

TRADING STATE OR MACHIAVELLIAN STATE? RE-EVALUATING THE POLITICAL ECONOMY OF TURKISH FOREIGN POLICY UNDER ERDOĞAN

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Abstract: In 2009, Kemal Kirişçi penned one of the most widely cited articles on the interplay between economic factors and Turkish Foreign Policy – at a time when Turkey was still experiencing the early years of the AK Parti (Justice and Development Party) rule. Kirişçi adopted the concept of “trading state” – originally developed by Richard Rosecrance – and argued that Turkey’s consolidating democratization, rising trade with neighbors and soft power diplomacy could fully transform Turkey into a trading state that would base its foreign economic policy on a peace-seeking, pro-democratic, and free-trade oriented vision. The main research question I tackle with in this article is that if we prepare a report card on the foreign policy performance of the AK Parti, could we realistically evaluate contemporary Turkey as a trading state? As Turkey moved away from a supposedly democratizing polity in the 2000s to an increasingly illiberal regime with by 2023, the Turkish foreign economic policy strategy has assumed a “Machiavellian character”. It will be argued that the vision of the AK Parti administration is not shaped by a liberal outlook, but by a nationalist and party-based understanding of economic benefits. As the AK Parti’s rule has proved durable over the years, we have seen an economic understanding of foreign policy making but not in ways envisaged by Liberal scholars such as Rosecrance and Kirişçi, and instead in the Neo-Realist – Machiavellian – ways illiberal polities (e.g. China) commonly formulate foreign economic policy.

Keywords: *Political economy of Turkish Foreign Policy, Trading state, Democratic backsliding, Machiavellian theory of foreign economic policy, Regime survival strategy.*

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TİCARET DEVLETİ Mİ, MAKYAVELİST DEVLET Mİ? ERDOĞAN DÖNEMİ TÜRK DIŞ POLİTİKASI'NIN EKONOMİ POLİTİĞİNİN YENİDEN DEĞERLENDİRİLMESİ

Öz: 2009 yılında Türkiye’de AK Parti (Adalet ve Kalkınma Partisi) iktidarının ilk yıllarının yaşandığı bir dönemde, ekonomik faktörler ile Türk Dış Politikası arasındaki etkileşim üzerine en çok alıntı yapılan makalelerden birini Kemal Kirişçi kaleme aldı. Kirişçi, aslen Richard Rosecrance tarafından geliştirilen “ticaret devleti” kavramını benimseyerek; Türkiye’nin demokratikleşme sürecinin, komşu ülkelerle artan ticaretinin ve yumuşak güç diplomasisinin zamanla Türkiye’yi dış ekonomik politikasını liberal ilkelere dayandıran bir ticaret devletine dönüştürebileceğini savundu. Bu makalede ele aldığım temel araştırma sorusu şudur: Eğer AK Parti’nin dış politika performansı hakkında kapsamlı bir karne hazırlarsak, günümüz Türkiye’sini gerçekten de Rosecrance ve Kirişçi’nin öngördüğü türden bir ticaret devleti olarak değerlendirebilir miyiz? Türkiye, 2000’li yıllar boyunca sözde demokratikleşen bir yönetimden 2023’te otokratik birçok yön barındıran “melez bir rejime” dönüşürken, Türk dış ekonomi politikası stratejisi de “Makyavelist bir nitelik” kazandı. AK Parti’nin iktidarı yıllar içinde kalıcı oldu ve ekonomik faydaları merkeze alan bir dış politika anlayışını sürdürdü, ancak Rosecrance ve Kirişçi gibi Liberal uzmanların öngördüğünden ziyade Neo-Realist – Makyavelist – tarzda yapılan ve Çin benzeri diğer illiberal rejimlerin uyguladığına benzer bir dış ekonomi politikası ortaya çıktı.

Anahtar Kelimeler: *Türk Dış Politikası’nın ekonomi politiği, Ticaret devleti, Demokratik erozyon, Makyavelist dış ekonomi politikası teorisi, Siyasi rejimin hayatta kalma stratejisi.*

Introduction

Perhaps due to Turkey's exceptional geopolitical location and the important role it generally plays in global affairs, the political economy of Turkish Foreign Policy has received a considerable amount of academic attention over the course of the years. The position of Turkey at the intersection of Europe, Asia, and the Middle East has always been acknowledged in terms of determining the country's foreign policy strategy. The early scholarly literature often placed an emphasis on the Cold War dynamics as well as the economic effect of Western allies, notably NATO (North Atlantic Treaty Organization) through initiatives such as the Marshall Plan, on Turkey's foreign policy making process.² However, contemporary research³ has expanded beyond purely geopolitical outlooks to integrate more nuanced theoretical frameworks such as Social Constructivism, Neo-Liberal Institutionalism, and Political Economy studies with a greater focus put on what might be termed Turkey's "*foreign economic policy*".⁴

The interaction between Turkey's crucial economic objectives and the choices Turkish governments make about foreign policy has been a prevalent topic across the available research. Studies have shed light on the ways in which economic factors such as trade alliances, energy security, and investment flows influence Turkey's diplomatic activities.⁵ One line of inquiry in this regard is the concept of "*economic statecraft*" which discusses how Turkey uses its economic power to achieve foreign policy goals such as growing its

² See, for example, Mustafa Aydın (2000), "Determinants of Turkish Foreign Policy: Changing Patterns and Conjunctures during the Cold War", *Middle Eastern Studies*, 36 (1), pp. 103-139.

³ H. Tarık Oğuzlu (2020), "Turkish Foreign Policy in a Changing World Order", *All Azimuth*, 9 (1), pp. 127-139; Emel Parlar Dal (2018), *Middle Powers in Global Governance: The Rise of Turkey*, London: Palgrave Macmillan; R. Barış Tekin & Beyza Ç. Tekin (2015), *The Limits, Dilemmas, and Paradoxes of Turkish Foreign Policy: A Political Economy Perspective*, London: LSEE Papers on South Eastern Europe; Mustafa Kutlay & Ziya Öniş (2021/a), "Turkish Foreign Policy in a Post-Western Order: Strategic Autonomy or New Forms of Dependence?", *International Affairs*, 97 (4), pp. 1084-1104; Svante E. Cornell (2012), "What Drives Turkish Foreign Policy?", *Middle East Quarterly*, Winter 2012, pp. 13-24; Elvan Özdemir & Zehra Vildan Serin (2016), "Trading State and Reflections of Foreign Policy: Evidence from Turkish Foreign Policy", *Procedia Economics and Finance*, 38, pp. 468-475; Esen Kirdiş (2015), "The Role of Foreign Policy in Constructing the Party Identity of the Turkish Justice and Development Party (AK Parti)", *Turkish Studies*, 16 (2), pp. 178-194.

⁴ A government's strategy regarding its economic ties with other nations is commonly referred to as its "*foreign economic policy*". Foreign economic policy covers a wide variety of courses of action that a nation takes in order to advance its economic interests on the global political economic arena. It includes managing the said country's trade and investments with other countries, non-governmental organizations (NGOs) and regional and international organizations. For more details on the conceptualization of foreign economic policy and its application to Turkey, see; Altay Atlı (2011), "Business Associations and Turkey's Foreign Economic Policy: From the 'Özal Model' to the AK Parti Period", *Boğaziçi Journal*, 25 (2), pp. 171-188.

⁵ Mustafa Kutlay (2011), "Economy as the 'Practical Hand' of 'New Turkish Foreign Policy': A Political Economy Explanation", *Insight Turkey*, 13 (1), pp. 67-88; Andreas Stergiou & Christos Kollias (2022), "The Political Economy of Turkish Foreign Policy", *Journal of Balkan and Near Eastern Studies*, 24 (1), pp. 42-59; Kemal Kirişçi & Neslihan Kaptanoğlu (2011), "The Politics of Trade and Turkish Foreign Policy", *Middle Eastern Studies*, 47 (5), pp. 705-724.

regional influence, enhancing its so-called “*soft power*” and/or gathering support for certain policies.⁶ In recent years, researchers have also been increasingly interested in Turkey’s pursuit of energy security and how that affects its complex relationships with countries such as Greece, Russia, Azerbaijan, Iraq, and Iran as well as the EU (European Union).⁷

Another essential component of the political economy of Turkish Foreign Policy is the country’s extensive network of commercial ties and collaborations. This line of inquiry investigates how economic relationships affect Turkey’s EU accession process, the state of the Customs Union Agreement, and Turkey’s fluctuating diplomatic relations with the EU.⁸ Since the early 2000s, Turkey’s attempts to broaden its economic partners beyond the West – via cultivating relationships with nations across the non-Western world – have also received attention within the existing literature.⁹ Turkey’s growing engagement in international aid and development assistance is also a notable topic that is beginning to surface in recent research. Researchers investigate how Turkey’s humanitarian assistance and development programs link with the country’s larger goals in terms of its foreign policy.¹⁰ Others criticize the possible use of assistance as a weapon for political gain, while it is also suggested that it may be used as a tool to increase Turkey’s soft power and boost its position as a regional actor or “*middle power*”.¹¹

The scholarly literature on the political economy of Turkish Foreign Policy has seen tremendous development over the years, which reflects the dynamic character of Turkey’s engagement in the affairs of its surrounding regions and the world in general. Though the aforementioned literature is rapidly growing, and that we will touch upon some of the

⁶ Emel Parlar Dal (2020), *Turkey’s Political Economy in the 21st Century*, London: Palgrave Macmillan; Altay Atlı (2011), “Business Associations and Turkey’s Foreign Economic Policy: From the ‘Özal Model’ to the AK Parti Period”; Michelangelo Guida & Oğuzhan Göksel (2018), “Re-Evaluating the Sources and Fragility of Turkey’s Soft Power After the Arab Uprisings”, in (eds. by Hüseyin Işıksal & Oğuzhan Göksel) *Turkey’s Relations with the Middle East: Political Encounters after the Arab Spring*, London: Springer, pp. 151-168.

⁷ Mustafa Kutlay (2009), “A Political Economy Approach to the Expansion of Turkish-Greek Relations: Interdependence or Not?”, *Perceptions*, 14 (1), pp. 91-119; Mert Bilgin (2015), “Turkey’s Energy Strategy: Synchronizing Geopolitics and Foreign Policy with Energy Security”, *Insight Turkey*, 17 (2), pp. 67-81; Pınar İpek (2017), “Oil and Intra-State Conflict in Iraq and Syria: Sub-State Actors and Challenges for Turkey’s Energy Security”, *Middle Eastern Studies*, 17 (3), pp. 406-419.

⁸ Çiğdem Nas (2018), “Turkey-EU Customs Union: Its Modernization and Potential for Turkey-EU Relations”, *Insight Turkey*, 20 (3), pp. 43-60.

⁹ See, for example, Chigozie Enwere & Mesut Yılmaz (2014), “Turkey’s Strategic Economic Relations with Africa: Trends and Challenges”, *Journal of Economics and Political Economy*, 1 (2), pp. 216-230.

¹⁰ Kerim Can Kavaklı (2018), “Domestic Politics and the Motives of Emerging Donors: Evidence from Turkish Foreign Aid”, *Political Research Quarterly*, 71 (3), pp. 614-627.

¹¹ Hüseyin Zengin & Abdurrahman Korkmaz (2019), “Determinants of Turkey’s Foreign Aid Behavior”, *New Perspectives on Turkey*, 60, pp. 109-135.

prominent arguments in the following section of the article, one particular study¹² of distinguished scholar Kemal Kirişçi demands special attention in the context of this article. In 2009, Kirişçi penned one of the most widely cited¹³ articles on the interplay between economic factors and Turkish Foreign Policy – at a time when the country was still experiencing the early years of the now fully-consolidated¹⁴ hegemony of the AK Parti (Justice and Development Party) and its longstanding leader Recep Tayyip Erdoğan. Kirişçi put forward a number of bold claims that were valid in light of the available economic data in the late 2000s as can be seen in Table I and Table II of his work.¹⁵

According to Kirişçi, the AK Parti’s “*liberal foreign policy vision*” throughout the 2000s constituted a radical departure from the then mainstream Turkish Foreign Policy that traditionally was based on a “*hard power*”¹⁶ centric approach towards neighbors such as Greece, Iran, Syria, Iraq, and Armenia. The AK Parti administration of then Prime Minister Erdoğan – and other key policy-makers of the period such as former President Abdullah Gül and former Foreign Minister Ahmet Davutoğlu – attempted to foster positive diplomatic relations with each and every neighbor including building bridges with those historically hostile ones (i.e. Armenia, Greece, and occasionally Syria as was the case during the 1990s). Alongside these diplomatic overtures, trade volume between Turkey and its neighbors significantly increased from 2002 onwards.¹⁷

Throughout the 2000s, the AK Parti’s soft power oriented diplomacy was also accompanied by unprecedented political reforms (e.g. the peace and reconciliation initiatives entitled the “*Kurdish and Alevi openings*” towards Turkey’s notable minorities) that raised the hopes of

¹² Kemal Kirişçi (2009), “The Transformation of Turkish Foreign Policy: The Rise of the Trading State”, *New Perspectives on Turkey*, 40, pp. 29-57.

¹³ Google Scholar indicates that the said article has been cited by 679 other works (as of 8th August 2023).

¹⁴ As of the writing of this article, the AK Parti had just won yet another major victory in the 2023 election as Erdoğan guaranteed another term as president while the AK Parti-led coalition (the People’s Alliance) acquired parliamentary majority. Barring any unexpected developments, President Erdoğan and his party are expected to rule until 2028 – which constitutes an uninterrupted rule of the same leader and political movement for more than a quarter century from 2002 onwards. The length and durability of the AK Parti’s hegemony is unprecedented in the post-1950 democratic period of the Republic of Turkey. The AK Parti rule is envisaged to match the long one-party regime of the CHP (Republican People’s Party) from 1923 to 1950 during the formative presidential tenures of Mustafa Kemal Atatürk and İsmet İnönü.

¹⁵ See; Kemal Kirişçi (2009), “The Transformation of Turkish Foreign Policy: The Rise of the Trading State”, pp. 48-49.

¹⁶ Hard power refers to the use of coercive means in order to exercise influence over other countries. It includes the use of military force, economic sanctions, and other types of direct pressure in order to mold the conduct of other governments or players operating on the global stage. For a hard power focused examination of the political economy of Turkish Foreign Policy, see; Sabri Ciftci (2023), “Military Might: A Domestic Economy Explanation of Turkish Foreign Policy”, *Turkish Studies* (Online), Date of Accession: 05.08.2023 from <https://www.tandfonline.com/doi/abs/10.1080/14683849.2023.2196020?journalCode=ftur20>.

¹⁷ Kemal Kirişçi (2009), “The Transformation of Turkish Foreign Policy: The Rise of the Trading State”, p. 48.

numerous observers for democratization in the country.¹⁸ In this conjuncture, Kirişçi applied the concept of “*trading state*” – originally developed by Richard Rosecrance¹⁹ – to the political economy of Turkish Foreign Policy under the AK Parti administration. He supposed that Turkey’s consolidating democratization, rising trade with neighbors and with various regional and major powers, and soft power diplomacy strategy would all combine to create a positive feedback loop with each other – which could in time fully transform Turkey into a trading state that would base its foreign economic policy on a peace-seeking, pro-democratic and free-trade oriented vision long espoused by the Neo-Liberal Intuitionist school of IR (International Relations).²⁰

The main research question I tackle with in this article is that if we prepare a report card on the foreign policy performance of the AK Parti from 2002 to 2023, could we realistically evaluate contemporary Turkey as a trading state in the manner described by Rosecrance and Kirişçi? The workings of Turkish politics, economy, and foreign policy under the rule of the AK Parti has radically changed since the early 2010s. As Turkey moved away from a supposedly democratizing liberal/pluralist polity in the 2000s to an increasingly illiberal regime with various autocratic features (e.g. restrictions of the freedom of press and social media) by 2023, the Turkish foreign economic policy strategy has assumed a “*Machiavellian character*” in the form of utilizing trade relations to bolster the political survival of the AK Parti administration.²¹ It will be argued that – just as envisaged by the trading state approach – though Turkish Foreign Policy decision-making process is still primarily driven by economic factors, the vision of the AK Parti administration is not shaped by a liberal outlook concerned with human development, democratization, and peaceful diplomacy, but by a nationalist and party-based understanding of economic benefits. As such, it should be clear that liberalism or advanced democratic standards are not prerequisites for a government to evaluate foreign policy making primarily through the lens of economic drivers. As the AK Parti’s rule has

¹⁸ Kemal Kirişçi (2009), “The Transformation of Turkish Foreign Policy: The Rise of the Trading State”; Mesut Özcan (2017), “Turkish Foreign Policy under the AK Party”, *Insight Turkey*, 19 (2), pp. 9-19; Alexandros Zachariades (2018), “Identity and Turkish Foreign Policy in the AK Parti Era”, *E-International Relations*, 21.03.2018; Alper Coşkun & Sinan Ülgen (2022), *Political Change and Turkey’s Foreign Policy*, Washington: Carnegie Endowment for International Peace.

¹⁹ Richard Rosecrance (1986), *The Rise of the Trading State: Commerce and Conquest in the Modern World*, New York: Basic Books.

²⁰ Kemal Kirişçi (2009), “The Transformation of Turkish Foreign Policy: The Rise of the Trading State”; Richard Rosecrance (1986), *The Rise of the Trading State: Commerce and Conquest in the Modern World*.

²¹ Özlem Tür & Ahmet K. Han (2016), “A Framework for Understanding the Changing Turkish Foreign Policy of the 2000s”, in (eds. by Özden Zeynep Oktav) *Turkey in the 21st Century: Quest for a New Foreign Policy*, New York: Routledge, pp. 10-16; Sinan Ülgen (2022) “Change and Continuity in Turkish Foreign Policy”, *Journal of International Relations and Sustainable Development*, 20, pp. 220-229.

proved durable and the party began to impose its vision on every aspect of Turkey's social, economic, and political life, we have seen an economistic understanding of foreign policy making but not in ways envisaged by Liberal scholars of IR such as Rosecrance and Kirişçi, and instead more in the Neo-Realist²² – Machiavellian – ways illiberal polities (e.g. hybrid and authoritarian regimes) formulate foreign economic policy.

In the following first section, the article will examine the evolution and main contributions of the growing scholarly literature on the political economy of Turkish Foreign Policy in the centennial anniversary of the Republic in 2023. This will help us better appreciate the aforementioned work of Kirişçi as a breakthrough and important milestone within the discourse on the subject. As such, in the second section, the concept of trading state as defined by its progenitor Rosecrance and applied to Turkey by Kirişçi will be discussed in detail. In the penultimate third section, recent developments in Turkish domestic politics and foreign economic policy will be studied in light of the concept of trading state and it will be argued that a more accurate definition of contemporary Turkish foreign economic policy is what can be termed a “*Machiavellian state*”.

1. The Literature on the Political Economy of the AK Parti's Foreign Policy at a Glance

For the research purposes of this article, it is essential to provide a brief review of the existing literature on the political economy of Turkish Foreign Policy under the AK Parti. In the centennial anniversary of the Republic in 2023, this would help us identify the main contours of the valuable research conducted on this field. Our comprehension of the political economics underlying Turkey's foreign policy has been greatly advanced by the contributions of a number of research studies. These well-known works have received widespread citations within the context of the academic discourse as a result of their extensive analysis and theoretical insights. In the following section, I will highlight some of the most notable arguments presented by this literature on the foreign economic policy of Turkey from the early years of the AK Parti rule in the 2000s to the contemporary period in the late 2010s and early 2020s.

One of the most common arguments that can be found in academic writing is that as the country adopted an export-oriented industrialization model in the 1980s – during the tenure of Turgut Özal – and its exports rapidly increased, Turkey's trade relations have begun to

²² See, for example, Markus Fischer (1995), “Machiavelli's Theory of Foreign Politics”, *Security Studies*, 5 (2), pp. 248-279; Daniel W. Drezner (2009), “Machiavelli Revisited”, *The National Interest*, 100, pp. 66-70.

considerably impact its foreign policy.²³ Scholars believe that economic factors such as trade alliances, energy security, and foreign direct investment (e.g. from Gulf countries such as Qatar) play a significant influence in determining the nature of present-day Turkey's diplomatic relationships.²⁴ Turkey's alignments with other nations and areas are naturally informed by Turkey's pursuit of economic advantages such as access to more energy resources or new markets.

The historical origins of the AK Parti's ever-rising attention to foreign economic policy are often traced to the Özal era from 1983 to 1993 – which was shaped by his liberal outlook in domestic and global affairs. It is not surprising; therefore, that the so-called Özal era was also the time Turkish political economy and foreign policy has begun to be studied in light of the insights of Neo-Liberal IR approaches. The idea behind Neo-Liberal Institutionalism is that international institutions and economic interdependencies have an effect on the decisions that governments make regarding their foreign policy. In this context, Neo-Liberal leaning IR scholars have investigated how Turkey's participation in regional organizations such as the EU, the Economic Cooperation Organization (ECO), and energy transit projects such as the Baku-Tbilisi-Ceyhan pipeline reflects the country's ambition to use economic cooperation for diplomatic benefits.²⁵

Additionally, academics have investigated how Turkey's internal economic problems influence the country's foreign policy decisions. It is generally agreed that Turkey's legitimacy as a globally influential middle power depends on how stable its economy is in a given time period.²⁶ The capacity of the government to carry out certain measures related to foreign policy may be hindered by factors like as economic downturns, inflation, currency volatility, and public debt. From this point of view, the dynamic relationship that exists between domestic economic realities and international diplomatic agendas is emphasized. In the research that has been conducted, Turkey's delicate balancing act between its Western allies, most notably NATO and the EU, and its growing partnerships with non-Western

²³ See, for example, R. Barış Tekin & Beyza Ç. Tekin (2015), *The Limits, Dilemmas, and Paradoxes of Turkish Foreign Policy: A Political Economy Perspective*, pp. 13-14; Kemal Kirişçi & Neslihan Kaptanoğlu (2011), "The Politics of Trade and Turkish Foreign Policy".

²⁴ Elvan Özdemir & Zehra Vildan Serin (2016), "Trading State and Reflections of Foreign Policy: Evidence from Turkish Foreign Policy".

²⁵ Andreas Stergiou & Christos Kollias (2022), "The Political Economy of Turkish Foreign Policy"; Mesut Özcan (2017), "Turkish Foreign Policy under the AK Party"; Elvan Özdemir & Zehra Vildan Serin (2016), "Trading State and Reflections of Foreign Policy: Evidence from Turkish Foreign Policy".

²⁶ Mustafa Kutlay & Ziya Öniş (2021/b), "Understanding Oscillations in Turkish Foreign Policy: Pathways to Unusual Middle Power", *Third World Quarterly*, 42 (12), pp. 3051-3069; Emel Parlar Dal (2018), *Middle Powers in Global Governance: The Rise of Turkey*.

powers like Russia and China has been examined.²⁷ Scholars have debated the ways in which economic and political factors influence Turkey's participation with both sides, looking at the incentives and restrictions that are connected with each alignment.²⁸

The political economy of Turkish Foreign Policy has experienced substantial shifts and fluctuations during the administration of President Erdoğan and his AK Parti, reflecting the impact of both domestic and international forces. The overall attitude that Turkey takes toward international affairs has been influenced by Erdoğan's personalist and populist leadership style, which is characterized by his vocal desire to increase Turkey's regional and global influence via the utilization of a more aggressive foreign policy.²⁹ From the time the AK Parti first came to power in 2002, the Erdoğan administration placed a high priority on economic development as a foundational component of its approach to foreign policy. The early years of the AK Parti's rule in the 2000s were characterized by structural economic reforms and liberalization policies that attempted to attract foreign investment through establishing the image of "*a stable and prosperous Turkey*".³⁰

Economic factors were often considered during diplomatic negotiations of the 2000s as Turkey made use of the economic clout it had in order to strengthen its relations with Syria, Iran, Iraq, Georgia, Azerbaijan, and Russia.³¹ Erdoğan advocated an interventionist foreign policy agenda with the goal of reasserting Turkey's dominance not just in the Middle East, but also farther afield in the Caucasus, Balkans, and North Africa. This included using economic participation as a tool in the service of achieving political and strategic objectives. The goal of Turkey's efforts was to strengthen its position as a prominent player in regional discussions by capitalizing on its economic and diplomatic resources and assuming the role of a mediator in existing issues such as the Arab-Israeli Conflict, the regime building process in Baghdad, the struggle over the autonomy of the Kurdistan Regional Government in Northern Iraq, and Iran's nuclear program negotiations.³² This way of thinking culminated in

²⁷ Mustafa Kutlay & Ziya Öniş (2021/b), "Understanding Oscillations in Turkish Foreign Policy: Pathways to Unusual Middle Power".

²⁸ *Ibid.*; Alper Coşkun & Sinan Ülgen (2022), *Political Change and Turkey's Foreign Policy*; Alexandros Zachariades (2018), "Identity and Turkish Foreign Policy in the AK Parti Era".

²⁹ *Anadolu Ajansı* (2022), "Cumhurbaşkanı Erdoğan 'Türkiye Yüzyılı' Vizyonunu Açıkladı", 28.10.2022, Date of Accession: 01.08.2023 from <https://www.aa.com.tr/tr/politika/cumhurbaskani-erdogan-turkiye-yuzyili-vizyonunu-acikladi/2723379#>.

³⁰ Mustafa Kutlay & Ziya Öniş (2021/b), "Understanding Oscillations in Turkish Foreign Policy: Pathways to Unusual Middle Power", pp. 3053-3056.

³¹ Andreas Stergiou & Christos Kollias (2022), "The Political Economy of Turkish Foreign Policy".

³² Mustafa Kutlay & Ziya Öniş (2021/b), "Understanding Oscillations in Turkish Foreign Policy: Pathways to Unusual Middle Power", p. 3054.

the policy of “*zero problems with neighbors*”, the primary objective of which was to establish robust economic and political connections with the nations that were located nearby Turkey.

As Erdoğan continued to win elections and consolidate his stronghold over the AK Parti and Turkish politics as a whole, the AK Parti’s foreign policy acquired an increasingly assertive and audacious character. The Erdoğan administration made a concerted effort to broaden the scope of Turkey’s economic alliances beyond its usual Western allies, with the goal of cultivating deeper connections with nations located in Central Asia, Africa, the broader Middle East, and East Asia.³³ As seen by Turkey’s deepening involvement with Middle Eastern and North African nations such as Qatar and Sudan in recent years, economic diplomacy evolved under the AK Parti rule into a tool that could potentially be used to increase Turkey’s power, open up new markets, and guarantee access to energy resources.³⁴ Because of its strategic position at the intersection of energy corridors leading to and from the Caspian area, the Middle East, and Europe, Turkey has emerged as a central figure in the geopolitics of the energy sector. The AK Parti administration has actively promoted infrastructure projects such as pipelines and trade ports in order to improve the country’s capacity for energy transit and to expand its political economic relations with nations (i.e. Russia and Azerbaijan) that produce energy.

Both Turkey’s political economy and its foreign policy have been radically influenced as a consequence of the onset of the war in Syria in 2011 and the dramatic refugee crisis that followed. The manner in which Turkey responded to the Syrian Civil War, including aiding for a number of opposition organizations, had an effect on the country’s ties with global powers such as Russia and the United States (U.S.). In addition, Turkish economy has been increasingly stretched as a result of housing millions of Syrian refugees, which impacted both the internal and international dimensions of Turkey’s choices on its foreign policy. Tensions have built up in Turkey’s relationships with its traditional Western allies over the course of time, most notably the U.S. and a number of European nations such as Germany and France.³⁵

Within the scholarly literature, one of the most widely debated features of the AK Parti foreign policy has been the consistent attempt of Ankara to walk a tight rope between its

³³ Sinan Ülgen (2022) “Change and Continuity in Turkish Foreign Policy”, pp. 223-226.

³⁴ Özgür Pala & Khalid Al-Jaber (2022), *Turkish-Qatari Relations: From Past to Present in a Turbulent Geopolitical Landscape*, Maryland: Lexington Books.

³⁵ Oğuzhan Göksel (2019) “Foreign Policy Making in the Age of Populism: The Uses of Anti-Westernism in Turkish Politics”, *New Middle Eastern Studies*, 9 (1), pp. 13-35.

engagement with Western countries and its pursuit of greater connections with non-Western powers such as Iran, Russia, and China.³⁶ In the process of looking at other sources of investment, technological transfer, and political backing, Turkey has also been influenced by economic concerns which played a crucial part in the adjustments that took place within the AK Parti's foreign economic policy. Starting in particular from the mid-2010s onwards, Turkey has struggled with a plethora of severe economic problems such as very high inflation, a seemingly out-of-control devaluation of national currency, and a growing public debt.³⁷ Because Turkey's reputation as a regional and global player is tied to the nation's economic stability as noted in the aforementioned literature, these socio-economic problems interact with the country's choices about its foreign policy. As such, the AK Parti administration's goals for foreign policy have become intricately intertwined with its initiatives to alleviate economic problems and to entice investment from abroad – a subject that we will focus in the third section of this article.

In a nutshell, the above scholarly literature on the political economy of Turkish Foreign Policy under the AK Parti has a wide variety of viewpoints and methodologies, and these publications provide a cross-section of such views and techniques. They all contribute, individually and together, to our comprehension of the ways in which economic considerations play a key role in contemporary Turkey's diplomatic choices, regional alliances, and global participation. The arguments range from economic interests and institutional dynamics to energy geopolitics and identity narratives. The political economy of Turkish Foreign Policy under President Erdoğan and his AK Parti administration has been defined by a multidimensional approach that combines economic development, regional influence, energy geopolitics, and strategic diversification of relationships. The convergence of economics and diplomacy in Turkey's international engagements will surely be shaped by the shifting geopolitical environment as well as the country's efforts to pursue an assertive foreign policy. As Turkey continues to negotiate the altering regional and international dynamics, continued study will be essential in order to untangle the multiple components of Turkey's economically driven foreign policy.

³⁶ Mustafa Kutlay & Ziya Öniş (2021/b), "Understanding Oscillations in Turkish Foreign Policy: Pathways to Unusual Middle Power"; Andreas Stergiou & Christos Kollias (2022), "The Political Economy of Turkish Foreign Policy"; Alexandros Zachariades (2018), "Identity and Turkish Foreign Policy in the AK Parti Era"; Emel Parlar Dal (2020), *Turkey's Political Economy in the 21st Century*.

³⁷ Özgür Orhangazi & A. Erinç Yeldan (2021), "The Re-Making of the Turkish Crisis", *Development and Change*, 52 (3), pp. 460-503; Ziya Öniş (2019), "Turkey under the Challenge of State Capitalism: The Political Economy of the Late AK Parti Era", *Southeast European and Black Sea Studies*, 19 (2), pp. 201-225.

2. The Concept of “Turkish Trading State” as a Breakthrough and Warning

Within the aforementioned literature, Kirişçi’s work has been a ground-breaking one due to the influence of many of its arguments within the scholarly and public discourse on the AK Parti’s foreign policy. According to Kirişçi, the formulation of Turkish Foreign Policy during the 2000s had progressively been influenced by economic factors such as export markets, investment prospects, tourism, and energy resources.³⁸ The intersection between foreign policy and domestic affairs had expanded beyond considerations of democratization, identity, and civil society engagement, encompassing employment and income creation as well. One potential measure of this phenomenon lies in the responsiveness of Turkish financial markets to a diverse range of foreign policy matters (e.g. fluctuating relations with EU countries and various diplomatic crises with the U.S. and Russia).³⁹

Kirişçi believes that the rising importance of foreign trade within Turkish economy necessitated a systematic study of the interaction between the field of economics and the domain of foreign policy.⁴⁰ Therefore, he applies the concept of the “*trading state*” – originally proposed by Rosecrance – to the case of Turkish foreign economic policy. According to Rosecrance, a paradigm shift occurred in the realm of global trade in the 1980s – wherein a new global trading system now widely referred to as “*neo-liberalism*” gradually supplanted the traditional framework characterized by a dominance of military-political and territorial considerations.⁴¹

Rosecrance echoes other well-known scholars of Neo-Liberal Institutionalism such as Joseph Nye⁴² and argues that all states have two distinct options in attempting to reach their foreign policy goals: first approach is predicated upon fostering collaboration and engaging in peaceful communication with other nations via building strong economic ties, deep cultural exchange, and spreading diplomatic influence – all beings tools of soft power.⁴³ Second approach, however, places great emphasis on military capacities, territorial control, and hard power dynamics within the realm of global affairs – arguing that only through ultimatums and other forms of coercion a country could possibly see its foreign policy aims fulfilled.

³⁸ Kemal Kirişçi (2009), “The Transformation of Turkish Foreign Policy: The Rise of the Trading State”, *New Perspectives on Turkey*.

³⁹ *Ibid.*, pp. 42-44.

⁴⁰ *Ibid.*

⁴¹ Richard Rosecrance (1986), *The Rise of the Trading State: Commerce and Conquest in the Modern World*, pp. 27-42.

⁴² Joseph S. Nye Jr. (2004), *Soft Power: The Means to Success in World Politics*, New York: Public Affairs.

⁴³ *Ibid.*; Richard Rosecrance (1986), *The Rise of the Trading State: Commerce and Conquest in the Modern World*.

According to Rosecrance, the modern global trading landscape is not advantageous for jingoist non-democratic nations who rely on hard power as their primary strategy and that the political-economic supremacy of the supposedly soft power oriented liberal democratic U.S. over hard power preferring totalitarian Soviet Union could be seen as a validation of his thesis.⁴⁴

The belief that a country's economic might and its ability to participate in international commerce plays a vital role in determining its level of global influence is at the heart of the concept of trading state. In contrast to Neo-Realist IR perspectives, which have always focused on military superiority, Rosecrance contends that successful trading states draw significant power not just from their domestic economic resources, but also from their capacity to manage economic interdependence with other countries. According to Rosecrance, trading states have made the formation of trade agreements, the growth of economic alliances, and the construction of economic infrastructure a top priority.⁴⁵ They are able to participate in global marketplaces, get access to resources and contribute to the expansion of the economy as a result.

In addition, the notion of the trading state highlights the connection of economic development, democratization, and diplomatic strategy. When a state is economically powerful and possesses a stable democratic regime, it supposedly has more tools at its disposal to achieve its foreign policy goals via relaying a reliable/positive global image.⁴⁶ Trading states have the ability to change the conduct of other countries without resorting to conventional kinds of coercion. This is accomplished through granting trade incentives, investments, and economic support. The idea of the trading state is still very pertinent in the modern context of global economy. The growing interconnectedness of economies, which has been made possible by technical advances and globalization, has led to an increase in the significance of economic concerns in the context of international politics. States are not only vying with one another for military supremacy, but also for economic influence and access to various markets.

⁴⁴ Richard Rosecrance (1986), *The Rise of the Trading State: Commerce and Conquest in the Modern World*, p. 13.

⁴⁵ *Ibid.*

⁴⁶ *Ibid.*

The EU, for example, is an excellent illustration of a state collective that engages in commerce and that could be classified as a “*trading [supra]-state*”.⁴⁷ Due to the harmonization of the economies of the EU’s member states and the establishment of democratization and free-trade as prerequisites for membership, the EU as a whole is now able to exert a significant amount of economic and cultural weight on the international scene. The EU is able to harness its economic power to promote its ideals, regulatory standards, and regional stability by using its Customs Union and other trade agreements.

Rosecrance’s conceptualization helped establish a sophisticated understanding of the power dynamics that are at play in the constantly shifting terrain of international politics. Despite the fact that Rosecrance’s trading state provides a novel and insightful point of view, however, it is not without its restrictions. Critics contend that concentrating simply on economic power ignores the intricate interaction of other elements including cultural impact, ideological concerns, and moral issues.⁴⁸ In addition, the idea does not sufficiently acknowledge the fact that illiberal polities (i.e. totalitarian, authoritarian, and hybrid regimes) may also harness trade relations as an invaluable source to acquire regional and/or global political power via developing systematic foreign economic policy strategies.

Taking the above summary of Rosecrance’s trading state as a basis; Kirişçi suggests that the “*zero-problem with neighbors*” foreign policy of the AK Parti in the 2000s can be viewed as a tangible embodiment of “*typical trading state behavior*”.⁴⁹ According to Kirişçi, the integration of the Turkey into the global economy from the early 1980s onwards is a significant factor driving Turkey’s transition into a trading state. That is the case because as the share of foreign trade within Turkey’s GDP (Gross Domestic Product) increased since 1980, a need emerged to foster more positive diplomatic relations with the outside world.⁵⁰ Therefore, the zero-problem policy implemented by the AK Parti government towards countries in Turkey’s vicinity might be interpreted via an economic lens, alongside the desire to discover fresh avenues for exporting goods.

According to Kirişçi, the foundation of the so-called “*Turkish trading state*” can be traced back to the 1980s – the tenure of Özal as he undertook democratization, supervise the

⁴⁷ Richard N. Rosecrance (1993), “Trading States in a New Concert of Europe”, in (eds. by Helga Haftendorn) *America and Europe in an Era of Change*, London: Routledge, pp. 127-145.

⁴⁸ René Zentner (1987), “A Review of The Rise of the Trading State: Commerce and Conquest in the Modern World”, *The Journal of Energy and Development*, 13 (1), pp. 154-156; Elvan Özdemir & Zehra Vildan Serin (2016), “Trading State and Reflections of Foreign Policy: Evidence from Turkish Foreign Policy”.

⁴⁹ Kemal Kirişçi (2009), “The Transformation of Turkish Foreign Policy: The Rise of the Trading State”, *New Perspectives on Turkey*, p. 42.

⁵⁰ *Ibid.*, pp. 43-48.

consolidation of a free-market economy alongside ambitious diplomatic endeavors to expand Turkey's trade volume via partnerships with European, Middle Eastern, and Central Asian economies.⁵¹ However, after Özal's death in 1993, Kirişçi believes that the liberal trajectory of Turkey was subsequently disrupted when the Kemalist/nationalist elite within the country's military and judiciary launched a series of interventions (e.g. the 28th February 1997 military intervention) to take control and push the country's foreign policy towards a hard power oriented direction via resorting to ultimatums against Greece and Syria in various crises in the mid to late-1990s.⁵² Kirişçi suggests that the AK Parti's electoral victories in 2002 and 2007 up-ended the Kemalist direction and placed the country once again on the path to being a liberal trading state with Ankara launching peaceful dialogue initiatives to all the countries in its vicinity in the Balkans, Middle East, and the Caucasus in the 2000s.⁵³ Kirişçi implies that the AK Parti's democratization initiatives (e.g. the Kurdish opening) and its trading state oriented foreign economic policy is responsible for the country's high economic growth rates, successful attraction of foreign direct investment, rising soft power, and a rapid expansion of foreign trade volume.⁵⁴

Nevertheless, and despite the aforementioned support for the vision of the AK Parti in the 2000s, Kirişçi also offers astute warnings for the long-term future of the Turkish trading state: *“Over the last few years, the trading state has made a conspicuous comeback. However, the Turkish trading state is far from being consolidated and faces a set of challenges. These challenges have to do with both domestic and external factors. The world economy is going through a major crisis, and it is not yet certain whether the principles of free trade will continue to prevail. Since the end of World War II, free trade has served interdependence and relative peace well. However, this does not mean that trade cannot be a source of conflict and a weakening of Rosecrance's trading state... If the AK Parti fails to ensure reforms and stability, there is no guarantee that the state and its allies once steeped in the military-political and territorial system could not make a comeback and disturb the balance that favors the trading state... What happens in Syria, Iraq, Iran and the Caucasus is still not clear. Will they become trading states, or will they remain Third World states*

⁵¹ *Ibid.*, pp. 44-45.

⁵² *Ibid.*, p. 53.

⁵³ *Ibid.*, pp. 52-53.

⁵⁴ *Ibid.*, pp. 48-49.

immersed in nationalism, which Rosecrance has seen as having few prospects of transformation?”⁵⁵

The above passage that warns the reader of the potential challenges for the sustainability of the Turkish trading state has proven most foresightful over the course of the AK Parti rule. Since the early 2010s, a combination of domestic, regional, and global developments has largely – if not completely – eroded the trading state qualifications of Turkey. As such, I believe that Kirişçi’s concluding argument including his aforementioned warnings add a significant relevance to his work as a guide to understand the decline and downfall of the Turkish trading state in our present day. The following third section of this article will study in detail the factors that have led to this – by no means inevitable – predicament for Turkish foreign economic policy.

It is clear that what Rosecrance conceptualizes – and Kirişçi interprets – is an entirely liberal democratic understanding of global politics and economy based on the theoretical insights of Neo-Liberal Institutionalism. Accordingly, democratization and all of its key features (e.g. regular free and fair elections, minority rights, and freedoms of expression, media, and association) are complementary to the consolidation of a free-market capitalist economy in a given country. It is assumed that consolidation of a democratic regime and the presence of a free-market would pressure incumbent administrations – regardless of their specific ideologies and leader idiosyncrasies – to adhere to the way in which so-called trading states play the game of IR. Namely that foreign policy behavior of governments would have to prioritize soft power over hard power, acknowledge the driving force of economic factors such as bilateral trade, and would work to actively avoid diplomatic crises with countries while attempting to deepen economic interdependency and dialogue.

Rosecrance’s – and by extension Kirişçi’s – trading state seems to place an unfounded value on the necessity of democratization for a country to fully realize its foreign economic policy potential. In this context, the emergence of China as an economic superpower in the early 21st century proves that a non-democratic regime can effectively position itself as a leading participant in international commerce and harness its web of trade partnerships across Africa, Latin America, Eurasia, and the Middle East to carry itself to the top of the power pyramid within the global political economic system.⁵⁶ Indeed the economic clout that China

⁵⁵ *Ibid.*, pp. 53-54.

⁵⁶ For more details, see; Shuxiu Zhang (2016), *Chinese Economic Diplomacy: Decision-Making Actors and Processes*, London and New York: Routledge.

accumulated over the years has offered Beijing a significant amount of diplomatic influence, enabling it to impact talks on global trade policy, regional development, and international institutions.

The regime in Beijing is far and away from any standard of democracy, yet it clearly possesses a utilitarian grasp of the significance of trade in global affairs. The case of China reveals a simple but notable gap in the liberal conceptualization of trading state, namely that foreign economic policy is a particularly valuable arrow in the quiver of ambitious illiberal regimes seeking more power as well as regime survival. Thus, China and many other illiberal regimes may completely ignore the supposed value of democratization domestically and globally for their image, and yet they may still appreciate trade-oriented soft power just as any democratic regime would. As such, I suggest terming the former category of illiberal polities “*Machiavellian states*” to distinguish them from the latter category trading states that are democratic. Neither Rosecrance nor Kirişçi discussed how an illiberal polity can behave like a trading state yet may either lack some basic principles of a liberal democratic regime or even – as in the case of China – be an entirely non-democratic entity.

In the following third section of this article, I will discuss how contemporary Turkey led by the AK Parti administration can no longer be qualified as a trading state in the manner that this notion is defined by Rosecrance and Kirişçi, but it can very well be seen as a typical example of a so-called Machiavellian state that prioritizes foreign economic policy for regime survival and acquiring more influence as a middle power.

3. The Machiavellian State: A Critical Appraisal of the AK Parti’s Foreign Economic Policy

3.1. Turkish Trading State in Decline: Democratic Backsliding

The early years of the AK Parti rule in Turkey was hailed by observers as a potentially transformative period for democratic change in a nation that had a long history of being subject to repeated military coups.⁵⁷ As the party and its leader Erdoğan increased their hold on power through successive electoral victories throughout the 2010s, however, worries about the weakening of existing checks and balances began to surface. A combination of factors, including the dominance of the party in both the administrative and legislative branches as well as the weakening of the independence of judiciary, led to President Recep

⁵⁷ H. Tarık Oğuzlu (2020), “Turkish Foreign Policy in a Changing World Order”, p. 134; Svante E. Cornell (2012), “What Drives Turkish Foreign Policy?”, p. 18.

Tayyip Erdoğan holding a disproportionate amount of authority.⁵⁸ The President was given even more power as a result of constitutional amendments in 2010 and 2017, which led to a trend towards what can be termed an illiberal “*super-presidential*” or “*hyper-presidential*” system.

The separation of powers within the judicial system is essential to the functioning of any democratic society. However, during the administration of the AK Parti, there has been a considerable increase in the amount of governmental pressure placed on the Turkish court. Concerns have been made over the politicization of the court and the use of emergency powers to target those who are seen as being opposed to the government as a result of the purges that followed the Gezi Park protests in 2013, pro-Kurdish protests in 2015, and the failed coup attempt in 2016.⁵⁹ The credibility of the legal system has been harmed and trust in the legitimacy of the judicial process has been shaken as a result of the weakening of due process and the rule of law.

A robust and independent media environment that promotes free speech is one of the hallmarks of a democracy. The AK Parti’s more than 20-years long rule in Turkey, on the other hand, has been detrimental to the freedom of the press. Concerns have been expressed over the silencing of dissident voices as a result of the government’s crackdown on critical media outlets, the detention of journalists, and the shutdown of various opposition publications and television stations over the years.⁶⁰ As a consequence, press freedom has decreased and the general public’s access to information that is not prejudiced has become more difficult. Similar political pressures and restrictions have also been applied – to a lesser extent – to popular social media outlets such as Twitter.

The intensification of ever-present identity politics in Turkey over the course of AK Parti hegemony is a fundamental issue that has impacted significantly to the country’s democratic regression. Polarization in society has risen as a result of the frequent adoption of controversial ultra-conservative and ultra-nationalist narratives by the AK Parti as a means of

⁵⁸ Alexandros Zachariades (2018), “Identity and Turkish Foreign Policy in the AK Parti Era”; Berk Esen & Sebnem Gumuscu (2016), “Rising Competitive Authoritarianism in Turkey”, *Third World Quarterly*, 37 (9), pp. 1581-1606.

⁵⁹ *Ibid.*; Oğuzhan Göksel (2019) “Foreign Policy Making in the Age of Populism: The Uses of Anti-Westernism in Turkish Politics”, pp. 21-22.

⁶⁰ Defne Över (2021), “Democratic Backsliding and the Media: The Convergence of News Narratives in Turkey”, *Media, Culture & Society*, 43 (2), pp. 343-358.

consolidating its support base among the Turkish right-wing constituents.⁶¹ There has been a widening of the ideological rifts that previously existed between secularists and conservatives, making meaningful political conversation among the broader Turkish society much more difficult to establish on important topics.

3.2. Turkish Trading State in Decline: Economic Deterioration

The aforementioned democratic backsliding – seen in particular from the early 2010s onwards – has also been accompanied by an increasingly intense economic crisis that began in late 2010s and has continued as of 2023. In spite of the fact that it got off to a very positive start in the first decade of the AK Parti rule (2002-2013), the Turkish economy soon started to face severe difficulties. The fast increase of credit and debt was one of the most important factors.⁶² This expansion has supported over-consumption and investment kept the GDP growth rates relatively stable, but has it also contributed to developing severe imbalances in the economy.⁶³ In addition, dependence on short-term borrowing in foreign currency and the extreme fall in value of the Turkish lira have highlighted weaknesses in the financial system.⁶⁴

The rapid decline in value of the Turkish lira resulted in imported items becoming costlier which led to an increase in overall consumer costs. This had significant repercussions for inflation. A high rate of inflation has lowered average purchasing power and naturally people's standards of living, which has undermined domestic and international faith in the administration of the economy.⁶⁵ The loss of trust among investors is a major effect that has arisen as a direct result of the ongoing economic crisis in Turkey. Skepticism on the part of international investors has been fueled in part by political worries, a lack of openness in economic decision-making and worries over the independence of the central bank. Concerns have been expressed over the government's capacity to successfully handle the crisis due to what has been seen as a lack of commitment to conventional macro-economic strategies.⁶⁶

⁶¹ Ozan Aşık (2022), "Ideology, Polarization, and News Culture: The Secular-Islamist Tension in Turkish Journalism", *The International Journal of Press/Politics* [Online]. Date of Accession: 15.05.2023 from <https://journals.sagepub.com/doi/abs/10.1177/19401612221132716>.

⁶² See, for more details; Ümit Akçay & Ali Rıza Güngen (2019), *The Making of Turkey's 2018-2019 Economic Crisis*, Berlin: Institute for International Political Economy Berlin Working Paper.

⁶³ OECD (2023), "Türkiye Economic Snapshot", June 2023, Date of Accession: 04.07.2023 from <https://www.oecd.org/economy/turkiye-economic-snapshot/>.

⁶⁴ *Ibid.*

⁶⁵ Beril Akman (2023), "Turkey's Early-2023 GDP Growth to Slow as Economic Woes Mount", *Bloomberg*, 31.05.2023.

⁶⁶ *Ibid.*; OECD (2023), "Türkiye Economic Snapshot"; Ümit Akçay & Ali Rıza Güngen (2019), *The Making of Turkey's 2018-2019 Economic Crisis*.

3.3. Turkish Trading State in Decline: Populist Foreign Policy

As the country's democratic standards eroded and an increasingly desperate struggle with an economic crisis began, a populist and anti-Western/ultra-nationalist foreign policy have come in effect in the late 2010s.⁶⁷ The term “*populist foreign policy*” refers to policies that place an emphasis on domestic political benefit, often by taking forceful and aggressive stands on international problems and that strive to generate popular support inside the country. Under the leadership of the AK Parti, it can be argued that populism has been integrated into Turkey's foreign policy for a number of reasons.

Firstly, the intensification of an economic crisis from the mid-2010s might have pushed the party to resort to assertive foreign policy rhetoric to derive alternative social sources of regime legitimization in the absence of democratization and widespread economic benefits for voters. Secondly, the party's continued success in the elections of 2018 and 2023 may be attributed, at least in part, to its capacity to capitalize on the nationalist feelings of the general public – a factor reinforced by the “*People's Alliance*” coalition with the MHP (Nationalist Action Party). This nationalist voter base provided by the People's Alliance offers the AK Parti administration considerable incentives to take populist postures – e.g. anti-EU and anti-U.S. discourses – in foreign concerns in order to boost its popularity at home and among the Turkish diaspora abroad.⁶⁸ Thirdly, the strongman image of President Erdoğan may have helped enable the framing of choices on foreign policy as bold measures, which appeals to the Turkish right-wing voters' preference a charismatic leader.⁶⁹

Nationalist impulses and pragmatic economic concerns coexist uneasily within the AK Parti's populist approach to foreign policy. A degree of collaboration and compromise with other countries is surely necessary for effective foreign policy despite the fact that populism often calls for more aggressive stances. Hidden behind the façade of President Erdoğan's frequently used aggressive foreign policy discourses⁷⁰ voiced during political demonstrations

⁶⁷ For more details on the workings of anti-Westernism and ultra-nationalism in the formation of a populist Turkish Foreign Policy under the AK Parti in recent years, see; Alper Kaliber & Esra Kaliber (2019), “From De-Europeanisation to Anti-Western Populism: Turkish Foreign Policy in Flux”, *The International Spectator*, 54 (4), pp. 1-16; Mehmet Arısan (2022), “Populism, Victimhood and Turkish Foreign Policy under AK Parti Rule”, *Turkish Studies*, 23 (5), pp. 681-700; Burak Bilgehan Özpek & Nebahat Tanriverdi Yasar (2018), “Populism and Foreign Policy in Turkey under the AK Parti Rule”, *Turkish Studies*, 19 (2), pp. 198-216.

⁶⁸ Oğuzhan Göksel (2019) “Foreign Policy Making in the Age of Populism: The Uses of Anti-Westernism in Turkish Politics”.

⁶⁹ H. Bahadır Türk (2017), “A Glance at the Constitutive Elements of the Leader-Centered Perspective in Turkish Politics”, *Turkish Studies*, 18 (4), pp. 601-623.

⁷⁰ *Euronews* (2018), “Erdoğan'dan Batı'ya: Cehenneme Kadar Yolunuz Var”, 08.04.2018, Date of Accession: 15.07.2023 from <https://tr.euronews.com/2018/04/08/erdogan-dan-bat-ya-cehenneme-kadar-yolunuz-var>.

in front of large crowds, the AK Parti administration has actually preserved its dedication to conduct Turkish Foreign Policy on the basis of economic benefits as the share of foreign trade within Turkey's GDP continued to rise over the years (see **Table 1**). The increasingly strong economic ties between Turkey and a number of notable countries such as Russia, Qatar, and Azerbaijan in recent years can all be analyzed through the prism of the aforementioned desperate economic situation the AK Parti administration has found itself from the 2010s onwards (see **Table 2**). In return for Turkey providing invaluable political favors for the regimes of Russia, Qatar, and Azerbaijan during their serious crises (i.e. the ongoing Ukraine-Russia War, the Qatar-Saudi Crisis of 2017-2021, and the Second Karabakh War), the AK Parti administration has deepened its economic partnership with these countries – as will be discussed in detail below.

3.4. The AK Parti's Foreign Economic Policy towards Russia, Qatar, and Azerbaijan

There are a number of geopolitical and economic factors that have contributed to Turkey's move toward deeper commercial connections with Russia in recent years. The energy sector collaboration between Turkey and Russia has been one of the most crucial parts of Turkey's economic ties with Russia. This partnership is shown by the development of the Turk-Stream Pipeline, which delivers natural gas from Russia to Turkey and then on to Europe. The project has significantly improved Turkey's position as a center for energy distribution in the region; however, Turkey's increasing dependency on Russian energy resources also puts the country at risk of future geopolitical dangers. Despite such potential risks, the recent travails of Turkish economy leave very little room for maneuver in the AK Parti's foreign economic policy towards Russia. The tourist industry is an additional component of Turkey's economic ties with Russia. The number of Russian visitors to Turkey's seaside resorts is large and their spending helps to contribute to the country's overall earnings from tourism.⁷¹

Concerns have been voiced by Turkey's NATO members in recent years over Turkey's purchase of military equipment manufactured in Russia. One example of this has been the installation of Russia's S-400 air defense system in Turkish territory. Tensions rose between the U.S. and Turkey as a direct result of this decision, which indicates Turkey's determined pursuit of deep economic ties with Moscow despite opposition from its Western partners. The ongoing conflict in Ukraine has ratcheted up the level of geopolitical friction between Russia

⁷¹ N. A. Budarina & I. R. Ibragimov (2020), "Russia and Turkey: New Trends and Prospects at the Present Stage", *Rudn Journal of Economics*, 28 (3), pp. 440-449.

and Western nations within NATO. Turkey has found itself in a precarious position as it strives to maintain a balanced approach between its Western partners and its engagement with Russia.

Turkey's business ties with Russia have been negatively impacted as a result of the economic sanctions placed on Russia by Western nations as a reaction to its invasion of Ukraine. The energy and financial sectors of Russia have been the targets of Western sanctions and these restrictions generated difficulties for Turkish enterprises who are involved in trade with Russia.⁷² Even while Turkey and Russia's economic relationship has been tested as a result of the conflict in Ukraine, the conflict has also opened up chances for diplomatic and mediating efforts. Because of its role as a player in the area, Turkey is now in a position to participate in efforts to de-escalate tensions and find peaceful solutions to issues. This diplomatic engagement has the potential to have beneficial repercussions for both the economic stability of the area and, by extension, for the economic links that exist between Turkey and Russia.

The AK Parti administration has been one of the few NATO member regimes that still possess strong diplomatic and economic partnerships with Russia. Ankara has been able to reap the benefits of breaking Russia's economic and diplomatic isolation via obtaining discounted natural gas and oil deals from Moscow – which stands out as a notable result of the AK Parti's Machiavellian foreign economic policy.⁷³ Turkey's insistence on preserving its economic cooperation with Moscow – in the face of the U.S. pressure on Ankara – can be seen as testament to the continuing influence of an economic benefit oriented pragmatist vision in the AK Parti's Turkish Foreign Policy (see **Table 2**).

The AK Parti administration has been responsible for a significant expansion of Turkey's economic ties with Qatar over the last decade (see **Table 2**). This expansion has been driven by the countries' shared strategic goals, economic partnerships, and diplomatic alignment within the broader Middle East and North Africa region. During the 2017-2021 dispute between Qatar and Saudi Arabia, Turkey stood out for the substantial diplomatic and military assistance it offered to Qatar. The AK Parti administration has criticized the embargo placed

⁷² Elizabeth Hagedorn (2023), "US Targets Firms in UAE, Turkey over Russia Sanctions Evasion", *Al-Monitor*, 12.04.2023, Date of Accession: 20.07.2023 from <https://www.al-monitor.com/originals/2023/04/us-targets-firms-uae-turkey-over-russia-sanctions-evasion>.

⁷³ Gubad Ibadoghlu (2022), "Who Stands to Gain from Closer Relations between Russia and Turkey?", *London School of Economics*, 21.09.2022, Date of Accession: 20.07.2023 from <https://blogs.lse.ac.uk/europpblog/2022/09/21/who-stands-to-gain-from-closer-relations-between-russia-and-turkey/>.

on Qatar and has voiced its sympathy with the government of Qatar.⁷⁴ In the aftermath of the crisis, Turkey expanded its food shipments to Qatar, which assisted in mitigating the negative effects of the economic embargo that was imposed on Qatar's supply lines.⁷⁵ Additionally, Turkey was granted permission to create a military facility in Qatar in accordance with the terms of a defense pact that both nations had signed in 2014. Throughout the crisis, Turkey maintained its military cooperation with Qatar, which included continuing its participation in joint military exercises and training programs. Turkey also tried to play a role in the mediation process by promising to foster communication between the Saudi Arabia, the United Arab Emirates (UAE), and Qatar governments.

The AK Parti administration seems to have reaped the benefits of its overwhelming support to Qatar with substantial economic benefits that have proven key to the survival of the AK Parti's hegemony in Turkey. Significant investments made by Qatar in Turkey's financial markets and real estate market have served as a priceless source of economic assistance for the AK Parti administration as the Turkish economy struggled with extremely high inflation and the mass exodus of Western investors from its stock market.⁷⁶ Notably, Qatar's participation in the development of major infrastructure projects in Turkey – such as the new airport in Istanbul – illustrates Qatari commitment to consolidating the political economic alliance between two governments.⁷⁷ Additionally, Turkey and Qatar have been working together on commercial ventures in an effort to strengthen their economic connections. Turkey's attempts to diversify its energy sources and lessen its dependence on a single supplier are also aligned with Qatar's standing as a large exporter of liquefied natural gas (LNG) and the strategic relevance of this facet of their alliance is shown by collaborative energy projects and negotiations on LNG imports.⁷⁸

Turkey and Azerbaijan have close linguistic, cultural, and ethnic links – the common heritage of the Turkic peoples – which have contributed to the development of a natural sense of friendship between the two nations. Apart from their century-long friendship that can be

⁷⁴ Nesibe Hicret Battaloglu (2023), "Reflecting on the Turkey-Qatar Partnership, Fifty Years Later", *Gulf International Forum*, 22.05.2023.

⁷⁵ *Ibid.*; *Zawya Gulf Times* (2023), "Qatar, Turkiye to Bolster Relations in All Fields", 19.07.2023, Date of Accession: 22.07.2023 from <https://www.zawya.com/en/world/middle-east/qatar-turkiye-to-bolster-relations-in-all-fields-rflabd94>.

⁷⁶ Ali Bakir (2019) "The Evolution of Turkey—Qatar Relations Amid a Growing Gulf Divide", in (eds. by Andreas Krieg) *Divided Gulf*, New York: Springer, pp. 197-215.

⁷⁷ *Ibid.*; *Zawya Gulf Times* (2023).

⁷⁸ Nesibe Hicret Battaloglu (2023), "Reflecting on the Turkey-Qatar Partnership, Fifty Years Later".

traced to the early 1920s⁷⁹, Ankara and Baku possess a comprehensive economic and military alliance that proved essential for determining the outcome of Azerbaijan's decisive victory over Armenia in the Second Karabakh War in 2020. Throughout the duration of the armed conflict, Turkey provided unwavering political and diplomatic support for Azerbaijan's stance.

The AK Parti administration has voiced its disapproval of Armenia's continued occupation of Nagorno-Karabakh and has highlighted the need of maintaining Azerbaijan's territorial integrity.⁸⁰ Azerbaijan also received significant amount of military aid from Turkey. Azerbaijan successfully launched strikes against critical positions in the Armenian military using Turkish-made Bayraktar TB2 drones – targeting numerous tanks, armored vehicles, and other military installations. The use of drones had been reported by military experts to have made huge impact on the battlefield and helped tip the scales of power in favor of Azerbaijan.⁸¹ Reportedly, the Turkish Armed Forces also provided Azerbaijani soldiers with military training as well as advising technical assistance during the war.⁸²

Following the Second Karabakh War, there has been a significant increase in the amount of commerce that takes place between Turkey and Azerbaijan across a variety of industries such as agriculture, construction, defense, IT, and finance.⁸³ The economic foundations of Turkey-Azerbaijan alliance, rooted in the Baku-Tbilisi-Ceyhan pipeline and Baku-Tbilisi-Kars railways, have become stronger as a result of recent efforts to improve transportation and communication (see **Table 2**). Moreover, numerous pro-AK Parti Turkish companies in various sectors have supposedly received lucrative contracts in the recently-liberated Karabakh territories by the Baku regime – which could possibly be interpreted as yet another outcome of the AK Parti's Machiavellian foreign economic policy.⁸⁴

The three cases briefly discussed above reveal the nature of the AK Parti's foreign economic policy making. While the pro-democratic liberal outlook of the trading state of the 2000s has

⁷⁹ Oğuzhan Göksel (2022) "I Contorni di Una Relazione Speciale: L'Alleanza Turchia-Azerbaijan dalla Rivoluzione del 1917 Alla Guerra del Karabakh del 2020", *CeSPI*, pp. 146-168.

⁸⁰ Murteza Hasanoglu & Asim Memmedov & Bahtiyar Maharramov (2020), "İkinci Karabağ Savaşı Sonrası Azerbaycan - Türkiye İlişkileri", *Uluslararası Yönetim Akademisi Dergisi*, 3 (3), p. 526

⁸¹ Jack Davies (2020) "Unmanned Aerial Systems in Nagorno-Karabakh: A Paradigm Shift in Warfare?", Human Security Centre, 24.11.2020.

⁸² Murteza Hasanoglu & Asim Memmedov & Bahtiyar Maharramov (2020), "İkinci Karabağ Savaşı Sonrası Azerbaycan - Türkiye İlişkileri".

⁸³ Yigit Yildiz & Deniz Lizge Oksuz & Ege Ozyegin (2021), "Turkey and Azerbaijan Sign Preferential Trade Agreement", *Mondaq*, 23.03.2021.

⁸⁴ *Ibid.*; Mustafa Sönmez (2020) "Turkey Eyes Economic Gains in Backing Azerbaijan against Armenia", *Al-Monitor*, 07.10.2020.

been abandoned, a calculating perspective of foreign economic policy – akin to that of illiberal polities such as China – has become apparent. **Table 1** shows that the overall share of Turkey’s foreign trade volume as percentage of its GDP has dramatically increased from % 42 in 2007 – representative of the early years of the AK Parti rule – to % 68 by the end of 2022 at our present time. This clearly highlights the lingering influence of economic benefits as a key driver of the AK Parti’s foreign economic policy as well as also playing a limiting role on the impact of populism on the making of AK Parti’s overall foreign policy.

Table 1. Share of Foreign Trade within the Turkish Economy (in USD)

	2007	2022
GDP	657 Billion \$	906 Billion \$
Total Export	107 Billion \$	254 Billion \$
Total Import	170 Billion \$	363 Billion \$
Overall Trade	277 Billion \$	617 Billion \$
Overall Trade as Percentage of GDP	% 42	% 68

Source: World Bank⁸⁵ and Turkish Statistical Institute⁸⁶ (as of 10 August 2023).

Table 2. Foreign Trade between Turkey and Azerbaijan, Russia and Qatar (in USD)

	2007		2022	
	Export	Import	Export	Import
Russia	4,7 Billion \$	23,5 Billion \$	9,3 Billion \$	58,8 Billion \$
Qatar ⁸⁷	n/a	n/a	1,5 Billion \$	700 Million \$
Azerbaijan	1 Billion \$	330 Million \$	2,5 Billion \$	837 Million \$

Source: Turkish Statistical Institute⁸⁸ (as of 10 August 2023).

⁸⁵ World Bank, Date of Accession: 10.08.2023 from www.worldbank.org.tr.

⁸⁶ TÜİK, Date of Accession: 10.08.2023 from www.tuik.gov.tr.

⁸⁷ The Turkish Statistical Institute (TÜİK) does not provide information on the volume of foreign trade between Turkey and Qatar in 2007, but we can safely assume that it was small enough to be negligible at that time.

⁸⁸ TÜİK, Date of Accession: 10.08.2023 from www.tuik.gov.tr.

3.5. Workings of Machiavellian Foreign Economic Policy in Turkey and Beyond

The political theory of Machiavelli – long espoused by various Realist and Neo-Realist approaches of IR – is well-known for placing a strong emphasis on the role of self-interest above all else in the decision-making process. In the framework of a country's international economic policy, a Machiavellian strategy would certainly put a nation's – or more specifically, the ruling elite's – political economic interests ahead of all other moral, diplomatic, and legal considerations.⁸⁹ Calculating the costs and advantages of various economic agreements with other countries and organizations in a utilitarian way would be a method that would be consistent with a Machiavellian strategy. If a policy can be shown to result in material benefits, it would be followed even if doing so requires participating in contentious talks, taking advantage of weaknesses or crisis moments of other nations or engaging in trade practices that are too aggressive.⁹⁰

Machiavellianism, as a philosophy of foreign economic policy, would advocate for leaders to be adaptable and pragmatic in their strategies for achieving their objectives. This may include altering alliances and trading partners in international economic policy in order to maximize economic benefits, even if it means laying aside ideological or ethical concerns. In spite of the fact that certain features of Machiavellian philosophy are applicable to present economic and foreign policy, it is essential to emphasize that contemporary international relations and economic realities are more complicated than the historical environment in which Machiavelli wrote his works. The practice of contemporary diplomacy often calls for striking a careful balance between economic reasons, ethical issues and international collaboration.

In today's integrated and interdependent global economy, the application of Machiavellian principles to foreign economic policy would need a serious evaluation in order to determine whether or not it is appropriate to pursue. Nevertheless, the adoption of Machiavellian forms of foreign economic policy is common among illiberal regimes that do not have to pay lip service to democratization, human rights, and international law on a discursive level.⁹¹ When it comes to matters of foreign economic policy, illiberal regimes choose approaches that are congruent with the control-maintaining techniques they pursue. These governments put their own interests and the stability of their countries ahead of all else, and they often use

⁸⁹ For more details on the Machiavellian theory of foreign policy, see; Markus Fischer (1995), "Machiavelli's Theory of Foreign Politics"; Daniel W. Drezner (2009), "Machiavelli Revisited".

⁹⁰ Markus Fischer (1995), "Machiavelli's Theory of Foreign Politics".

⁹¹ For more details, see; Shuxiu Zhang (2016), *Chinese Economic Diplomacy: Decision-Making Actors and Processes*.

economic instruments to consolidate power, quell opposition, and assure the durability of their rule.

It is possible for illiberal governments to acquire political influence over other nations by offering economic incentives, helping, or investing in such nations. On the global scale, this may be beneficial to them in terms of helping them form alliances and garnering diplomatic support. Some illiberal governments such as China, Iran, and Russia are known to supply other nations with foreign aid and assistance; however, this support often comes with political conditions attached.⁹² This enables them to build connections with receiving states and to exercise influence over those governments.

Illiberal regimes may try to create economic ties with other nations by building commercial links and obtaining investments in order to make themselves less vulnerable to pressure from other sources. This may also offer a source of cash and resources that the regime can utilize to preserve its hold on power, which is a potential benefit for regime survival. It is possible for illiberal governments to have a selective engagement with the global economy, with the primary emphasis being on economic cooperation that is beneficial to the stability of the system. This might mean building economic connections with nations that are sympathetic to the cause or trade partners that are less likely to raise concerns about human rights.⁹³

In light of the above theoretical insights provided by the theory of Machiavellian foreign economic policy, we can surely identify the AK Parti's approach as a case that fits the expectations of the proponents of the perspective. It is surely not a coincidence that the three countries – Azerbaijan, Qatar, and Russia – that have become the closest economic partners of the AK Parti administration in recent years are all authoritarian regimes that do not raise concerns about democratic erosion in Turkey. Moreover, all three are resource-rich regimes that could offer Turkey lucrative trade deals, business contracts, and cash injections to mitigate the negative effects caused by the exodus of Western investors from the Turkish economy in the last decade.

Financial support from these countries has the potential to strengthen the power basis of the AK Parti regime and create job opportunities, both of which could potentially diminish the economy-oriented criticisms of the AK Parti by opposition parties such as the CHP (Republican People's Party), İYİ Parti (Good Party), and the YSP (Party of the Greens and the Left Future). In addition, partnerships with these governments and other illiberal polities

⁹² Daniel W. Drezner (2009), "Machiavelli Revisited".

⁹³ Markus Fischer (1995), "Machiavelli's Theory of Foreign Politics".

such as Saudi Arabia and China provide the AK Parti administration with a degree of flexibility as these regimes commonly avoid transparency in their dealings. Hence, political opposition in Turkey is not able to access the intricacies of such deals – potentially taking away significant trump cards from their election campaigns. Economic partnerships with democratic governments of the West (e.g. the U.S. and Germany) or East Asia (e.g. Japan and South Korea) could not possibly provide the political economic benefits the AK Parti derives from its Machiavellian foreign economic policy. Democratic governments tend to be much more sensitive towards democratic backsliding in Turkey and that often raises tensions between them and Ankara in recent years as discussed above.

Conclusion

The workings of Turkish politics, economy and foreign policy under the rule of the AK Parti has radically changed since the early 2010s. As Turkey moved away from a supposedly democratizing liberal/pluralist polity in the 2000s to an increasingly illiberal regime by 2023, the Turkish foreign economic policy strategy has assumed a Machiavellian character in the form of utilizing trade relations to bolster the political survival of the AK Parti administration. As the country's democratic standards eroded and a desperate struggle with an economic crisis began, a populist foreign policy has come in effect in the late 2010s. However, hidden behind the façade frequently used aggressive foreign policy discourses, the AK Parti administration has actually preserved its dedication to conduct Turkish Foreign Policy on the basis of economic benefits.

The increasingly strong economic ties between Turkey and a number of notable partners such as Russia, Qatar, and Azerbaijan in recent years can all be analyzed through the prism of the desperate economic situation of Turkey. In return for providing invaluable political favors for the regimes of Russia, Qatar, and Azerbaijan during their serious crises (i.e. the ongoing Ukraine-Russia War, the Qatar-Saudi Crisis of 2017-2021, and the Second Karabakh War), the AK Parti administration has deepened its economic partnership with these countries and sought to their financial assistance as a panacea for many of the ills currently besetting Turkish political economy. As the AK Parti-led “*People's Alliance*” coalition managed to obtain yet another victory in the 2023 presidential and parliamentary elections, it is possible to claim that its foreign economic policy has been a resounding success from the point of view of regime survival – albeit the benefits of this trajectory for the long-term future of Turkish society is highly debatable.

Via studying the case of Turkey under the rule of the AK Parti, it has been argued that liberalism or advanced democratic standards are not prerequisites for a government to evaluate foreign policy making primarily through the lens of economic drivers. As the AK Parti's rule has proved durable, we have seen an economistic understanding of foreign policy making but not in ways envisaged by Liberal scholars of IR such as Rosecrance and Kirişçi, and instead more in the Machiavellian ways illiberal polities (e.g. hybrid and authoritarian regimes) formulate foreign economic policy. Thus, it has been suggested that contemporary Turkish foreign economic policy constitutes a Machiavellian state⁹⁴ rather than a liberal trading state.

Surely Turkey's domestic developments driven by the AK Parti's political and economic decisions cannot be the only factor leading to the transition of Turkish Foreign Policy from a trading state to a Machiavellian state and that there have been regional and global drivers affecting this process. Moreover, Turkey may not prove to be the only country experiencing the so-called Machiavellian transformation in the coming years. The COVID-19 crisis has had long-lasting effects on the dynamics of international commerce as many countries such as Turkey have been forced into adopting various protectionist trade measures. Businesses and governments alike have been faced with difficult challenges as a result of interruptions to supply chains, adjustments in consumer behavior, and changes in global trade regulations. As the globe begins to emerge from the crisis, the lessons learnt will influence the remaking of trade patterns, placing an emphasis on adaptation, flexibility, and a commitment to resilience in the context of a quickly changing global environment. Similar global crises (e.g. those that may emerge due to Global Climate Change) may affect the future of trading state in Turkey and elsewhere.

The rising geopolitical competition between the China-Russia alliance and the U.S.-led NATO-EU bloc in recent crises (e.g. the Taiwan dispute and the ongoing war in Ukraine) may be seen as the beginning of a second Cold War in our age. The partnership between China and Russia, which promotes an alternative model to that of Western liberal democracy, threatens the international order that is controlled by the West, therefore causing ideological tension that is reminiscent of the time of the Cold War. Another similarity between the two periods is the competitiveness on the economic front as has been evident in the case of anti-

⁹⁴ In this context, a similar Machiavellian illiberal state to Turkey could be China. Yet, it is important to note that Turkey under the AK Parti 2023 is a hybrid regime which has a complex mixture of democratic and autocratic features whereas China under the CCP (Chinese Communist Party) is a fully authoritarian regime if not a totalitarian one.

Russia economic sanctions. The geopolitical rivalry between the two rival blocs could create a bi-polar global political and economic system that is not conducive to the liberal vision of Rosecrance and Kirişçi as such a conjuncture would push countries towards protectionist economic blocs.

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