economies in Comparative Perspective*, 170-98. New York: Routledge, 2014.

Perlez, J. "U.S. Opposing China's Answer to World Bank." *The New York Times*, 9 October 2014.

---

Polanyi, K. *Great Transformations: The Political and Economic Origins of our Time*. Boston: Beacon Press, 1944.

RDIF. “RDIF and Türkiye Wealth Fund Launch the Russia-Turkey Investment Fund.” 3 April 2018.

Risse, T. and Babayan, N. “Democracy Promotion and the Challenges of Illiberal Regional Powers.” *Democratization*, 22, no. 3 (2015): 381-399.

Rodrik, D., Subramanian, A. and Trebbi, F. *Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development*. NBER Working Paper, No. 9305, 2002.

RT. “Turkey Favors Switching from Dollars to National Currencies in Trade with Russia & China.” 15 August 2018.

Saad-Filho, A. and Morais, L. *Brazil: Neoliberalism vs. Democracy*. London: Pluto Press.

Sil, R. and Katzenstein, P. *Beyond Paradigms: Analytic Eclecticism in the Study of World Politics*. Basingstoke: Palgrave Macmillan, 2010.

Snyder, J. “The Modernization Trap.” *Journal of Democracy* 28, no. 2 (2017): 77-91.

Sputnik News. “Erdoğan: ‘Şanghay Beşlisi İçerisinde Türkiye Niye Olmasın?’” 20 November 2016.

Stiglitz, J. *Globalization and its Discontents*. New York: W.W. Norton & Company, 2002.

Strange, G. *Towards a New Political Economy of Development*. Basingstoke: Palgrave Macmillan, 2014.

Strauss, D. “IMF Faces China Debt Dilemma as Low Income Nations Seek Help.” *Financial Times*, 22 November 2018.

Taas. “Putin Comments on Russian-Turkish Relations.” 24 August 2018.

Tansel, C. B. “Reproducing Authoritarian Neoliberalism in Turkey: Urban Governance and State Restructuring in the Shadow of Executive Centralization.” *Globalizations* 16, no. 3 (2019): 320-335.

Tansey, O. et al. “Ties to the Rest: Autocratic Linkages and Regime Survival.” *Comparative Political Studies* 50, no. 9 (2017): 1221-1254.

TCCB. “100 Günlük İcraat Programı.” 3 August 2018.

---

Wade, R. "Emerging World Order? From Multipolarity to Multilateralism in the G20, the World Bank, and the IMF." *Politics&Society* 39, no. 3 (2011): 347-378.

Wolf, M. *The Shifts and the Shocks: What we've learned – and Have Still to Learn – from the Financial Crisis*. London: Penguin Press, 2015.

Yağcı, M. "The Political Economy of Central Banking in Turkey: The Macroprudential Policy Regime and Self-Undermining Feedback." *South European Society and Politics* 23, no. 4 (2018): 525-545.

Yakouchyk, K. "Beyond Autocracy Promotion: A Review." *Political Studies Review* 17, no. 2 (2019): 147-160.

Yalman, G. *Transition to Neoliberalism: The Case of Turkey in 1980's*. Istanbul: Bilgi University Press, 2009.

Yörük, E. and Yüksel, M. "Class and Politics in Turkey's Gezi Protests." *New Left Review* 89 (2014): 103-123.