



KADİR HAS UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
PROGRAM OF INTERNATIONAL RELATIONS

**IS INTERNATIONAL TRADE  
AN INDISPENSABLE INSTRUMENT OF  
FOREIGN POLICY?  
THE CASE STUDY OF:  
THE GOVERNMENTALIZATION OF DEİK,  
THE FOREIGN ECONOMIC RELATIONS BOARD OF  
TURKEY**

ITİR SINEM AYKUT

PHD THESIS

ISTANBUL, MAY, 2019

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PHD THESIS

Submitted to the School of Graduate Studies of Kadir Has University in partial fulfilment of the requirements for the degree of PhD in the Program of International Relations.

ISTANBUL, MAY, 2019

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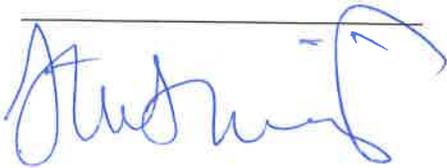
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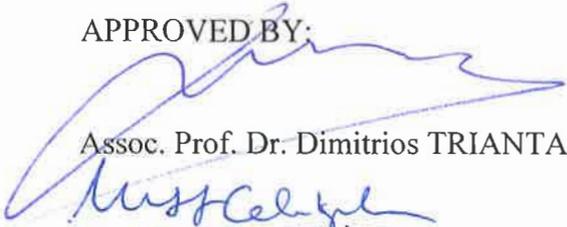
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This work entitled **IS INTERNATIONAL TRADE AN INDISPENSABLE INSTRUMENT OF FOREIGN POLICY? : THE CASE STUDY OF THE GOVERNMENTALIZATION OF DEIK, THE FOREIGN ECONOMIC RELATIONS BOARD OF TURKEY** prepared by **ITIR SINEM AYKUT** has been judged to be successful at the defense exam held on **28 MAY 2019** and accepted by our jury as **PhD THESIS**.

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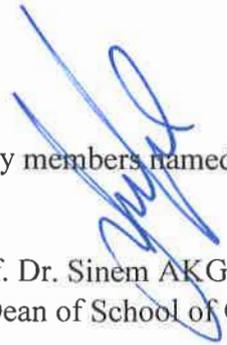
  
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**ABSTRACT**

The dissertation is based on the proposition that international trade is an indispensable instrument of foreign policy and the case of DEIK's governmentalization is the epitome of this instrumentalization. DEIK's governmentalization, is problematized specifically, because it ascertains a unique incident in which a state goes so far as to appropriate an NGO whose penultimate mission is international trade. The research question consequently enquires about the validity of the assumption of the indispensability of trade in foreign policy and that of foreign policy in trade. History and theory are researched in an effort to substantiate relevant explanations. An in-depth interview methodology is assumed to configure the motives as to why DEIK indeed was governmentalized in the interest of establishing the grounds for the indispensable instrumentalization of trade in foreign policy. The hypothesis is developed to argue that if the indispensability of international trade and especially its institutionalized version as an instrument of foreign policy is true, then this extreme case of direct state intervention by way of appropriation of a business NGO is suggestive of the degree of importance international trade has vis-à-vis foreign policy and by the same token foreign policy vis-à-vis international trade. The underlying causes are to be investigated; nevertheless, no matter what the specific foundations, the resulting condition recalls one essential inference: this act of governmentalization of a business NGO, by the unique way it has been effectuated, as well as the new status created as a consequence, seems to render all underlying causes other than the significance given to institutionalized trade as an instrument of foreign policy, rather marginal. The resultant phenomenon is heavily indicative of not only a de facto but also a de jure instrumentalization by the state of an NGO in international trade, for the purposes of foreign policy.

**Keywords:** International Trade, Turkish Foreign Policy, Neo-Liberal Institutionalism, Political Economy, Economic Diplomacy, DEIK, Governmentalization, NGOs, CSO

ULUSLARARASI TİCARET, DIŞ POLİTİKANIN ZARURİ BİR ARACI MIDIR?  
VAKA ÇALIŞMASI: DIŞ EKONOMİK İLİSKİLER KONSEYİ  
DEİK'İN DEVLETLEŞTİRİLMESİ

ÖZET

Tez çalışması, uluslararası ticaretin, dış politikanın vazgeçilmez bir aracı olduğu ve DEİK'in devletleştirilmesi halinin bu araçsallaşmanın özü olduğu önermesine dayanmaktadır. DEİK'in devletleştirilmesi özel olarak sorunsallaştırılmakta olup, devletleştirilme olgusu, görevi uluslararası ticaret olan bir STK'ya uygulanan, nadir görülen bir olayı tespit etmektedir. Sonuç olarak araştırma sorusu, dış politikada ticaretin vazgeçilmezliği ve bunun paralel önerisi olan ticarete dış politikanın vazgeçilmezliği varsayımının geçerliliği hakkında cevap aramaktadır. Yapılan tarihsel ve teorik incelemeler ilgili açıklamaların doğrulugunu irdemelektedir. Dış ilişkilerde ticaretin vazgeçilmez bir araç olması varsayımına zemin oluşturmak amacıyla, DEİK'in gerçekte neden hükümet tarafından kamulaştırıldığıнын gerekçelerini yapılandırmak için derinlemesine mülakat metodolojisi kullanılmıştır. Hipotez ise, uluslararası ticaret ve özellikle onun kurumsallaştırılmış versiyonunun, dış politikanın vazgeçilmez bir aracı olması varsayımı doğru ise, bu direkt devlet müdahalesi durumunun bir iş STK'sının ele geçirilme yolu gibi en uç nokta sayılabilecek bir metod ile yapılması, uluslararası ticaretin dış politika için ve aynı şekilde dış politikanın uluslararası ticaret için önem derecesini gösterdiğini ileri sürmek için geliştirilmiştir. Devletleştirilme olgusunun altındaki nedenler araştırılmaktadır; bununla birlikte, başat temeller ne olursa olsun, sonuçta ortaya çıkan durum, başlıca bir temel çıkarımı hatırlatmaktadır: bir iş STK'sının kamulaştırılması fiili, gerek yapıldığı benzersiz şekil, gerekse sonucunda yaratılan yeni statü itibarıyla, kurumsallaştırılmış ticarete dış politika aracı olarak verilen önemden başka diğer tüm nedenleri marjinalleştiriyor gibi görünmektedir. Ortaya çıkan bu olağan üstü durum, ana misyonu uluslararası ticaret olan bir STK'nın, devleti tarafından sadece fiili değil, aynı zamanda yasal olarak da dış politika amacı için araçsallaştırılmasının bir göstergesidir. **Anahtar Kelimeler:** Uluslararası Ticaret, Turk Dış Politikası, Neo-Liberal Kurumsalcılık, Politik Ekonomi, Ekonomik Diplomasi, DEİK, Devletleşme, STK

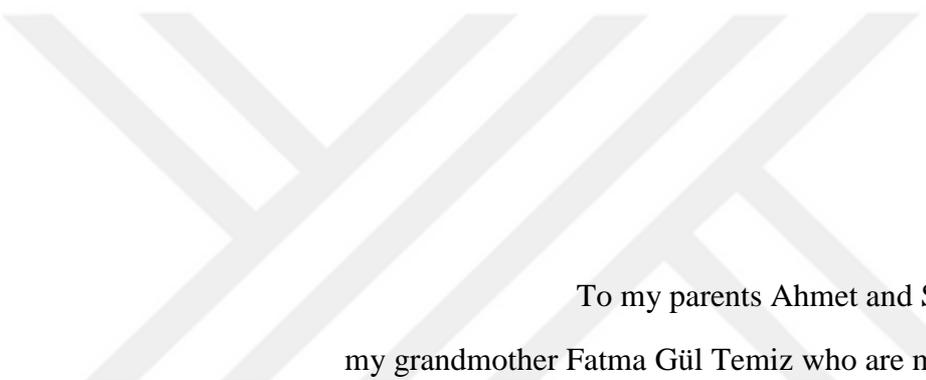
## **ACKNOWLEDGEMENTS**

I thank my professors, Sinem Akgul Acikmese, Mustafa Aydin, Salih Bicakci, Mitat Celikpala, Serhat Guvenc and Kostas Ifantis who have kindly enhanced my appreciation of the discipline area.

I thank my comprehensive exam jury professor Gencer Ozcan for having given me the inspiration for my case study. I am indebted to my professors in the thesis jury, Mitat Celikpala, Mine Eder, Ozgur Orhangazi, Fuat Keyman for their invaluable contributions and monitoring during the thesis process.

I am grateful to my Phd thesis supervisor, Dimitrios Triantaphyllou for his encouragement and support for the entirety of my Phd studies.

It has been a great journey.



To my parents Ahmet and Sevim Huseyni and  
my grandmother Fatma Gül Temiz who are my guardian angels,  
to my husband Ahmet Isik Aykut who is my better half,  
to my daughters Duru Aykut and Ada Aykut who are my sunshine.

You mean the world to me.

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## LIST OF ABBREVIATIONS

|             |  |
|-------------|--|
| <b>AKP</b>  | Adalet ve Kalkınma Partisi<br>Justice and Development Party                |
| <b>ANAP</b> | Anavatan Partisi<br>Motherland Party                                       |
| <b>BRIC</b> | Grouping acronym for countries of Brasil, Russia, India and China          |
| <b>BSEC</b> | Black Sea Economic Cooperation Organization                                |
| <b>CEO</b>  | Chief Executive Officer  |
| <b>CSO</b>  | Civil Society Organization   |
| <b>CU</b>   | Customs Union  |
| <b>DEİK</b> | Dış Ekonomik İlişkiler Kurulu<br>Foreign Economic Relations Board          |
| <b>DTİK</b> | Dünya Türk İş Konseyi<br>World Turkish Business Council                    |
| <b>DP</b>   | Demokrat Parti<br>Democratic Party   |
| <b>DYP</b>  | Doğru Yol Partisi<br>True Path Party                                       |
| <b>EC</b>   | European Community   |
| <b>EEC</b>  | European Economic Community  |
| <b>ENGO</b> | Environmental Non-Governmental Organization                                |
| <b>EU</b>   | European Union   |
| <b>FDI</b>  | Foreign Direct Investment  |
| <b>FETO</b> | Fethullah Gülen Terör Organizasyonu<br>Fethullah Gülen Terror Organization |
| <b>FTA</b>  | Free Trade Agreement   |
| <b>FX</b>   | Foreign Exchange   |
| <b>GAO</b>  | United States Government Accountability Office                             |
| <b>GATT</b> | General Agreement on Tariffs and Trade                                     |
| <b>GDP</b>  | Gross Domestic Product   |
| <b>G20</b>  | Group of 20  |
| <b>IİB</b>  | İstanbul İhracatçılar Birliği<br>Exporters Union                           |
| <b>IKV</b>  | İktisadi Kalkınma Vakfı<br>Economic Development Trust                      |
| <b>ILO</b>  | International Labor Organization   |
| <b>IMF</b>  | International Monetary Fund  |
| <b>IR</b>   | International Relations  |
| <b>ISI</b>  | Import Substitution Industrialization                                      |
| <b>ISO</b>  | İstanbul Sanayi Odası<br>İstanbul Chamber of Industry                      |
| <b>ITC</b>  | International Trade Center   |

|                  |  |
|------------------|--|
| <b>ITO</b>       | İstanbul Ticaret Odası<br>İstanbul Chamber of Commerce   |
| <b>JETCO</b>     | Joined Economic Trade Commission   |
| <b>KIT</b>       | Kamu İktisadi Teşkilatı<br>State Economic Enterprises  |
| <b>MNC</b>       | Multinational Corporation  |
| <b>MOU</b>       | Memorandum of Understanding  |
| <b>MUSIAD</b>    | Müstakil İşadamları Derneği<br>Independent Industrialists and Businessmen Association                  |
| <b>NAFTA</b>     | North American Free Trade Area   |
| <b>NATO</b>      | North Atlantic Treaty Organization   |
| <b>NGO</b>       | Non-governmental Organization  |
| <b>NPO</b>       | Non-Profit Organization  |
| <b>OECD</b>      | Organization for Economic Cooperation and Development  |
| <b>OPEC</b>      | Organization of Petroleum Exporting Countries  |
| <b>SDIF</b>      | Savings, Deposits and Insurance Fund   |
| <b>SOFOFA</b>    | Le Sociedad de Fomento Fabril<br>Industrial Federation of Chile  |
| <b>SPO</b>       | State Planning Organization  |
| <b>STK</b>       | Sivil Toplum Kuruluşu  |
| <b>TABA</b>      | Turkish American Business Association  |
| <b>TAİK</b>      | Türk-Amerikan İş Konseyi<br>Turkish American Business Council  |
| <b>TEM</b>       | Trans European Motorway  |
| <b>TFP</b>       | Turkish Foreign Policy   |
| <b>TİM</b>       | Türkiye İhracatçılar Meclisi<br>Turkish Exporters Assembly   |
| <b>TİSK</b>      | Türkiye İşveren Sendikaları Konfederasyonu<br>Turkish Confederation of Employers Union                 |
| <b>TL</b>        | Turkish Lira   |
| <b>TMB</b>       | Türkiye Müteahhitler Birliği<br>Turkish Constructors Union   |
| <b>TMSF</b>      | Tasarruf Mevduatı Sigorta Fonu<br>Savings Deposit Insurance Fund of Turkey                             |
| <b>TOB</b>       | Odalar Birliği   |
| <b>TOBB</b>      | Türkiye Odalar ve Borsalar Birliği<br>Turkish Union of Chambers of Commerce and Commodity<br>Exchanges |
| <b>TPP</b>       | Trans Pacific Partnership  |
| <b>TTIP</b>      | Transatlantic Trade and Investment Partnership   |
| <b>TURKTRADE</b> | Turkish Foreign Trade Association  |
| <b>TURSAB</b>    | Türkiye Seyahat Acentacıları Birliği<br>Association of Turkish Travel Agents                           |

|               |  |
|---------------|--|
| <b>TUSIAD</b> | Türkiye Sanayici ve İşinsanları Derneği<br>Turkish Industry and Business Association                         |
| <b>TUSKON</b> | Türkiye İş Adamları ve Sanayiciler Konfederasyonu<br>Turkish Confederation of Businessmen and Industrialists |
| <b>TZOB</b>   | Türkiye Ziraat Odaları Birliği<br>Turkish Union of Chambers of Agriculture                                   |
| <b>UN</b>     | United Nations   |
| <b>UNCS</b>   | United Nations Security Council  |
| <b>US</b>     | United States  |
| <b>USD</b>    | United States Dollar   |
| <b>USSR</b>   | United Soviet Socialist Republics  |
| <b>WTO</b>    | World Trade Organization   |
| <b>YASED</b>  | Yabancı Sermaye Yatırımcıları Derneği<br>International Investors Association                                 |



## 1. INTRODUCTION

The principal motivation behind the whole endeavor to engage in this thesis started off with one essential research question in mind: “Is international trade indeed an indispensable instrument of foreign policy?” The very same inquiry then inevitably stemmed its dichotomy: “Is foreign policy equally an indispensable instrument of international trade?” The quest to establish this two-way instrumentalization between foreign policy and trade, especially in its institutionalized form, has been taken based on the assumption that while being consequential concepts independent of each other, when employed in conjunction, both have a tendency to outgrow their individual impact; in other words, “two plus two makes five” because of the presence of a complex interdependency that exists between the two. The inquiry was undertaken because while both concepts have interchangeably been practiced on a wide spectrum since the beginning of diplomacy, the implications of the instrumentalization of one by the other and their coexistent utilization in today’s age of globalization are paramount for balance of power considerations in particular and world peace in general. It is as if the two can no longer be considered alone if they are to be thoroughly premeditated.

The quest is deemed pivotal because while instrumentalization may take both benign and malign forms, its imputations are substantial in effecting a change bilateral as well as multilateral relations. It comes with a potential for changing the balance of power between states expressed in terms of economic might. In most instances, instrumentalization constitutes an indispensable strategy as an action of first resort or its threat thereof before reaching for coercive force. Understanding the motivations behind this instrumentalization is, therefore, crucial for a comprehensive study of state behavior as it eventually may relate to world peace and the eradication of war itself. It is intended that the policy implications related to this instrumentalization uncovered by means of the findings in our research shed light for decision makers when opting for choices that will help strengthen relations between states. At least that is the intention.

A pluralistic view of theory is assumed for the research since a need is apparent to digest the unitary state into its bureaucratic as well as civil society components, in order to fully grasp the motivations of the wide spectrum of actors involved in institutionalized foreign trade and foreign policy. Private firms, their joint associations such as the Foreign Economic Relations Board (DEIK) which is the very subject of our case study, the chambers of commerce, the Ministry of Economy as well as the Ministry of Foreign Affairs appear to have agency in the domestic context while assuming a role in economic diplomacy on the systems level. At the same time, international institutions like the World Trade Organization (WTO), International Trade Center (ITC) and multilateral trade deals such as (TPP) as well as multinational companies (MNCs) constitute the structure affecting in its turn the domestic arena. A multi-dimensional approach incorporating Neoliberal Institutionalism, Global Political Economy and Economic Diplomacy is undertaken as all three promise to be valuable toolkits in our research. It is believed that each theory has distinct explanatory power helping us uncover the diverse nature and reasons why behind this instrumentalization.

As the thesis centered on the main proposition that international trade<sup>1</sup> is an indispensable instrument of foreign policy<sup>2</sup>, from the very beginning, it was foreseeable that the complex nature of the relationship between foreign policy and international trade would neither be a linear one nor a one-way cause-and-effect presumption. In essence, the complexity of the social world cautioned us to keep acknowledging that there may not be a clear-cut causality between foreign policy and international trade at all. Nevertheless, for the sake of theory's parsimony, we chose to look at international trade as it was instrumentalized in foreign policy calculations in all its visible dimensions that we were

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<sup>1</sup> For the purpose of simplification "*international trade*" will be simply referred to as "*trade*" throughout most of the paper. While DEIK's mission is not only trade but also foreign direct investment, construction and services, *trade* will be the term utilized again for theory simplification.

<sup>2</sup> By the same token foreign policy may also be an indispensable instrument of international trade. While our main perspective will concentrate on the instrumentalization of trade for the purposes of foreign policy, we also expect to find cases where foreign policy is subjected to trade. We will bear this two-way relationship in mind and yet continue our quest along the lines of the first case's proposition.

able to conceptualize, and made reference to the reverse proposition where appropriate, in the hope of giving the causality dynamics their due diligence.

In order to understand “how” this instrumentalization is contemplated to begin with, it was imperative to refer to worldwide policy examples for a comprehensive configuration. The screening of policy examples through time and space, it is believed, has given us ample evidence from the literature and from field research to insinuate that the use of trade as an instrument of foreign policy and the use of foreign policy in trade could take both benign and malign forms depending on the case. Put simply, both were found to be used as “a carrot and a stick” upon each other. From a historical perspective, the proposition’s underlying assumption was found to be deeply rooted in the origins of diplomacy itself. Considering that the very first permanent embassies were, in effect, the commercial agents of Venice in Constantinople, we could even make the bold suggestion that foreign policy as statecraft had, in its DNA, an inherent commercial component which has been redefined today within the broader field of “economic diplomacy”.

Having glanced at the “hows”, it then became apparent that it was also a requisite to explain the underlying causes as to “why” there was such an instrumentalization and that is where we turned to theory for help. As stated, three theories have been found with adequate explanatory power enlightening us with their differing lenses. The assumptions of Neoliberal Institutionalism, Economic Diplomacy and Global Political Economy have been utilized to enhance our understanding as to the underlying causes of this social phenomenon of instrumentalization between trade and foreign policy. All three have been referred to because all three were believed to contribute significantly to the comprehensiveness of our inquiry. It was contemplated that eliminating one or opting to use a single theoretical pathway, while being possible as a matter of choice, would have decreased the breadth of the thesis. They are all there for different purposes and making use of all three sheds a differing light that makes our understanding more complete without compromising the parsimony intended of theory. In addition, the utility of gazing into the theoretical problem of agency versus structure was also deemed to have explanatory power in our trajectory as we looked for the answer to the following questions suggested by Hollis and Smith: “Are we to account for the behavior of the state

in terms of the behavior of its constituent bureaucracies (and other agencies), or vice versa?... (or) Are we to account for the behavior of a bureaucracy in terms of the behavior of the human individuals compromising it, or vice versa? At each stage the ‘unit’ of the higher layer becomes the ‘system’ of the lower layer” (Hollis, Smith, 1992, p.8).

While the potential for “whys” were determined through theoretical explanations and our understanding of them reached a certain substance, the necessity of settling the research design became more apparent; i.e. the methodology. It seemed a qualitative method covering the literature review demanded to be enhanced through a case study. The “generalizing case study” approach has been adopted. Furthermore, a “deductive model” has been pursued by way of testing the generalized claim i.e. trade’s indispensable instrumentality in foreign policy and vice versa by the use of a single case. Within that category, our method was reckoned to be congruent with a “*Fitting or Theory confirming case study*” (Moses, Knutsen, 2012, p.137) whereby we investigated the case of DEIK, the Foreign Economic Relations Board of Turkey and its governmentalization.

DEIK was chosen as the case for the institutionalized version of trade in order to account for its instrumentalization as a tool in foreign policy, as it was deemed an appropriate fit to be “an empirical venue for applying a particular theory” (Moses, Knutsen, 2012, p.137). DEIK was found to constitute an actor at the first “level of analysis” within the pluralistic world of liberal institutionalism’s “non-state actors”. Its agency was found to be limited by the state which constituted the system above it, while the state being an actor in its own right was found to be equally confined by the international system. DEIK, established in 1986, was in origin a business NGO whose main mission was the development of international trade and investment for Turkey’s export<sup>3</sup>-promoting economic program initiated by Turgut Ozal, the then Prime Minister of Turkey.

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<sup>3</sup> Please refer to Table C.1 and C.2 on pages 346 and 347 for an overview of Turkey’s foreign trade since the formation of the Republic in 1923 until 2017. Foreign trade is expressed in terms of exports and imports. The proportion of imports covered by exports is indicated to refer to the balance of foreign trade. It is important to have an overview on the trajectory of trade in Turkey at an early stage in order to set the scene

DEIK's governmentalization was problematized in the thesis and DEIK was nominated as the civil society organization<sup>4</sup> that it is, specifically because this arguably delineated a unique incidence in which a state went so far as to rather abruptly i.e. by means of an overnight decree, appropriate a non-governmental organization which was more than three decades old, and whose penultimate mission was mandated to be international trade and investment as promoted by its very name since the time of its establishment. It was suspected that due to its significance as an indispensable instrument of foreign policy, DEIK in September of 2014, by means of direct government intervention, was brought under the control of the Ministry of Economy. DEIK's case is thus found to be the epitome of the instrumentalization our theory is after.

The hypothesis was further established to claim that "if the indispensability of international trade and especially its institutionalized version as an instrument of foreign policy is true, then this extreme case of direct state intervention by way of appropriation of a business NGO is suggestive of the degree of importance, to the point of indispensability, international trade has *vis à vis* foreign policy and by the same token foreign policy *vis à vis* international trade." If international trade is in reality an indispensable instrument of foreign policy as suggested, then the government/the state, which has agency in international relations is expected to make use of it whenever it sees a redeeming benefit from this instrumentality, given the constraints of the international system as well as the domestic environment. The thesis maintains that a state would take such an action so long as it regarded institutionalized international trade as vital and relevant to its interests, defined in terms of economic power.

This single event was illustrative of our theory and was diagnosed in an attempt to verify our hypothesis. It was possible to also position our case study approach through *elite interviewing* under Harold Eckstein's "plausibility probe" which questions whether

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for Turkey's evolution in recent years and her aspirations for becoming a "middle power". Achieving a "trading state" character was one of the important strategies Turkey seems to have used in this endeavor.

<sup>4</sup> DEIK is considered as a civil society organization with the reservation that it was enacted under TOBB, the Turkish Union of Chambers of Commerce and Commodity Exchanges, which is *de jure* a semi-governmental organization.

painful efforts to test the validity of a hypothesis is worth it; “that an apparent empirical instance of it can be found” (Eckstein, 1975, p.109). Granted that the importance attributed to international trade by the state may not be the only reason why DEIK was governmentalized, the argument defended that it, nevertheless, had a remarkable potential to be among the most important stimuli. With this apprehension in mind, the research consequently looked for answers for the up-front as well as the underlying motives as to why DEIK was indeed governmentalized. As the findings revealed, further research could be undertaken to extend the scope of our theory and strengthen its validity, as the findings are indicative of its potential greatness.

The investigation was carried out by the preferred technique of in-depth elite interviewing. “Semi-structured” (Burnham, Lutz, Grant, Layton-Henry, 2008, p.231) interviews were conducted with chosen DEIK members and their counterparts in bilateral councils residing in foreign missions in an effort to meticulously account for contrasting views. The selection of the interviewees on DEIK’s side was made based on their current and past DEIK affiliation. Foreign missions were also determined based on the prominent status of their trading relations with Turkey. It should be indicated that some interviewees spoke more freely than others citing certain comments off the record, while some others refused to comment or declined to answer the request for interview. It is reckoned that reservations were expressed due to the sensitive nature of the commentaries that might have included criticisms of the current administration, as well as the possible connections to the Fethullah Gulen Organization<sup>5</sup> (FETO) which was allegedly behind the attempted

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<sup>5</sup> On TRT World’s website, which is the government owned, official TV channel of Turkey, broadcasting in English to international audience, FETO and its connection to the attempted *coup d’état* is explained as follows: “Turkey’s government blames Turkish cleric Fethullah Gulen, who has been living in self-exile for more than 17 years in the United States. The government calls Gulen's movement Fethullah Terrorist Organization or FETO. Before the failed coup and the massive crackdown which followed, FETO and its members were accused of running a parallel shadow government after gaining control of state institutions which included the military and the judiciary. Gulen and his followers claim that his organization is merely a social welfare network that promotes education, interfaith harmony and a moderate, non-violent Sufi brand of religion. But after evidence was found during the post-coup crackdown, Turkey's President Recep

*coup d'état* of 15 July 2016. While self-censorship, abstention and avoidance might have posed as shortcomings initially, limiting the potential for all-encompassing and valid conclusions, it is also an invaluable indication of the politicized nature of our thesis.

Findings in the literature and interviews propound that there is a strong indication of evidence to positively confirm our research question so that we can make the case for international trade being indeed an indispensable instrument of foreign policy and vice versa. The responses gathered have established quite relevant and eye-catching lines of thought for our research. In a nutshell, the thesis has attempted to explain a particular phenomenon: the indispensability of trade as an instrument of foreign policy and vice versa. In doing so, it tried to “solve some puzzle” (Baglione, 2012, p.75); namely the “governmentalization of DEIK”. The independent variables being “foreign policy” and “international trade” were among the underlying causes in the puzzle. DEIK, the embodiment of institutionalized trade, by being exposed to “governmentalization” was the dependent variable. Its instrumentalization appeared clear.

Our research has led us to conclude that this indication to instrumentalize institutionalized international trade or international relations has a great potential for satisfying such an inclination by policy makers. We can safely conclude that foreign policy and international trade have a complex interdependency and are intrinsically linked. One can almost no longer be thought of without the other. Due to the weight of the identity of interviewees on DEIK’s side, with their backgrounds in trade as opposed to the interviewees from the foreign missions, the results are suggestive of the greater weight trade has on foreign policy rather than the other way around. Further research including more foreign policy subjects may reveal a balance in favor of foreign policy or at least a par situation. Yet, our intention is not to determine the exact extent of the influence of the two independent variables on each other. That could be the subject of further research.

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Tayyip Erdogan officially declared FETO a terrorist organization and its members or those linked to it as terrorists.” Abdullah, H., 2017, ‘What is FETO?’ *TRT World*, 10 July, viewed on 20 January 2019, <https://www.trtworld.com/turkey/what-is-feto--8654>

In addition to the interviews, both historical and theoretical findings imply the strong relationship to the point of instrumentalization. It appears that trade has been and will continue to be strikingly instrumental in foreign affairs and vice versa. To draw parallels with Turkey's Foreign Policy, we have scanned through its trajectory as regards its interactions with international trade. The findings suggest that Turkey is no different than the rest of the developing and recently the developed world. Numerous examples reconfirming our theory have surfaced during both the literature review and interviews. While having been around since the beginning of the young Republic, the instrumentalization seems to have reached especially significant levels during the Menderes Administration, but reaching its peak only after the 1980s. With the spirit of the times also appears to have come the era of institutionalization for most of Turkey's trading efforts. DEIK, the embodiment of this institutionalization, was established during this period to formalize Turkey's international trading relationships through a certain set of norms, rules and values both international and domestic. While intended by both the government and the private sector to be the sole point of contact harmonizing Turkey's foreign economic relations, DEIK was found to have had its rise and fall in parallel with the domestic and international economic and political context up until the 2000s.

Findings vindicate that from 2005 onwards, DEIK's fate was subject to a new challenge from TUSKON, the rival organization that appeared to be established and bred with a hidden political and ideological agenda to sideline and eventually replace DEIK. DEIK's efforts were curtailed and DEIK, as an organization, was marginalized in conjunction with joint governmental missions on the international scene. TUSKON was allegedly bestowed with an abundance of financial resources and full government endorsement to take on its assumed mission. In the meantime, DEIK's affiliation with the Turkish Union of Chambers and Commodity Exchanges of Turkey (TOBB) as the parent organization, while assisting it during its early years to establish strong links with the government, seemed no longer to serve DEIK's purpose and threatened its ongoing rationale. Apparently, the TOBB had instrumentalized DEIK's strength in the international system, milking its benefits for itself. The sensitive balance of power between the TOBB and the government bureaucracy had, therefore, been dangerously offset, constituting one of the major reasons that seems to have contributed to DEIK's inescapable fate.

However, attempts to sideline DEIK by breeding its ideological alternative TUSKON, having almost succeeded, were most abruptly terminated; a process that led to TUSKON's extraordinary dismemberment. TUSKON was to be shut down following the implication of its collusion with the Fethullah Gulen Organization, FETO, since "Turkey's President Recep Tayyip Erdogan officially declared FETO a terrorist organization and its members or those linked to it as terrorists" (Abdullah, 2017). TUSKON was accused of being part of FETO's structuring in the business world. With TUSKON gone, manifestly, a decade was foregone in furnishing the much-needed international networks in trade and foreign politics which were premeditated to take the power away from DEIK and, in due course, its parent organization the TOBB. Ostensibly, it seemed that what DEIK promised to its commander in terms of its instrumentality in trade and foreign relations was so invaluable that it had to be reined in at all costs. Given the exhaustion of the substitute path taken to replace DEIK, the tactical move that came was in the form of its almost predestined governmentalization. Another decade could not be forfeited. The value of institutionalization must have been deemed irreplaceable. There was nothing holding back the pre-eminent State from using all in its power to take what it wanted that it judged to be primary to the national interest.

Assessments made during the course of the research reveal that the sudden and unilateral decision to tie DEIK under the Ministry of Economy by way of an "omnibus bill", came, nevertheless, with repercussions. The Turkish Industrialists and Business Association, TUSIAD, one of the most powerful civil society organizations in Turkey, resigned from its founding association status in DEIK, regretting DEIK's loss of civil society character. Some other members have also left while new ones have joined. The TOBB remained, although its chairman Rifat Hisarciklioglu resigned from his position as Chairman. Ali Coskun, the former head of TOBB and DEIK at the time of its enactment in 1986 and a former AKP<sup>6</sup> minister commented: "I was the TOBB chairman while the late Ozal was opening up the Turkish economy to the world. Exports were around \$3 billion. We saw that bureaucracy was the biggest obstacle, and we founded DEIK and

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<sup>6</sup> The Turkish name of Justice and Development Party, JDP is Adalet ve Kalkinma Partisi, AKP. The two abbreviations will be used interchangeably.

business councils to overcome this bureaucracy by initiating investment mobilization under the private sector's leadership... We opened up to the world thanks to this. But now I see that my friends are going back to the early 1980s, when the state was intervening in trade and the economy... This is called partial statism, and it's really inconvenient” (Hurriyet Daily News, 2014). This operation was clearly interpreted as a move away from the liberal market economy and civil society towards state intervention and statism.

Notwithstanding, amidst such robust criticisms, DEIK's new restructuring was due to take its place with around 100 associations joining DEIK as the new founders. DEIK's new chairman was appointed by the Ministry of Economy who was endowed with extensive authority over DEIK. The choice of the new chairman, Omer Cihad Vardan, was symbolic in terms of having held the presidency of the Independent Industrialists and Businessmen Association, MUSIAD, which is recognized as “a conservative/Islamist organization ideologically close to the AK Party government” (Buyuktanir, 2018, p.75). The appointment could be interpreted as an indication of the conglomeration of a series of preordained efforts to assimilate DEIK in conformity with the administration's ideological stance. With TUSIAD resigning from its founding associate status, and MUSIAD seeming to weigh in to fill the void, one could argue that DEIK was not only entering a restructuring phase per se but also pushed into a state of repositioning itself away from its traditional secular bearing.

The findings suggest that almost four and a half years after this operation, the waters in DEIK do not seem to have calmed down. It is clear that this period has been subject to a new series of power struggles with clashes between Omer Cihad Vardan and the Economy Minister, Nihat Zeybekci that finally ended in the former's replacement by Nail Olpak on 25 September 2017. It is assumed that while Zeybekci had won the battle, his victory over Vardan was not an easy game. While he was given the authority by law, the decision to replace DEIK's chairman was not entirely the Minister's own, given that he had tried but not succeeded a year before when he had called for an extraordinary general assembly to replace Vardan. This time, however, he appeared to have a different approach; “Minister Nihat Zeybekci had gone to the USA with the President Recep Tayyip Erdogan. It is expressed that he has persuaded the President on DEIK's

presidency’’ (Patronlar Dunyasi, 2017). It is noteworthy that this confrontation between DEIK and the government bureaucracy having played a possible role in DEIK’s governmentalization to start with, appears to be continuing regardless of the governmentalization. Strong actors such as Rifat Hisarciklioglu and it appears also Omer Cihad Vardan seem to have a will for independent agency apart from the government, a fact which may not be in line with government strategy. What is different from the past however is now that DEIK is under the Ministry of Economy, it has only become possible to dispose of the chairman if and when the government pleases.

It is ironic that as from July 2018, the Ministry of Economy has been converted to the Ministry of Trade, we no longer see Nihat Zeybekci either in the picture. A former DEIK Business Council President for Jordan is now heading the new Ministry and hence DEIK. It is equally striking that Minister Ruhsar Pekcan appears to also have close links to the TOBB and thereby to Mr. Hisarciklioglu, having led TOBB’s Women Entrepreneurs Committee as vice president. The TOBB president’s words are indicative of the complacency felt about her appointment: “Our esteemed president has announced his first cabinet. In this cabinet that has a historical significance, Ms. Ruhsar Pekcan, who is one of us has become Trade Minister.... Her appointment is a manifestation of the high prestige of our assembly” (Bolu Ekspres, 2018). With one of his own back at the wheel of DEIK, Mr. Hisarciklioglu seems to have made a comeback albeit indirectly to his DEIK, after his allegedly involuntary resignation as president in late 2014.

Our research indicates that having de jure lost its civil society status, the last four years have been witness to DEIK’s continuing efforts to regain its non-governmental organization perception *vis à vis* the public and its counterparts. The perception management strategy is based first and foremost on an “outright denial”. It is publicly reiterated that the fact that DEIK is tied to the Ministry of Trade appears to have no significance in terms of damaging its civil society character; it has simply strengthened its links to the government as regards foreign policy: “Minister of Economy, Nihat Zeybekci,... reminded that the change in the DEIK was made in order to strengthen the link between the private sector and the foreign policies of the state. Zeybekci reminds (us) that economic interests depend on changing external relations in the world” (DEIK,

2018a). Membership has been widened to reach a target of 3,000 and 5,000 in due course, which is interpreted as a strategy to remold DEIK into a more “inclusive” organization.

Among these efforts to justify or in effect defend this governmentalization, one argument raised by the interviewees held that DEIK had never been a civil society organization to start with due to its TOBB connection in the first place. While the connection was an indirect one, there still was one. We may then inevitably ask the question, if so, why the need for a direct connection? Did the TOBB connection not give the government enough channels to instrumentalize DEIK for foreign relations? The answer lies within the question itself. While TOBB had always been there ever since DEIK’s legal status was formulated in the late 1980s, and Ozal had especially mandated TOBB as the parent for the same purpose, “agency” mattered and who led TOBB and/or DEIK had implications in this delicate balance of power prevailing in bureaucratic politics. Plausibly, during the presidencies of leaders like Ali Coskun and Rona Yircali, the balance was there. The last two decades since the appointment of Rifat Hisarciklioglu, on the other hand, have allegedly seen the TOBB’s overwhelming penetration of DEIK which had a disturbing effect on the balance of power calculations. DEIK’s own members both grew uneasy about TOBB’s overwhelming takeover and also raised objections, while the government became wary for its own reasons. DEIK with its three decades of established links, norms and values in international relations and international trade, had turned out to be a powerful institution over which everybody wanted to reign.

Today, despite the above campaigns to prove the contrary, the data suggest that the foreign counterparts, nevertheless, see DEIK as a government organization and it seems hard to prove it otherwise in their eyes. They seem to accept DEIK as it is: a part of the government. While some in the West, like the German-Turkish Business Council have objected to the mandatory change, refusing to deal with DEIK since the present state of affairs demanded a reconsideration, today it looks very much like back to “business as usual”. The fact that some former prominent DEIK members including the ex-president Mr. Rona Yircali remained in DEIK evidently seems to have positively contributed in this regard. The findings, nevertheless, indicate the possibility of DEIK’s making adjustments in its structure or procedures, adopting a different strategy based on the level

of development of democracy and civil society of the counterparts, which remains to be seen. A follow up on DEIK's trajectory will be most valuable to evaluate the effectiveness of the governmentalization and the restructuring it entails. For future research on the evaluation of the effectiveness of this governmentalization, we recommend, a starting point which entails Lawson's reference to Derrida's method of deconstruction as it "involves the identification of hierarchical oppositions - for example good/bad, light/dark, self/other, civilized/barbarian, superior/inferior. These are fundamental to the construction of meaning because they identify not just what something is, but what it is *not*, while at the same time assigning positive or negative value to one or the other" (Lawson, 2015, p.163). In other words, an effectiveness evaluation should, for instance, start with an understanding on the key performance indicators for ineffectiveness.

Yet further conclusions indicate that there are other considerations concerning the sustainability of the current situation and DEIK's aspirational attainments. DEIK's value as a foreign policy instrument is undoubtedly crowned by the government with a lofty esteem, nominating DEIK as the organization for "commercial diplomacy" which inevitably renders DEIK prone to raised eyebrows from others such as the Turkish Exporters Assembly, TIM, who seem to make a parallel claim. Whether they will be willing to accept DEIK's umbrella status is yet to be seen, while the chances of an easy peace between the two organizations is rather dim.

From a totally different perspective, it is claimed that there is a growing trend in the world of making memberships in chambers of commerce a voluntary affair rather than a mandatory one, as is common in the Anglo-Saxon liberal market tradition. While we were discussing DEIK's status, remarks were made by the interviewees for the same to be considered in connection with the TOBB and TIM. It is suggested that if DEIK's civil society status is under scrutiny, the TIM and TOBB's mandatory memberships should also be brought under question. Our research may ignite such a discussion. While it is unlikely for Turkey to see that any time soon, the point is rather relevant for the argument of DEIK's governmentalization as a principle; for having lost its former civil society qualities while voluntary membership even in chambers of commerce is the new trend.

The list of underlying causes of DEIK's governmentalization revealed through our research is manifestly not exhaustive. Regardless of the underlying reasons and causes, the resulting condition which is the new reality i.e. a governmentalized NGO, intriguingly evokes one very essential inference. This act of governmentalization of a business NGO, due to the unique way it has been effectuated and the new pseudo political status created as a consequence out of an economic legal entity, seems to render all other underlying causes other than the importance given to institutionalized trade as an instrument of foreign policy, relatively marginal. The resultant phenomenon is indicative of not only a de facto but also a de jure instrumentalization by the state of an economic actor, an NGO, whose main purpose is international trade, for the purpose of foreign policy.

The resulting conclusions seem to establish a platform for further empirical research in order to strengthen their implications, in an attempt to generalize the hypothesis for our theory. To broaden their scope, other organizations such as TUSIAD, MUSIAD, TIM and TOBB could be brought under scrutiny for their relevance as foreign relations instruments, which will extend the base of evidence for the validity of Turkey's institutionalized trade. Equally, Foreign Affairs bureaucrats could be interviewed for their views on the instrumentality of foreign relations on trade. In that further research, foreign affairs could be expected to have a stronger bearing on trade from the worldview and perspective of career diplomats. A third path as mentioned above could be to continue to monitor DEIK's performance over the next decade and follow the implications of the restructuring and the nature in which it evolves to search for the answer to the question as to whether governmentalization enhances an organization's power *vis à vis* foreign trade and foreign affairs or vice versa. A fourth angle could focus more on prominent bilateral relations with other states to dig deeper into the effects this phenomenon has created. A developed versus underdeveloped state differentiation in sampling could reveal how a single, one-size-fits-all model demonstrates the needs of the counterparts in the center versus the periphery. As a methodology, while all the above could still be done via in-depth elite interview case studies, a questionnaire could also be prepared and run past members of institutions and ministries to draw statistical explanations. Finally, an n-variant approach for the subject matter could be taken to inquire whether this trend

towards governmentalization is likely to continue for Turkey's civil society and how it is expected to affect Turkey's Europeanization efforts.

With the importance of trade as an instrument of foreign policy and vice versa solidified in the data we uncovered in the embodiment of DEIK's governmentalization, it is hoped that our research will provide policy makers with useful material for making better decisions in international relations instrumentalizing trade and vice versa. Let us now turn to more detail and start establishing the background for our thesis, looking into the history and nature of DEIK, The Foreign Economic Relations Board of Turkey.

### ***Who and what is DEIK, the foreign economic relations board of turkey?***

DEIK, the Foreign Economic Relations Board of Turkey, was established in 1986 as an NGO with the strong backing and initiation of the then Prime Minister Turgut Ozal, in an effort to institutionalize and boost Turkey's exports in line with the new liberalization and privatization policies of the time. These new policies were intended to take Turkey out of the "import substitution" and "protectionist" policies of the previous government programs that were widely blamed for the severe recession at the end of the 1970s.

Turkey had barely outlived the brusque economic downturn of the 1970s, stemming largely from her own particularities such as the sanctions related to Cyprus, restrictions on the movement of capital, and political turmoil, not to mention the *coup d'état* on September 12, 1980. The global economy's systematic effects such as the two oil crises and the abandonment of the *Gold Standard* had not helped but worsened Turkey's options, no matter how closed and small the Turkish economy could be considered at the time. These were the 1980s, however, and a different mood was in the air. Turkey had just come out of the grips of a military junta and had held its first comparatively free elections in 1983. The new government, headed by Prime Minister Turgut Ozal, was determined to open Turkey up to the world in line with Ronald Reagan and Margaret

Thatcher's "Washington Consensus".<sup>7</sup> The liberal capitalist vision was spreading in the global economic realm, penetrating every possible pore as the hegemonic core dictated policies for the periphery, advocating consensus as the only way out for the underdeveloped participants or would be participants in the international system.

DEIK was formed within such a robust context and we will be turning, in deeper detail within the course of our case study, to how and why DEIK was founded, in order to better grasp its functionality and *raison d'être* as it relates to foreign policy. Yet to understand DEIK today, a glance at its website strikes one as being a good place to start. On the website, DEIK's mission is described as follows: "Foreign Economic Relations Board of Turkey (DEIK) is responsible for leading foreign economic relations of Turkish private sector in a myriad of sectors particularly foreign trade, international investment and services, international construction activities and logistics, exploring inward and outward

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<sup>7</sup>"Washington Consensus" has been a term used for certain neoliberal economic policies that have been praised as well as blamed since its introduction to the world economy for the blessings as well as misfortunes it has been associated with after the implementation of these policies in various countries. In the Princeton Encyclopedia of World Economy 'Washington Consensus' is explained in detail it as follows: "The term *Washington consensus* was coined by John Williamson (1990) to encapsulate the set of policy reforms advocated with a reasonable degree of consensus by international financial institutions, the U.S. government, the Federal Reserve Board, and the leading think tanks based in Washington. Those policies were deemed necessary to achieve growth, low inflation, a viable balance of payments, and equitable income distribution in the developing world at large, and especially in Latin America, which was still recovering from the debt crisis that erupted in 1982. The policies that defined the Washington consensus included (1) fiscal discipline, (2) increased public expenditure on social services and infrastructure, (3) tax reform to broaden tax bases and reduce marginal tax rates, (4) market-determined interest rates, (5) unified and competitive exchange rates, (6) import liberalization, (7) openness to foreign direct investment, (8) privatization, (9) deregulation, and (10) secure property rights." in Reinert K. A., Rajan, R. S., Glass A. J., Davis, L. S., 2009 ed. *Princeton Encyclopedia of World Economy*, 'Washington Consensus' e-book, viewed on April 30, 2019, [https://icproxy.khas.edu.tr:4907/content/entry/prewe/washington\\_consensus/0](https://icproxy.khas.edu.tr:4907/content/entry/prewe/washington_consensus/0)

investment opportunities as well as increasing the export volume of Turkish business and coordinating similar business development activities”<sup>8</sup> (DEIK, 2019).

From this statement we could start by making the following assessments: DEIK (’s)

- aims to be a leader - as compared to similar organizations if any in its field
- main area of concern is foreign economic relations – implying that it is this and nothing more
- essential area of coverage is the Turkish private sector - and not the public sector
- assumes responsibility in the development particularly of foreign trade, international trade, international investment and services...- assumes no other responsibility
- explores both inward and outward investment opportunities - and it is equally supportive of either
- aims to increase the volume of exports – not of imports
- aims to coordinate similar business activities – so that aggregate efforts are in line and not duplicated...

As the website suggests, DEIK’s members are voluntary businesses and its founding fathers were associations. Only legal entities and no private citizens could be members of DEIK. Businessmen and businesswomen representing their companies and associations undertake to devote their time, energy and money in order to develop relations with their international counterparts working in bilateral “Business Councils”. An initial entrance fee and annual membership dues are paid for participants to sit on related business councils. Besides, members pay considerable participation fees for official business trips organized by DEIK to foreign missions.

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<sup>8</sup> DEIK performs its activities with the support of 103 founding institutions and members. DEIK’s organs are the General Assembly, Board of Directors, Executive Board, Board of Auditors, Business Councils, High Advisory Board and Advisory Boards. Please see DEIK’s website as viewed on January 30, 2019 <http://en.deik.org.tr/deik-about-deik>

DEIK was founded and its complete legal status was enacted under the auspices of the TOBB, the Turkish Union of Chambers and Commodity Exchanges of Turkey, and it was headed by the Chamber's president. Its structure is still composed of country-based Business Councils formed with a corresponding partner state or combined states (in the case of smaller states), i.e. the Turkish-American Business Council, which are hierarchically regrouped under their relevant continents or regional denominations. A function-based criterion categorization is also made under a "Special Purpose" denomination, such as DEIK's "Foreign Investment Business Council" and the "World Turkish Business Council, (DTIK)". The third type is the "Sectoral Business Councils", whereby sectors such as health, energy, logistics, higher education and technical consultancy are grouped together regardless of their regional dimension.

DEIK has its own administrative structure under the "General Secretariat" with full-time paid employees who manage and coordinate the flow and dissemination of information, and the organization of events and meetings as directed by the presidents of business councils as well as the President of DEIK himself. DEIK holds a "General Assembly" every four years to elect the "Board of Directors", "The Executive Board" and the "Board of Auditors". An ordinary "General Assembly" is also held every two years by the business councils whereby Business Council Executive Committees are elected democratically on a one-member one-vote basis. While a pre-determined list is proposed for Business Council Board Members, each candidate can nominate oneself and he or she is democratically elected. Anyone can volunteer to be on the board as well as on the enlarged councils. The committee then elects its president, a position which is usually predetermined. In the assemblies, there has always been a considerable attendance from high levels of the government, usually the prime minister and/or the president in addition to ministers from related departments such as the economy and treasury, delivering keynote speeches related and unrelated to the business on the agenda. While the newest president of DEIK, Nail Olpak was appointed only recently on September 22, 2017 to replace Omer Cihad Vardan, who had been appointed after the 2014 September decree, following a controversial hand-over, the latest elections to the Business Councils of DEIK took place with a delay, on January 11, 2018, when 66 of the 142 business council

presidents and administrators were elected with the participation of 1120 members. (DEIK, 2018a) As of January 2019, DEIK has 145 business councils.

After a brief glance at DEIK's mission and modus operandi, we return again to its history to confidently define DEIK as an unprecedented novelty for its time. DEIK was unique in breaking the taboo concerning the way politicians and businessmen interacted until that time. It merits this definition since it was via DEIK that official international visits were jointly held in concert for the first time. DEIK was given responsibility for not only involving the business community in these official trips but also actually arranging the entire prescheduled meetings with international counterparts. DEIK appears to have facilitated the otherwise impossible political encounters and rapprochements by leveraging its relations with business counterparts. DEIK's equivalents in the international arena were also mainly NGOs composed of businessmen and women belonging to relevant national chambers of commerce or other regional institutions. Through these business networks and institutional contacts, DEIK helped policy makers tackle political issues such as the Armenian issue that would otherwise be too difficult to address. The spill-over effect proved to be most valuable.

This was not an unchallenging task, however. Initially, skeptical government officials and bureaucrats appear to have been involuntarily made to join forces with DEIK. Until then, inter alia private-public relationships of any sort were considered conflictual, since the business world was regarded as brutal and self-seeking capitalists by much of the bureaucracy. DEIK was considered a *top-down decree* by Turgut Ozal; typical of his leadership style, which bypassed the established rules and procedures of the Turkish bureaucracy. With the entrepreneurial spirit of President Ozal, not unlike that of President Erdogan today, we see the *agency* of a *Head of State* at play. In time, seeing the progress and benefits of joining forces with DEIK, however, the bureaucrats and the technocrats increasingly appear to have opened up to advise the businessmen on the economic agendas of the political leaders. DEIK, in turn, appears to have combined the information and the knowledge it had accrued from its members in the business world to facilitate political rapprochement by diversifying into areas of mutual interests and multiplying win-win scenarios with foreign states.

It is hard to think of a better subject than international trade to melt the ice between states; a strategy which may not necessarily overcome the “security dilemma” or the “balance of power” concerns per se, but through at least mutual and “complex interdependence”, it is prone to get the states to look at each other in a more favorable light. Interdependence its complex version is a much-disputed concept. Cooper argues, in economic terms, that integration which is related to interdependence happens when there is a “quick responsiveness to differential earning opportunities resulting in a sharp reduction in differences in factor rewards” (Cooper, 1968, 152). We can find another definition in Katzenstein’s argument so that transactions such as “international commerce” or “labor migration” as well as “capital flows” which are “exchanged between societies and states are one possible means of interdependence” (Katzenstein, 1975, 1021). Waltz’s interdependence is a different version. He first conceptualizes it as a sensitivity<sup>9</sup> “a condition in which anything that happens anywhere in the world may affect somebody, or everybody, elsewhere... This notion of interdependence calls to mind the freely interacting, self-adjusting markets described by liberal economists of the nineteenth century” (Waltz, 2010, p.139-140). It is contemplated that by means of interdependence, states may minimize their comparative disadvantages in factor endowments and profit from each other’s specialization, and simply be better off through trade. This is especially so after two centuries of the introduction of the term by Ricardo; “David Ricardo’s theory of comparative advantage is now two centuries old, but it remains at the heart of economists’ theories of international trade. It also continues to provide the underlying economic ethic for liberal International Political Economy (IPE)” (Watson, 2017, p.257).

International trade also provides a “spillover effect”, stemming from the socialization of political and economic elites. Such socialization could be expected to evolve into shared interests, norms and values, if not identities with continued iterations of multi-layered communication channels and deeper understanding of the other party’s sensitivities. Another positive expectation from trade would be pinpointed as the “diminution in the aptitude to cheat”. One who would dare to fraud should be ready to anticipate reciprocity

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<sup>9</sup> A reference will be made to his second definition under section 3.1. COLD WAR TURKISH FOREIGN POLICY & TRADE (1945-1980)

in the next round of negotiations, while facing the loss of reputation and credibility. Hence trade arguably reduces the attractiveness of defection, much to the detriment of “prisoner’s dilemma” arbitrations. Caveat of the fact that the temptation to “free ride” is always there and cannot be totally overcome. “When players expect to meet again in the future, they may be more willing to cooperate. Yet even under such conditions of iteration, however, cooperation is not a foregone conclusion” (Aggarwal, Dupont, 2017, p.64). This is specifically so when the expected new value of cooperation that discounts for future iterations is low so that the aptitude to cheat emerges.

It could be contended that historically, DEIK’s establishment and take off, in terms of the government’s impact, by nature a top-down effort, was informative, facilitating, accelerating and regulatory. The State seemed to have enabled the formation of high-level institutional links and networks, which could eventually be anticipated to translate into real business for DEIK and in turn into a boost for Turkey’s economy. Bolstering Turkey’s economy would, in turn, help the elected government to fulfill its promises to its constituency. The support given by the government to the business world via DEIK materialized as primarily for the purpose of enhancing the value of Turkey’s exports.<sup>10</sup> But involving the business world in foreign political relations directly also had the benefit of “diversifying the foreign policy agenda”. It opened new opportunities and strengthened associations and linkages. When two state leaders agreed, businessmen followed suit, shortcuts were taken. Otherwise unlikely projects were inaugurated at the speed of light. Such examples will be more apparent when we examine DEIK and its accomplishments.

As one could expect, it would be naïve to assume that this interaction and relationship turned out to be purely for business purposes. At times, commercial issues were also inevitably upgraded into pure politics where stakes were high. This time, the roles were reversed and DEIK functioned as the facilitator, opening up new channels and gathering support for political causes. DEIK with its experience and authority grew to be a very valuable “public diplomacy” instrument which is defined as “a policy label with a

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<sup>10</sup> Please refer to Table C.3 on page 348 for a list of Turkey’s export figures and partners between 2008-2017, their share and the changes thereof.

historical trajectory that has converged with the salience of soft power's practical implications" (Hayden, 2012, p. 9). DEIK's businesspeople frequently were asked by the government to lobby for political purposes. The counter lobby against the "Armenian propaganda" in the United States and Turkey's "application to the European Union" are but two such missions undertaken without the expectation of immediate economic gain but for the pride of serving one's country in the best way one knows how. Ostensibly, the instrumentalization of DEIK to pursue foreign policy objectives was not only inevitable but also a natural "extension of politics by other means" to quote Clausewitz.

We might conclude that even though DEIK is an independent NGO and can work out independent deals, whereas the State is omnipotent and has many instruments to hand to enact *economic diplomacy*, it is in the best interests of both sides to work together, for there are greater gains to be had from such a mutual cooperation. Milner describes *cooperation* as "goal directed behavior that entails mutual policy adjustments so that all sides end up better off than they would otherwise be" (Milner, 1992, p.468). She argues that an agreed definition of cooperation is an important first step, yet difficulties start when we try to determine what causes or ends cooperation. She cautions that there are empirical problems associated with its use as a concept. The working relationship between an NGO like DEIK and the State could be described as multifaceted, non-linear, intricate or even entangled cooperation. Business community networks help foster state relations, create new associations and open up new negotiation areas. On the other hand, heads of state may and do personally get involved in initiating and prompting business deals, and today that is not necessarily unorthodox but on the contrary an emergent expectation. International markets need strong politicians because they endorse a sense of security and stability against political risks. Governments may help open lines of credit and subsidies for large projects deemed highly essential to the economy. The *Big Brother's* helping hand might as well be a desired scenario and on the face of it, there appears no harm in working together towards mutual gains, especially when the *invisible hand* of the markets has its own shortcomings.

Assuming that the above relationship also applies to our case and considering the many direct and indirect methods through which DEIK and the government seem to have

collaborated, it could be supposed that the government, since the beginning, had a major interest in ordering, supporting and getting involved in DEIK's activities. As a *rational actor*, a state is not expected to turn a blind eye to the prospect that a growth in international trade in a world of *globalization* could be beneficial to the domestic economy as a whole. Liberalists argue that comparative advantage and economies of scale, coupled with capital mobility enable international trade to offer more benefits than harm in the medium to longer term. "With few exceptions, economists believe in free trade and oppose protectionist practices; they strongly believe that open and unrestricted markets are the best way to increase consumer choice and maximize efficient use of the planet's scarce resources" (Gilpin, 2001, p.67). Evidently, international trade is not only instrumental at its face value per se, however. The growth of multilateral bonds of trade between states through such business organizations as DEIK stand to enhance a rational government's ability to tie up policy issues and help implement leverage on other areas of international relations before reverting to coercive strategies in conflict situations.

Nevertheless, it sounds as if having an institutionalized organization in trade like DEIK at bay and three decades of relationship and interaction between the government and a non-governmental organization was somehow not enough for the government in 2014. Something must have been missing. DEIK had to be governmentalized in order to better make use of it. But what had then triggered the state to governmentalize DEIK, instead of continuing the current state of affairs? Was business as usual not sufficient? Furthermore, why was DEIK chosen and not another business NGO? What made DEIK so special? Or was it simply a random choice? Our search for answers will continue in our in-depth interviews but here below is some brief research on DEIK and its context to set the scene further for our upcoming analysis.

### ***DEIK and its counterparts***

DEIK is certainly not the only organization of its kind. There are plenty of examples, but TUSIAD, the Turkish Industry and Business Association, and MUSIAD, the Independent Industrialists and Businessmen Association and more recently TUSKON, the Turkish Confederation of Businessmen and Industrialists, could be cited from among the major

other nongovernmental organizations in Turkey whose main ongoing concern is also assumed to be economic and commercial. Among these, the creation of TUSKON in 2005 and its fast track momentum in recent years is worth observing from a closer perspective for the purposes of proving our case, because TUSKON's major operations resemble those of DEIK to a great extent. It could even be argued that TUSKON has been following in DEIK's path, duplicating its links with different members and member profiles.

Plausibly during the course of its first years, it is alleged that TUSKON's relations with the government became crucially amalgamated, making it easily eligible for state funds so that TUSKON, soon after its establishment, seemed to be the new rising star of Turkey's international trade at DEIK's expense. It looks as if while DEIK and TUSKON were seemingly private entities with an independent management and membership, building closer ties with the government seemed to have endorsed the hastened rise of TUSKON as a prominent NGO in international trade. There was speculation that TUSKON was predominantly an organization of businessmen with a more "conservative Islamic orientation", initially targeting Africa and the Middle East, a characteristic that allegedly rendered this a more pro-government organization when compared to DEIK. If these allegations were to be substantiated, then our hypothesis would require further questioning. If the government had already a friendlier team player at hand in compliance with its policies, why was there a need to governmentalize DEIK? Something must have materialized to upset this balance. Was TUSKON not good enough? Why was the government ostensibly more supportive of TUSKON in the first place? What had happened or would happen to TUSKON, then, after DEIK's new status? We will look more into TUSKON but here suffice to say that various TUSKON members' homes have been raided and they have been jailed in relation to the "Parallel State Structure/Terror Organization/Pro-Fethullah Terror Organization" and the attempted *coup d'état* of July 15, 2016. The allegations are based on TUSKON's being part of a Gulenist movement trying to replace Turkey's democratic government; "The 'Pro-Fethullah Terror Organization' was first cited in a draft indictment penned by the Ankara Chief Public Prosecutor's Office and finalized in April. The indictment stated that it had found 'concrete evidence' that sympathizers of Gulen were trying to form a 'Cemaat state' parallel to the state of the Republic of Turkey" (Hurriyet Daily News, 2015b).

At this point, however, in order to understand why DEIK was chosen instead of TUSKON, we should, for a brief moment, take out the Gulenist connection from the equation as an independent factor. After all, TUSKON was conceivably formed and cultivated with the approval if not the so-called support of the government for the very reasons DEIK had been operating for the past 20 years. Then with TUSKON and its Gulenist connection out of the way, we could turn our attention to the membership profile of DEIK as it may have been a momentous factor in DEIK's being "the chosen one" for appropriation. As Socrates said, "If you want to be a good saddler, saddle the worst horse; for if you can tame one, you can tame all" (Messer, 2018, p.72). It could be argued that DEIK's membership profile is or was indeed unlike to that of TUSKON. First of all, DEIK's members could be assumed to have less of a conservative orientation and more of a liberal and secular ideology; at least in their publicly announced declarations. Secondly, DEIK's most prominent members are highly associated with one of Turkey's most recognized business associations called TUSIAD. What makes TUSIAD so esteemed and powerful as one of Turkey's enduring non-governmental organizations is that it has always been known to be a relentless vocal opposition to governing parties on diverse policy areas including but not limited to the economy.

TUSIAD's rhetoric criticizing government policies has been recognized to be notoriously and bitterly vocal, and indirectly communicated to the government. Announcements are typically made via "press releases" and "press conferences" which attract a VIP media coverage. The public is then made aware of the government's response to TUSIAD's declarations through a duel that takes place through the media. The relatively bold statement by TUSIAD's current President Erol Bilecik on the latest referendum's controversial results is such an example. "Suspicion of irregularities in the April 16 referendum vote have damaged Turkey's election security and reliability, said Turkish Industry and Business Association (TUSIAD) Chair Erol Bilecik, adding that measures need to be immediately taken to ensure judicial independence and neutrality" (Hurriyet Daily News, 2017). Therefore, DEIK, through its association with TUSIAD, could have also been assumed to be on the side of the opposition, even though not as strongly. Given DEIK's member profile and founding associations like TUSIAD or TURSAB, the Association of Turkish Tourism Agencies, one could claim that imposing government

policies on DEIK, or making use of or manipulating DEIK for the government's foreign economic policies at will, or shaping DEIK from the outside might not be expected to be an easy task when compared to TUSKON or other allegedly pro-government NGOs like MUSIAD<sup>11</sup>, the Independent Industrial and Businessmen's Association, TUSIAD's possible alternative. In order to fully instrumentalize DEIK for the purpose of foreign policy in line with the government's imperatives, it could have been thought that DEIK had to be tamed by means of governmentalization.

To counter this argument, it is a fact that DEIK's main affiliation was with TOBB, The Union of Chambers and Commodity Exchanges of Turkey, which is arguably a more pro-government entity, headed by Rifat Hisarciklioglu since 2002. Rifat Hisarciklioglu, who is from Kayseri, the former President Abdullah Gul's city, could fit into the category of a typical *Anatolian Tiger*; the name given to successful entrepreneurs with conservative origins from Central Anatolia. Given DEIK's more conservative TOBB connection, why was DEIK considered insufficient, so that a similar body like TUSKON was needed in the first place? Could this duality indicate that there happened to be a need to build a similar if not a rival association to DEIK because even its TOBB associations did not make DEIK an easy target?

If we remember that one reason for DEIK's very existence was to coordinate efforts in order to avoid the loss of resources and eliminate confusing messages and self-defeating competitive strategies in international trade, then fostering brand new competition to DEIK points to a major change in *grand strategy* by the government that is difficult to explain through mere economic considerations. An evaluation could be made such that an organization in international trade was continued to be deemed necessary by the

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<sup>11</sup> Otherwise known as "*Muslim Businessmen Association*" as nicknamed behind the scenes in the business world. Serpil YILMAZ from Milliyet has quoted: "When asked about it the President of the time Erol Yakar had replied; 'Could there be the religion of capital? We are Independent Businessmen' but I remember that another of his descriptions was 'we are the ones who have accepted Islam as their lifestyle'" in Yilmaz, S., 2003, "Musluman Isadamları MUSIAD!", *Milliyet*, 24 April, viewed on 23 January 2019 <http://www.milliyet.com.tr/musluman-isadamlari-musiad-/serpil-yilmaz/ekonomi/yazardetayarsiv/24.04.2003/244507/default.htm>,.

government, but DEIK with its two decades of established links by 2005 was too strong to be governed at will from a distance. An alternative, a duplicate organization, TUSKON, was born to diminish the need for an independent DEIK and eventually replace it with the better manageable TUSKON with closer links to the government assuming this may as well be a “*Duplicate, Sideline and Replace*” strategy at work. But things must have somehow gone off track and gone terribly wrong with TUSKON along the way, and the government reputedly came to the conclusion that it did not have another 10 years to come up with an alternative. Hence an abrupt governmentalization was deemed indispensable as the single option in order to fully exploit DEIK under the changing circumstances of the day. There is a need to investigate this further in order for us to evaluate the whys and the hows of this governmentalization. Did DEIK’s affiliation with TOBB play a role in this at all? What sort of uncertainty did this intervention bring into the market? How did Rifat Hisarciklioglu react to this take-over as the chamber literally lost control of the Board? What was his role? What was the justification? Was TUSIAD involved? What was TUSIAD’s reaction? Many more questions line up to be answered in our case study.

On the other hand, to understand how such a governmentalization was ever possible, among other things, we need to have a better grasp of the greater context and the domestic environment at large. In this endeavor, Ayse Bugra’s analysis of the *self-image* of Turkish businesspeople in the evaluation of state interventions and business attitudes might prove enlightening, in terms of our comprehension of the reactions of business circles towards this governmentalization. Her research is indicative of a significant continuity throughout the post-Republican period, starting with the strong *étatist* tradition in the early years. She argues that one of the striking dimensions of this self-image of the Turkish business world is “a lack of confidence about the legitimacy of activities carried out in pursuit of pecuniary gain... (and) Similarly, the inviolability of private property rights does not at all seem obvious to them” (Bugra, 1991, p.153). Could we assume then that if the Turkish State is, in fact, aware of this self-image, with an already overwhelming presence in the activities pertaining to the market, it can confidently intervene as it pleases, since the reaction from business circles, an otherwise powerful interest group, whose self-image is expected to be apologetic, does not pose a hindrance. Bugra continues that, moreover,

businesspeople lack confidence in the evaluation of power that they have in political life and society. Without such confidence or a lack thereof, they cannot act in concert in an institutionalized way to react to government interventions. If Bugra's propositions of continuity hold, we can conclude that DEIK's governmentalization overnight, therefore, seems to have been achieved rather smoothly, precisely due to the business circles' low self-image, especially when faced with the uninterrupted continuity of State tradition.

After the domestic dimension, in order to better appreciate DEIK and why it was governmentalized, a closer look at its international counterparts is also preordained for an all-embracing picture. The reciprocal equivalents of DEIK Business Councils exist in almost all major countries. They could be exact mirror images, such as the American-Turkish Business Council, or Chambers of Commerce and their specialized associations. These associations are also presumably independent NGOs, especially those that are part of the developed world with their own directorate and membership conditions. These NGOs could naturally be expected to be close to their respective governments and national objectives, but this expectation does not assume an organic bond between the two. They are more expected to be lobbyists to their respective governments for their joint objectives. While connections between DEIK and its counterparts are at times direct, they are definitely also assumed to work through and in coordination with the foreign missions mainly in Istanbul and Ankara. The foreign missions are just as involved in economic affairs, so that ambassadors, consul generals, and commercial attaches take a personal interest in coordination of relations with DEIK under the notion of *economic diplomacy*. Monthly meetings are organized, yearly conferences are arranged. Petitions are made to the respective governments for areas of interest vital to both sides. It is presumed that the diplomats today have a critical part of their performance criteria tied to the development of economic relations with the host country. This is more so if the country in question is a G20 member like Turkey, or a member of a regional block such as the EU. The connections between DEIK and its counterparts are so much worth their weight in gold since they have been built on 30 years of experience, friendship and partnership. A duplication of such an institution takes years and may not be as competent.

It appears that such high-level rules and norms with counterparts had already been instituted through DEIK and when TUSKON had fallen out of the picture, DEIK was the only viable option left for the government to acquire these benefits and leverage them to its advantage. How would these counterparts regard this takeover? Would they be willing to deal with a government organization the same way as they did with DEIK, the NGO? Would they have a choice? Would their reaction change anything? How would this be communicated to them? Many questions arose as regards to the counterparts and their role and reaction to DEIK's governmentalization and its aftermath. We will be looking for answers to these questions in due course.

### ***Why the governmentalization?***

The list of conceivable causes given behind this governmentalization is definitely not an exhaustive one. We have explored the value DEIK represents through its institutionalized international links and how this can be instrumentalized. We have also come across the alleged disparity between DEIK and the ideology of the government in office that must have made it difficult if not impossible to manipulate DEIK. We have seen how difficult and long-term a process it is, to institutionalize and establish oneself in the international system as a credible actor. It is therefore not difficult to envisage the disillusionment felt when efforts to sideline DEIK with TUSKON had gone astray after nearly 10 years. What could be done to overcome this conundrum? Another 10 years could not be wasted. Governmentalization, it appears, seems to have been the best option. Given the low self-image of Turkish businessmen which effectively minimizes the fear, on the government side, of any significant reaction from the business world, how a strategy based on as extreme a measure as governmentalization was even an option in the first place should not be to anyone's surprise. Coupled with the alleged cobweb of relations involving government tenders with never ending deep corruption accusations, in addition to fears of stipulated tax audits all seem to have silenced the business world's reaction to the government policies.

Another such cause, for instance, could be found within the dusty intricacies of bureaucratic politics. In such a system "the main factors that influence the outcome of the

process by which issues are raised are the standing of the participants, the rules (formal and informal) that guide an issue through the system, and the information and analysis that participants use to choose among alternative positions and to argue their case. On many issues, the disposition of the president is a further determinant” (Halperin, Clapp, Kanter, 2006, p.99). It would not be an overstatement to suggest that the weight of the strong president in Turkey’s case is undeniable. If the president was convinced that governmentalization was the best option, the strategy could be considered as determined. Was the president involved in this decision? On the other hand, in practice, it is foreseeable that the involvement of Ministry of Foreign Affairs’ officials and diplomats in trade issues, poses serious overlaps with other government departments such as the Ministry of Economy. The decision as to who has responsibility and where this begins, and ends is a never-ending combat between these two government agencies. Considering the first diplomats were commercial agents of Venice when it all began, it is not surprising to realize that the current breed of diplomats also regards economic matters highly. Economic targets are surely not isolated to the domain of the Ministry of Economy as issues related to the economy also provide leverage for the Foreign Ministry. Could this rivalry then have been the reason why DEIK was governmentalized with the enactment of Law no. 6552 on September 11, 2014, when DEIK was brought under the Ministry of Economy? Could this have been a victory of economy over foreign affairs? Could DEIK have been tied to the Foreign Ministry Foreign instead? We are yet to find out.

After a brief introduction of the whys of this governmentalization, it seems imperative to grasp what this governmentalization entails. In 2018, on DEIK’s website, we read that with the changes in place the “Advisory Board convenes at least once annually under the chairmanship of the Turkish Minister of Economy in order for the revision of DEIK’s annual activities and harmonization and evaluation of them with Turkey’s economic strategies and interests. Members of the Board are assigned by the Minister” (DEIK, 2018d). This statement is highly suggestive of the proposition that what sounds like an abrupt overnight takeover was, in effect, a complete surrender by an NGO faced with an omnipotent State. Discernibly, the Minister of Economy not only chairs the advisory board but also literally appoints members of the board. One cannot help but ask whether this was necessary to harmonize DEIK’s activities, so as to bring them in line with

Turkey's economic strategies and interests. As our questions and possible answers mount up, we are yet to dig deeper into why such a major amendment was indeed necessary. In 2019, however, on the same website, we no longer see a reference to an "Advisory Board." There is a mention of a "Supervisory Board", whose responsibilities are not explicitly stated; "DEIK is an association comprised of several organs: General Assembly, Board of Directors, Executive Board and Supervisory Board, and carries out its activities with the aid of its Founding Institutions and Members who are the representatives of the Turkish private sector" (DEIK, 2019). There has been an apparent need to scrutinize this notion of "Advisory Board", and it has been possibly transformed into a supervisory board with no mention of assignment by the minister. What has changed? Have there been reactions to the governmentalization? What is the actual level of involvement of the ministry? Why was this change on the website made? These are indicative of the evolving nature of the new restructuring, as DEIK strikes one as being in a state of soul searching.

DEIK's case is an irregularity, and not necessarily a commonality, to solve this conflict between bureaucracies. Evidently, the emergent predisposition to entangle foreign affairs in international trade and vice versa is an indicator of the great potential foreseen in this undertaking. The consolidation of national interest by means of economic power is too important to be left to the private sector. In some Anglo-Saxon governance systems, there is even a tendency to merge the Ministry of Foreign Affairs and Trade under one roof. Australia and New Zealand are two such examples. Essentially, why would a government not use all necessary power to make use of the value and instrumentality of international trade, to enhance its foreign policy anyway? If international relations are a struggle for power as suggested by reality, considering the fact that economic power expressed in terms of GDP is directly interrelated with international trade, this move should not come as a surprise. The interdependence and multiple nexuses built between states through the instrumentalization of trade are arguably a welcome consequence for the sake of enhanced international peace, made possible through complex interdependence and cooperation in areas of mutual interest. Nevertheless, as Russett argues, "(a)nalyses must minimize the danger of wrongly imputing causation... trade may promote peace but also peace may enhance trade... theory helps strengthen causal inference" (Russett, 2013,

p.103). Therefore, one must carry a cautious approach to reductionist, one-way causation inferences as far as trade and foreign policy are concerned with relevance to peace; an assumption inherent in the thesis' foreign policy-trade-foreign policy synthesis.

Under ideal conditions, the liberalist worldview argues that international trade is anticipated to produce a cycle of prosperity for everyone involved. While relative gains may vary, even though trade deals are not always fair and symmetrical, absolute gains are still important; they are better than nothing. Here it is vital to pause and reiterate the neorealist view, since when it comes to relative versus absolute gains, neoliberalists find it hard to find common ground with neorealists. As Waltz suggests, “(t)he first concern of states is not to maximize power but to maintain their position in the system” (Waltz, 2010, p.126). Accordingly, states may even forego any absolute gains if these will cause a change in the balance of the system. Grieco goes a step further to criticize neoliberal institutionalism's concentration on the elimination of cheating rather than the relative gains problem. For him what matters is survival: “states are acutely sensitive to any erosion of their relative capabilities, which are the ultimate basis for their security and independence in an anarchical, self-help international context” (Grieco, 1988, p.498). Nevertheless, under the assumption of neoliberal institutionalism, when free trade is enabled through institutionalized norms, rules and regulations, everyone is expected to benefit. The markets achieve this perfection if left alone without any interference on part of the governments. International trade fosters domestic economic activity, generates foreign exchange, and helps manage the trade deficit. When the economy is sound, electorates are happy and governing parties secure their positions in the next elections, all things being equal. Governments should normally have an inherent interest in letting trade go free under the assumption that private business and laissez-faire economies find the best solutions for themselves. In Adam Smith's terms, the invisible hand of the market knows the way; far better than any other government-imposed mechanism. Governments need not intervene but pave the way for the private sector through enabling regulations, decreased bureaucratic procedures and elimination of non-tariff barriers etc.

Unfortunately, these are assumptions made under ideal conditions. The world we live in and the operation of international markets are far from perfect. Governments do feel the

need to intervene in many ways to correct, balance and manipulate the markets in accordance with the leader's or the elite's own worldviews. Protectionism is the first instrument thought of whenever crisis, created essentially by policies other than free trade, threatens the economy. While savings is the main engine behind a trade surplus (export minus imports), allegedly unfair international trade is the first to be blamed for trade deficits, as well as unemployment in blue collar jobs. Other factors such as technological backwardness and lack of planned education to match employment are difficult to accept, whereas foreign competition, and multilateral trade deals are the easiest scapegoats for leaders to blame in order to win popular votes. We have recently witnessed that America's 45<sup>th</sup> President's policies are not an exception to this rule. "A great thing for the American worker what we just did," said Donald Trump as, with the stroke of his pen, he cancelled the Trans-Pacific Partnership (TPP). Trump will also scrap the European equivalent, the Transatlantic Trade and Investment Partnership (TTIP), which has only just been agreed, and renegotiate (i.e. dismantle) the North American Free Trade Area (NAFTA). Candidate Trump described it as the 'worst deal ever' – a proud product of the presidencies of Bill Clinton and the first President Bush" (O'Grady, 2017). Critics argue that protectionism is the evil that looms over history, inciting mass unemployment and catalyzing fascism. But World War II might as well have been long forgotten. We will be asking what interviewees think about the ongoing trend of protectionism and populist policies prevalent in today's international environment.

Our case study of DEIK's governmentalization overnight on September 11, 2014 is an example of a unique and extreme case of this phenomenon of intervention that may have re-written the rules of the game for Turkey's institutionalized international trade. This is not to suggest that this move is a protectionist one like the aforementioned, however, but it, nevertheless, is a move away from the free-market economy in the direction of more government control, in accordance with the world views of Turkey's leading elites. Bugra argues that as per Charles Johnson's research on government-private business relations in Japan, South Korea and Taiwan, each intervention could be evaluated in terms of the "contrast between the 'market augmenting' and 'market repressing' role of the State" (Bugra, 1991, p.152) and it is wise to assume that any state action does not necessarily altogether replace but that it usually modifies the logic of the market. Turkey, after all,

could be classified as a late industrializing country, whereby as we follow Bugra's reference to Alexander Gerschenkron's terminology there is an "overwhelming presence of the state in economic life" (Bugra, 1991, p.152) as opposed to an early industrialized state. In such a status, the extent and forms of intervention may end up enhancing "the society forming role' of the State" (Bugra, 1991, p.152).

In accordance with this argument, we could posit that the governmentalization of DEIK might be a market augmenting or market repressing move, the results of which we are yet to see. One can, nevertheless, not refrain from assuming the possibility of an upcoming protectionism and market repression version of the state's role, especially given the populist movements evident in political as well as security concerns in Turkey's neighborhood and the world in general. Equally the State, by means of such an intervention in institutionalized business might be playing its society-forming role. There are suggestions that Turkey has been molded into a new version of society be it in political, cultural or economic terms. Reference to a "New Turkey" might have already become a cottage industry, as Turkey and Turkish Foreign Policy are said to be in a state of soul searching. DEIK's governmentalization could be a side-effect of this grand process. Will this grand process be part of a trend that will spread to other civil society organizations? What would this mean for Turkey's civil society and its relations with the European Union? DEIK's governmentalization poses to be a subject of new inquiries.

This brief introduction is intended to enhance our understanding of DEIK, its counterparts, its domestic and international context coupled with the reasons why this extreme case of governmentalization has taken place and what it entails in terms of our hypothesis as it relates to the indispensability of trade as an instrumentality of foreign policy. It has brought us to a stage where an inquiry into the historical and theoretical explanations seems appropriate. We will start from the very beginning by looking at the essential role trade has played in the very beginning of diplomacy itself.

## 2. HISTORY AND THEORY

### 2.1 Trade's Essential place in the development of diplomacy

“We are moving the State Department ahead in our business... to help our businesses succeed in a world where foreign policy is economic policy” (Kerry, 2014). Admittedly, such an opening statement to a dissertation, which argues “whether trade is an indispensable instrument of foreign policy or not”, may sound overly enthusiastic if not predisposed towards an all-inclusive affirmation of our argument to say the least. It is difficult not to concede that the above statement undeniably provides an assertive support for the verification of our hypothesis in support of trade's power over international relations. This is especially so, since the words do not belong to just anybody but to John Kerry, the Secretary of State for the United States, the superpower and hegemon of the Post-Cold War era, which more than any country has numerous other powerful instruments such as military power and coercive diplomacy at hand with which to direct its foreign policy. Defining foreign policy as economic policy is beyond mere support for the indispensability of trade as an instrument, it could well be interpreted as the embodiment of the crowning glory of trade as far as foreign policy is concerned.

While international trade influences international relations, international relations equally impact international trade. It is possible to speak of two truly interlinked concepts, whose effect on each other varies on a case by case basis. Both historically and increasingly in recent developments, such examples abound. The recent relations between the US and China are one such incidence whereby trade takes precedence in setting the context and yet a hand of security is also played to influence trade talks. “While Chinese officials expressed optimism at the start of the two-day talks, Beijing at the same time complained about the sighting of the U.S.S. McCampbell, a warship, in what it said were Chinese waters near disputed islands in the South China Sea” (Voice of America, 2019). Sanctions on Iran are, using the same analogy, a consummate illustration of the use of trade in foreign policy. In simple terms, when relations take a turn for the worse between two states, action is taken to hurt trade not only in bilateral but also multilateral directions. “The Trump administration reinstated all sanctions removed under the 2015 nuclear deal,

targeting both Iran and states that trade with it. They will hit oil exports, shipping and banks - all core parts of the economy” (BBC, 2018b). Unfortunately, there is contradictory evidence for the effectiveness of such sanctions. In a study on dealing with tyranny and the survival of authoritarian rules, it is argued that “sanctions are less destabilizing in oil-producing countries, perhaps because demand for oil is highly inelastic in most sanction-sending countries, making them reluctant to disrupt energy supplies” (Escriba-Folch, Wright, 2014, p.215). All the same, if we deduce from Kerry’s words that trade is indeed an indispensable instrument of and for foreign policy, then one wonders whether this is a new phenomenon or the perpetuation of a historical tendency, transcending territorial state borders as well as centuries of international statecraft. A brief look at history should provide us with additional insight, not only in time but also in space as to when and where international trade in its various forms has been used for the purposes of foreign policy. Our quest towards a better understanding of at least some parts of the complicated relationship between trade and foreign policy in its multifaceted form and substance will be far from complete without the use of an integrated and interdisciplinary approach and a historical outlook is considered to be a sound way to start the journey. The relevant analogy to DEIK will be made where appropriate.

The use of trade as a deliberate instrument of foreign policy can, in fact, be traced back to medieval times. The origins of the first permanent embassies, rather naturally, were found in the “*baiulo*<sup>12</sup>, the essentially commercial agent already maintained by Venice in Constantinople for many generations” (Weckmann, 1952, p.177-183, cited in Anderson, 1993, p.6-7). City-states like Venice and Genova would have been pleased to hear Richard Rosecrance introduce an elaborated notion of the “*Trading State*” (Rosecrance, 1986), inherent in his version of commercial liberalism in 1986, in which he argued that the balance of trade will eventually rise above the balance of power with commerce as an instrument of conquest. Later, he went a step further and theorized about the “virtual state” whereby the state of the future is defined not only by the irrelevance of borders but

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<sup>12</sup> Baiulo is also a term cited in Hamilton and Langhorne “the long-established Venetian *baiulo*, whose role was principally commercial, concerned with the affairs of Venetians working within the Empire and their relationships with the Ottomans” (Hamilton, Langhorne, 2011, p.45).

also by the ability of the state to achieve mobility of capital and people just like a transnational corporation. The Turkey of the 2000s has also been defined under the “trading state” category by Kemal Kirisci, who refers to the nature of the trading state as a non-monistic entity whereby “a wider range of actors come to participate in foreign policy-making or diplomatic games and that the interests and priorities of these actors are quite different from those of traditional policy makers of Turkey” (Kirisci, 2009, p.33). We can confidently locate DEIK as one prominent member within this range of sub-state actors in the non-monistic state, established in the 1980s to promote interests other than traditional security, advocated by the then prominent military-security establishment. Whether Turkey will sustain its trading state denomination is an ongoing debate, while the belief that the *virtual state* strikes one as being constellations away from today’s reality would not be an exaggeration, given the rise of protectionism on a global scale.

Relocating our argument back into its historical context, we can contend that great powers such as Spain in the 16th and France in the 17th centuries predominantly engaged in trade with their own colonies for domestic purposes, Weber argues that trade and commerce regulated by the Treaty of Westphalia (1648) were activities that intended to end wars, benefitting all and harming no one in medieval Europe while “(c)onventions like sovereignty, citizenship, and international law were developed to facilitate commerce and trade among the rival kingdoms of Europe. Citizenship achieved its modern form with the American (1776) and French revolutions (1789); nonetheless, the notion of citizenship began with the Westphalia Treaty. It sought to protect traveling merchants from undue taxation, piracy, or confiscation by local authorities” (Weber, 2011, p.221). Moving onto the 19th century, as a consequence of the Industrial Revolution, the use of trade appears to have exponentially amplified along with the imperial tendencies of major European powers beyond colonial horizons.

Headed by Britain, with a clear advantage of naval might, in control of the seas and trading routes, trading states like Holland and France, not to mention Germany, looked for new markets to sell their goods, as well as to seek out raw materials for their production bases back home. Kaplan proses that Britain’s lead in trade attributed to its sea power could be read in Alfred Thayer Mahan’s line of thought that denoted “sea

power not only more important than land power in the fight for dominance, but also less threatening to international stability” (Kaplan, 2013, p.103). Trade relations seem to have been a natural priority between states dazzled by the potential of wealth to be acquired from lucrative exploitation opportunities presenting themselves anew every day, just as new frontiers ostensibly offered unlimited resources. Trade was not only yielding wealth per se for private property, but it was undeniably contributing to the material power of nations. National interest defined in terms of power dictated an almost global reach for resources as well as markets. Spheres of influence expanded, no longer in terms of mere territorial boundaries alone, but increasingly revealed themselves in the creation of asymmetrical dependencies between strong and weak states. Jervis, by arguing that “(i)n order to protect their possessions, states often seek to control resources or land outside their own territory. Countries that are not self-sufficient must try to assure that the necessary supplies will continue to flow in war-time” (Jervis, 1978, p.168) leads us to ponder that trying to control international trade could also be perfectly defined as a way of controlling resources outside one’s own territory. Since there is no international authority to guarantee the flow of goods in wartime, it is arguably justifiable that a state does all in its power to tighten the reins of international trade through institutional arrangements during peace time so that the flow of necessary goods is uninterrupted at all times, including in times of war, given the fact that no one country is 100% self-sufficient in today’s world of unlimited needs.

Therefore, as of the 19th century, trade had become a major game changer acquiring a political aim, a possible alternative to military conquest and even replacing the *all-out war*, implying that war could have become an extinct and unwanted means to an end, if trade were to be exploited to the full, under a liberalist ambit. After all, war would mean a major disruption to the economy, to the markets and to potential customers as well as resources. Gilpin argues for what enhanced trade’s prominence being that “(h)istorically, taxation of trade was a major source of state revenue; this accounts for the importance of trade in the distribution of the economic surplus and hence of power. In contrast to other sources of state revenue, such as taxation of land or internal trade, international trade is relatively easy to administer and tax” (Gilpin, 1981, p.113). While Gilpin’s remarks stipulate our imagination of trade’s instrumentality, Fukuyama’s proposition opens the

perspective of legitimacy for a more comprehensive evaluation of the correlation between trade and taxation; “a central lesson of tax policy, which is that extraction costs are inversely proportional to the perceived legitimacy of the authority doing the taxing” (Fukuyama, 2011, p.343). In other words, governments with legitimacy extract taxes comparably much easier from international trade than those who lack legitimacy. Trade was also an alternative way to conquer riches without the need to kill, i.e. homage to the colossal impact of the East India Company in Britain’s colonial trajectory. Would it be too much to insinuate that the Boston Tea Party, in itself only a reaction to the unfair trading of a simple commodity such as “tea”, was the catalyst that led to the birth of an independent nation called the United States of America from the 13 former colonies of the British Empire? Today even though Britain is no longer an empire, the persistence of the Commonwealth structure and the preferential trading agreements between Britain and its former colonies are suggestive of the proposition that what matters here is not necessarily territory per se, but it is the conquest and acquisition of riches through trade.

While trade’s status as a tool of foreign policy seems to have expanded over time, so did its geographical scope across continents. This had direct consequences for diplomacy, which was “ceasing to be overwhelmingly political in a narrow sense and acquiring new dimensions” (Anderson, 1993, p.103). If nothing else, the workload of diplomatic personnel intensified considerably while also requiring new expertise and skills. This was not the case for everyone though. Smaller states such as Holland, Denmark, Sweden and Swiss cantons preferring to go by neutrality to stay away from international disputes, chose to downsize their involvement in international relations. While quite earnestly “representation abroad for trade purposes was desirable and indeed essential” (Anderson, 1993, p.104), smaller states chose to achieve this through consuls instead of higher-ranking diplomats. The question as to whether the instrumentality of trade in these small countries also suffered consequently is, however, not a given. What is worthwhile is the fact that even then, trade was placed on a higher scale than diplomacy itself.<sup>13</sup>

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<sup>13</sup> More research is surely needed to provide support for the proposition, that the stronger a state uses trade as an instrument of foreign policy, the greater the chances of it moving on the hierarchy of states from small to middle power and eventually to great power status.

France and Britain were to lead the way in trade, setting up new ladders and entry barriers through the publication of information about trade opportunities. The prominence of communication and access to data appeared as decisive variables translating into the institutionalization of trade, affecting the extent to which trade was used as a foreign policy instrument. Pressures mounted on governments as competition in international trade became cutthroat. There was a “growing fear of being left behind by more enterprising or better-organized rivals” (Anderson, 1993, p.131-2). Meanwhile, a new type of diplomat, the commercial attaché, appeared in Britain for the first time. Trade unremittingly appeared to be “forcing itself upon the often-unwilling attention of traditional diplomacy... The first significant appointment of this kind was that of Joseph (later Sir Joseph) Crowe as British commercial attaché in Paris in 1880” (Anderson, 1993, p.133). From the above we are tempted to make the following proposition: that trade had inexorably transformed the good old diplomacy of Richelieu, Metternich and Bismarck. It had assumed a major role in this structural and cultural change, reshaping relations among nations. Breeding a new wave of diplomacy, would it be too much to presume that trade entangled with foreign policy had a formative effect on international society?

What could be described thus far, nevertheless, as an evolutionary development, arrived at a striking peak; a transformation, with the outbreak of the First World War. The Great War did not diminish, on the contrary, it amplified the significance of trade and the various uses of it as an instrument. “(E)conomic warfare and blockade and the complications they created in relations with neutral states” (Anderson, 1993, p.134) became vital to the point of being able to alter the course of the worst conflict in the history of mankind. Not only did trade become ever more instrumental as a tool used by many more states, it also grew in impact as a leverage, both as a carrot and a stick. Sanctions and blockades caused deprivation of necessities, ranging upwards from the basic hierarchy of needs such as food, medicine, military equipment and gas, even forcing nations into an all-out surrender. Moreover, energy trade brought about a completely new dimension to trade as oil-rich geographies, one of which was surely Middle East, assumed a whole new geopolitical status where great power rivalry redistributed the cards on the table. Barr, for instance, argues that Churchill concluded based “(o)n the strength of intelligence reports that both the French and Americans were secretly encouraging the

Turks to retake Mosul by force” (Barr, 2011, p.155), it was evident to Churchill even then that peace in the Middle East would not come unless the Americans were included in the participation of the Iraqi oil. Churchill’s deliberations must have been rightly executed as the Mosul question was settled to Britain’s liking in 1926.

In this short history over time and space, there appears ample evidence to advocate that trade was transformed into a major tool of foreign policy. It had arguably an outreach to the point of transforming diplomacy itself. New usage areas for trade were discovered to induce friends as well as foes to abide by the rules set forth in the international system by the more powerful states. It is as if Thucydides’ Melian Dialogue of the 5<sup>th</sup> century BC resonated in the 20<sup>th</sup> century. Based on the above, if we can assume *a priori* that trade has been used as a prominent tool of foreign policy for centuries, our curiosity should urge us to start seeking numerous reasons why and ways how, trade as a tool of foreign policy was and is still instrumental in shaping relations among sovereign states. Before we begin notwithstanding, below is a further evaluation of Thucydides which is a candidate to enlighten us on today’s prevailing trends in protectionism by those who misread him; “Thucydides is often associated with hard-edged realism, as in the quote ‘the strong do what they will, the weak suffer what they must.’ So, it’s easy to see why politicians striking tough guy poses profess their appreciation. But it’s important to remember that those views are one thread in a tapestry—Thucydides recounts the views of the war’s combatants, but he doesn’t endorse them. In fact, the states that profess those hard-edged sentiments are plunged into ruin by them” (Schake, 2017). We must take caution, therefore, not to misread Thucydides in our analysis of the below reasons why and ways how.

## **2.2 The Reasons Why & Ways How Trade is Instrumentalized**

We could start by making the simple assumption that trade could be used in both benign and malign ways as a tool of foreign policy. The major benign aim behind the use of trade as a tool of foreign policy could be argued to have centered then, as it does today, on fostering relationships and deeper bonds with commercial partners and friendly states. More malign uses, on the other hand, point towards exerting influence and force on

adversaries and foes as a first preferred choice of agency to compel them to change their behavior and/or deter them from taking an undesired course of action. A truly malign long-term use of trade, however, could be depicted in the exploitation of less fortunate states on the periphery by the core to affect a structural imbalance in the international system in the center's favor. An assumption widely made by World Systems theorists headed by Immanuel Wallerstein; who purports that the "core-periphery distinction, widely observed in recent writings, differentiates those zones in which are concentrated, high-profit, high-technology, high-wage diversified production (the core countries) from those in which are concentrated low-profit, low-technology, low-wage, less diversified production (the peripheral countries)" (Wallerstein, 1979, p.97).

Whether between friends, competitors or foes, or between small and great powers, in the end, trade could be claimed to have rendered all states participating in the global economy over centuries of interaction more interdependent and entangled in a cobweb of interrelated networks. We can argue that what matters, notwithstanding, is that, although the rules of these networks appear to be primarily dictated by stronger powers that have high stakes in global dominance, smaller states through institutional arrangements and global organizations have also exerted more influence in tandem with their allied groups, compared to their individual powers, in a way tying Gulliver's hands and feet down through multilateral deals. These arrangements make it more difficult for Gulliver to get his way all the time, and trade is one area where we see it happen more often than not. For instance, Canada, constituting a perfect example as such, "which recently completed a free trade agreement with the European Union, has a reputation for punching above its weight on trade issues" (Petroff, 2017).

Mastanduno maintains that it is conceivable to talk of an assortment of positive as well as negative applications of trade (Mastanduno, 2012, p.206-7). Trade restrictions, such as embargoes or financial sanctions in the form of access to funds, could be cited as examples of negative solicitations. Foreign Direct Investment (FDI), constraints limiting options for multinational corporations as well as monetary sanctions manipulating exchange rates to the detriment of certain states' currencies are also among the whips used to alter behavior. John Kerry's statement below paints a clear picture of how trade

and economy are very much on the table, as an action of first resort or its threat thereof before reaching for coercive force against Russia, for instance, in retaliation for Russia's annexation of the Crimea in 2014. It is also consequential to record that sanctions are preferably orchestrated as multilateral resolutions taken by international institutions such as the United Nations (UN), or in this case North Atlantic Treaty Organization (NATO), to substantiate their legitimacy. However, great powers or hegemonies such as the United States do not refrain from taking unilateral actions either, when they individually decide that they need be. "At NATO..., it is clear that the United States and our closest partners are united in this effort despite the costs and willing to put in effect tough new sanctions on those orchestrating this action and on key sectors of the Russian economy. In energy, banking, and mining – they're all on the table. And President Obama has already signed an executive order to implement these actions if Russia does not end its pressure and aggression on Ukraine" (Kerry, 2014). Sanctions are premeditated to be a warning even if it is acknowledged that they may not eliminate the unwanted behavior totally or immediately. Yet, they are expected to eventually hurt the economy and the people in the street and in turn create bottom-up domestic pressure. Sanctions may also serve to exile states from the informal and formal clubs of *Big Brothers*. We could argue that international organizations and alliances, forums, ad hoc international formations are, after all, major sources of identity and recognition. Russia's suspension from the Group of Eight (G8) is a good example of such a case indicating that if members do not abide by the agreed rules, they will lose their status. In fact, in 2014, G7 leaders symbolically pulled out of the planned meeting in Sochi of the G8 to meet at a reconstituted G7 in Brussels. Russia had joined the G7 that consisted of Canada, France, Germany, Italy, Japan, the United States and the United Kingdom, in 1997. The measure was meant (in Steward Patrick's quote) as "basically a reprimand saying you're not in our club, you don't meet certain standards of international behavior, much less domestic behavior" (Council of Foreign Relations, 2017).

On the other hand, economy and trade are highly open to being politicized in the international arena also for good purposes in the form of incentives or subsidies for domestic as well as multinational companies. This is especially so when the need for scarce resources as well as new markets for finished products are at stake, such as in the

case of China and her recent missions in Africa. Considering China's paramount need for resources, it is not surprising to discern a shift in the Chinese government's discourse from "mutual benefit" to an overt and ubiquitous "win-win" relationship *vis à vis* some African countries. The Chinese government sees no harm in being intensively involved in trade to the demise of the party doctrine that established the People's Republic in the first place. On the contrary, the state is heavily involved in international trade since its magnitude renders the possibility for private Chinese enterprises to venture in, on their own, rather slim, as the following figures prove: "Chinese President Xi Jinping has announced a \$60 billion package of aid, investment and loans to Africa, against a backdrop of growing concern about rising debt distress on the continent" (Marsh, 2018). With such universal figures at stake, trade is elevated onto a level of manifest priority within the compartments of the foreign policy agenda of not only emerging states but also developed ones and *Great Powers* who would not want to lose their superiority and their spheres of influence to *Rising Powers* anywhere in the world. According to Mearsheimer *offensive realism* provides a thorough account for *great-power* code of conduct such that "1) the history of great-power politics involves primarily the clashing of revisionist states, and 2) the only status quo powers that appear in the story are regional hegemons—i.e., states that have achieved the pinnacle of power. In other words, ... great powers look for opportunities to gain power and take advantage of them when they arise.... (G)reat powers do not practice self-denial when they have the wherewithal to shift the balance of power in their favor, and that the appetite for power does not decline once states have a lot of it. Instead, powerful states should seek regional hegemony whenever the possibility arises" (Mearsheimer, 2001, p.168-9). It implies that rivalry for a bigger portion of the pie from world trade is a never-ending affair.

Considering that in the case of China and Africa "(t)rade between the two partners has grown significantly and Beijing is accorded access to supplies of natural resources such as land, diamond, copper and oil among other vital resources" (Okolo, Akwu, 2016, p.44) it is unlikely that the United States will stand still and let China penetrate all the way into Africa. The United States' possible reaction to China's advances today can be assumed from Morgenthau's analysis in 1948 of the nature of politics among nations which he defines as being a struggle for power and peace. He claims that "(i)f a nation cannot or

will not conquer territory for the purpose of establishing its mastery over other nations, it can try to achieve the same end by establishing its control over those who control the territory. The Central American republics, for instance are all sovereign states.... Their economic life being almost completely dependent on exports to the United States, these nations are unable to pursue for any length of time, policies of any kind, domestic or foreign to which the United States would object” (Morgenthau, 1948, p.39). After all, as Mearsheimer predicts, China’s rise may not be a peaceful one; “Not surprisingly, there has been little interest in great-power politics since the Soviet threat withered away. The rise of China appears to be changing this situation, nevertheless, because this development has the potential to fundamentally alter the architecture of the international system. If the Chinese economy continues growing at a brisk clip in the next few decades, the United States will once again face a potential peer competitor, and great-power politics will return in full force” (Mearsheimer, 2014). We should, therefore, not be naïve to be taken by surprise of the current “Trade Wars”. Another of trade’s potential benefits for those who recognize it as such, is that it stands to be a great source of soft power, and helps the states impose their will on others by way of acceptance and willingness. Soft power is a term introduced by Joseph Nye who argues it to be the ability of “getting others to want the outcomes that you want – (soft power) co-opts people rather than coerces them” (Nye, 2004, p.5.) China in Africa seems not only to be going after trade in the material sense per se but also aiming to benefit from its soft power, via an effective use of the media for social engineering. “As China continues its economic courting of Africa, Beijing has quietly been flexing its soft power, attempting to rebrand its image through closer ties with African media and a wider presence on the continent. Last week, President Hu Jintao used his opening speech at the Forum on China-African Co-operation to call for enhanced media exchanges, highlighting them as a new approach to strengthening strategic partnerships. ‘We should strive to boost friendship among the people...China proposes setting up a Sino-Africa press exchange center in the country, to mobilize communication between Chinese and African media, and to support exchange programs for journalists from both sides’” (South China Morning Post, 2012). As the statement advocates, trade has the potential to enable a wider presence in a foreign country with the help of the media. While helping to rebrand a country’s image where necessary, it brings

along with it the side effect of introducing a new approach to strategic partnerships, opening doors to otherwise unlikely cooperation areas such as the military.

After all, keeping markets solid is also a form of containment. Building trading partnerships takes years. They need the establishment of not only material links but also norms and values between societies. Brands penetrate into the veins of society, becoming household names. Consumerism is the wheel that turns the economy and keeps the people, the constituency happy. Who from among the Cold War generation does not remember Levi's or Hoover? What does McDonald's mean to countries like Turkey which celebrated the opening of the first store in 1986? A simple commodity like bananas imported from Africa in the 1980s helped a generation of Turkish parents easily buy their children affordable bananas, which were, otherwise, a luxury for themselves in their own childhoods even if this brought an end to the more expensive and scarce Turkish variety: "A decree passed on 3 August 1984, had liberalized the imports of fruits and vegetables in our country... But a year later, in 1985, when the first imported Chiquita bananas took their place in the groceries, bedlam broke loose... This giant banana brought an end to the stubby fellow bananas of Anamur" (Ors, 2011). A generation of Turkish children grew up on dried milk powder substitutes from the United States. It could be argued that trade and consumerism combined with media are soft power tools which constitute physical, mental and emotional images and experiences leaving imprints on a society's mental archives, shaping their values and cultures transcending borders and generations.

Finally, as long as there is a way to trade then, all things being equal, we could presume that it does not matter what you produce. What matters is what you can trade. Take cars, TVs, computers, smartphones, and airplanes to name but a few and imagine a country that cannot produce any. The nicest thing about trade probably is that you don't even have to own what you trade. Holland, for instance, is a country that outperforms its size as well as resources. Its 2016 GDP per capita<sup>14</sup> was US Dollar 51,136 while its population<sup>15</sup> was

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<sup>14</sup> Please refer to Figure D.2 on page 348 for Turkey's GDP per capita in Current US Dollar

<sup>15</sup> Please refer to Figure D.6 on page 350 for Turkey's population statistics

only 16.8 million<sup>16</sup> (OECD, 2019). Holland is not alone; Luxembourg, Ireland, and Switzerland are among the richest countries in the world with very small populations and territorial sizes. Therefore, the role of trade today could be said to be preeminent for the national interest defined in terms of not only hard but also soft power.

The world today has, in fact, become *flat* much to the probable would be astonishment of Galileo given his inquisition tragedy as Friedman argues; “what is unique about the flat world is the degree to which individuals, or small groups, can now act and compete globally. When individuals can upload and globalize their own ideas, products or services - as individuals - then what they imagine matters more than ever” (Friedman, 2006, p.447). Trade is there, in a digitalized version, in the availability of everyone. In a digitalized world of the near future, with artificial intelligence and augmented reality knocking on our doors, it will be probably easier, therefore, than ever for the states to instrumentalize trade for the purposes of foreign policy and foreign policy for trade. The instrumentalization can still take both benign and malign forms, serving as both carrots and sticks when need be. The argument goes on. With that overture, we now move on, in our endeavor, to evaluate the effectiveness of trade as regards the various ways it is used.

### **2.3 The Effectiveness of Trade as an Instrument**

Any evaluation of the use of trade as an instrument of foreign policy should start with the cautious assumption that even though there are many different malign or benign uses of trade, their effectiveness is far from conclusive. The fact that there are no guarantees or promises of decisive success, nevertheless, does not stop foreign policy makers from making use of trade in an extensive way. Economic sanctions, for instance, stand out as a strategy of first choice for the Western world. North Korea’s nuclear program, Russia’s intervention in Ukraine and once again Iran’s nuclear power aspirations stand out as contemporary geopolitical challenges that have been met by a response from the West in the way of economic sanctions. While their scope may vary from case to case attempting

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<sup>16</sup> Please see OECD data for a more comprehensive comparison. OECD (2019), “Gross Domestic Product”, viewed on 23 January, <https://data.oecd.org/gdp/gross-domestic-product-gdp.htm>

to solve issues ranging from counterterrorism to conflict resolution, economic sanctions could be defined as “the withdrawal of customary trade and financial relations for foreign and security policy purposes. They may be comprehensive, prohibiting commercial activity with regard to an entire country, like the long-standing U.S. embargo of Cuba, or they may be targeted, blocking transactions of and with particular businesses, groups, or individuals. Since 9/11, there has been a pronounced shift toward targeted or so-called “smart” sanctions, which aim to minimize the suffering of innocent civilians. Sanctions take a variety of forms, including travel bans, asset freezes, arms embargoes, capital restraints, foreign aid reductions, and trade restrictions. (General export controls, which are not punitive, are often excluded from sanctions discussions)” (Masters, 2017). Arguably, sanctions may pave the way for and legitimize coercive strategies, by making public eventual intentions for consequent retaliation in the form of military action, should the sanctioned state not change its risky course of action. Starting with the impression that even though sanctions do not achieve all intended objectives, they still have the capacity to accomplish some pivotal ones. What are the determinants then of success for the use of trade as a foreign policy instrument? Here below is an attempt to try to understand and explain the possible reasons why some do succeed whereas others fail.

Where multiple causal factors are most likely to be at play with regards to the social sciences, one should have no problem in pinpointing substantial numbers of possible justifications as culprits the failures of trade policies. Given countless possible complications associated with decision-making processes within any organization, and the departments of Foreign Ministries are no exceptions, problems already start at the agenda setting phase. Ideologies may come to the surface to the detriment of rational decision-making criteria and kill off the optimum solution. Emotions and egos can easily get in the way where there are different worldviews at play. A compromise decision or policy is arguably the manifest result of bureaucratic bargaining processes. Moreover, even if a potentially auspicious decision is achieved, things may get complicated in the aftermath. As Brighi and Hill claim, the implementation stage of any foreign policy per se is even more multifaceted than the decision making itself; “what becomes interesting is to investigate how (external) constraints and (internal) preferences interact sometimes clashing and sometimes producing virtuous synergies” (Brighi, Hill, 2012, p.149).

Implementation is primarily context and path dependent, calling for flexibility on the part of the decision makers or actors when conditions change. Path dependence, on the other hand, assumes that “once one decision is made, it tends to make it more likely that policy continues to develop in the same direction” (Bache, George, Bulmer, 2011, p.25). The context should, however, continually be re-conceptualized from the perspective of the action-reaction synthesis. A multi-dimensional interplay exists between the actor and the world outside. Independent variables such as financial markets and their unpredictable fluctuations may come suddenly into the equation, jeopardizing the viability of the intended goals associated with any foreign policy decision.

To make matters worse, the context does not always come in narrowly material definitions, but it also includes perceptions, ideas and discourses requiring actors to be constantly perceptive to feedback, in order to assess what to change during the implementation phase. The systems theorist Michael Brener suggests that any foreign policy should be regarded as “endless loops of policy and implementation rather than the clear progression of stages, formulation-choice-decision-action” (Brighi, Hill, 2012, p.151). It needs constant managing along the way and should be considered on as many dimensions as possible with a pragmatic outlook rather than a rigid dogmatic attitude. Two ways to conceptualize context exist in Brighi and Hill’s model; the first one is a horizontal one, i.e. from near/regional towards far/global and the second is a vertical/functional outlook. If we take the economy, and by analogy trade, under the second case, the vertical conceptualization, we can assume that the vertical outlook fits trade since trade is far more pluralistic by nature in terms of the actors involved. The sovereign state enjoys far less superiority due to the less hierarchical nature of economic transactions notwithstanding, we should take this with caution as Strange argues “(i)t is power that determines the relationship between authority and market. Markets cannot play a dominant role in the way in which a political economy functions unless allowed to do so by whoever wields power and possesses authority” (Strange, 2003, p.23). Non-state actors such as interest groups, MNCs, international and transnational organizations and institutions compete, help or at times hinder a state’s intended trade policies in the international system but it is power and authority that rules in the endgame.

If a policy's success depends on capabilities, and if capabilities are resources or means mobilized towards the achievement of goals and ends, the mere presence and dependence on numerous state and non-state actors and structures imposes many obstacles on the smooth and coordinated mobilization of these capabilities. These actors and structures intentionally as well as unintentionally increase the risks affecting policies beyond the control and original intent of the policy initiator or the decision maker. As Kennedy brusquely put it "There is always some son-of-a-bitch who doesn't get the word" (Allison, Zelikow, 1999, p.241). It is foreseeable that the effectiveness of any trade instrument used by foreign policy could consequently be compromised, as the context where implementation will be made is not a controlled laboratory, but a complex system composed of numerous actors, domestic and international structures. A horizontal conceptualization is also warranted for trade, as domestic trade issues are easily extended to the international context and vice versa. With economic interdependence and the forces of globalization at play, boundaries start to lose their meaning. The national and the international begin to converge in irreversible ways. The forces of globalization, regardless of setbacks such as the global financial crisis of 2008, that necessitate adjustments and increases in regulation, are hard to resist by the governments. It could be that these adjustments are not so bad and are needed to cope with the ever-increasing demands of the new international economic order. It becomes harder to distance the use of trade as a tool of foreign policy from domestic trade policies in a setting where multinational corporations and global supply chains render the separation of the two, irrational if not impossible.

Globalization may suggest that the notion of national competitive advantage fades away as the world becomes one global village. Consequently, we could argue that the involvement of governments in trade for the purpose of foreign policy may become obsolete. Kenichi Ohmae, for instance, suggests going a step further and arguing for the end of the nation-state, as we know it, in favor of regional economics; in "the broad sweep of history, nation states have been a transitional form of organization for managing economic affairs. Their right - their prerogative - to manage them grew, in part, out of the control of military strength, but such strength is now an uncomfortably great burden to maintain" (Ohmae, 1996, p.141). Contrary to Ohmae's argument, however, nation states

may be here to stay. States are still the most important actors whenever security contexts dictate that *real politik* takes precedence. In the case of trade related issues, protectionism resurges time and time again as a remedy and excuse for bad national policies. Protectionism is, therefore, also an example of the use of trade in a negative way, while globalization could be deemed as the positive catalyzer. Nonetheless, within the framework of the above vertical and horizontal contexts, trade demonstrates indispensable properties for foreign policy. While the debate on the effectiveness of the use of trade as an instrument of foreign policy is beyond resolution, trade spreading across new platforms and regions of the global village, where forces of globalization transcend borders and the authority of states, regardless of temporary protectionist setbacks, is undeniably prominent on the agenda of the international system.

Since the General Agreement on Tariffs and Trade (GATT), half a century ago, paved the way for the World Trade Organization (WTO), to take over, grand strategies continue to be implemented on many such platforms. Regional, bilateral and unilateral deals pop up all across the globe, indicating that states of all sizes and powers look for institutionalized solutions to their international economic problems. Hence, they are willing to let go of part of their sovereignties if necessary. Economic and trade areas are probably easier places to start collaborating for nation states. But surrendering some control to intergovernmental organizations runs the risk of eventually transforming into supranational grand designs. The EU, for instance, could be the most preponderant and impressive integration project ever undertaken by the most established nation states, with an initial mission based on economic imperatives i.e. coal and steel. Regardless of countless setbacks such as “Euro-sclerosis”<sup>17</sup>, the financial turmoil after the 2008 crisis and, now, Brexit, the EU as a mastermind has achieved what seemed the once unthinkable: cementing a new political alliance between historical foes such as Germany

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<sup>17</sup> Euro-sclerosis has been first used by Herbert Giersch in the 1970s, to define the nature of stagnation in Europe’s economy. His findings attributed the possible causes of this pessimism in the European economy especially when compared to the United States and Japan to a tendency to over-regulate on the part of the government as well as the overly generous policies on social benefits. For more information please see Giersch, H., 1985, ‘Euro-sclerosis’ *Kiel Discussion Papers* no:112, viewed on 2 May 2019 <https://www.econstor.eu/bitstream/10419/48070/1/025296167.pdf>

and France. The spillover effect of functional issues in relatively safer technical areas such as trade has fostered much more sensitive issues such as political integration. Ifantis, however, questioning the end of the European *avant-garde*, in an assessment of the results of the 2014 elections, brings to our attention the impasse reached by the European integration process; the “financial collapse of several countries, the explosive increase in unemployment rates, and the dramatic retreat of the European social *acquis* ruptured this consent. German growth was accused of being a cause of recession in other countries. The high exports volume of the North was considered a result of a deliberately anti-production consumption in the South. And so, it was easy for the old divide to emerge” (Ifantis, 2014, p.156). We see once again economy and trade at the heart of the matter.

We could hence argue that this is a strong manifestation of trade’s positive power for being a viable and uniting instrument of foreign policy, its negative on the other hand, a dividing one. Trade works as a catalyzer converging national with regional capabilities and interests, to achieve not only a greater share of the global political economy but also to build peace, as it has happened in the old continent. A parenthesis should be opened here, with caution, to reiterate that the EU’s success was also largely motivated by a common threat, the Communist Bloc, as well as being enabled in the first place by the ideological as well as the financial backing of the US, the superpower. All in all, as unique a case as the EU may be, other regional trade initiatives continue to take shape in more and more institutionalized configurations, despite hitches and without necessarily spilling over into the risky area of supranationalism and political integration. A most recent example is the ambitious Trans-Pacific Partnership, TPP, where “top trade officials from 12 countries strained to craft a deal that would create the world’s largest free trade zone. The talks remained bogged down after two days of negotiations between ministers from the United States, Japan, Australia and nine other countries over a handful of sticky issues. Disagreements persisted over how the US opens its market to auto parts from Japanese car makers, and how much Canada is willing to open its market to dairy products from Australia and New Zealand like cheese”<sup>18</sup> (Hurriyet Daily News, 2015a). Therefore, although far from being perfect and given the recent Presidential Order by President

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<sup>18</sup> Please note: the deal was signed later that same week.

Trump to pull out of TPP, trade deals on many platforms and in chain reactions appear to continue to occupy a major share of international relations agendas. As some states show a clear tendency to try new trading platforms and form new blocs, others are eager to maintain and fortify existing ones. It appears that the world, while going global on one dimension, resorts to the regional across another. Trade as an instrument of foreign policy could, hence, be arguably defined as a mutually congregated interest that is independent of time and space, extending across national territories and periods of isolation.

Nation states coming together under intergovernmental organizations and international institutional bodies around trade issues may at times go a step further to act together not only for trade but also for political and security purposes. Consider, for instance, the EU's rapprochement intentions, initially based on fostering trade, towards Ukraine and Georgia in a way based also on the need to diversify Europe's energy source alternatives. Unfortunately, these two border states happen to fall into Russia's near abroad and are vital to its security as well as the geopolitical stability of *Eurasia*. Prof. Celikpala and Ersen reiterate the validity of Eurasia for Russia as follows "Although Eurasia is the geographical name given to the large landmass of Europe and Asia, which hosts almost seventy percent of the world's population, it is also regarded as one of the fundamental concepts in traditional geopolitical thinking as the symbol of land power and thus a key for global supremacy" (Ersen, Celikpala, 2019, p.584). One could contend that the use of trade as an instrument of foreign policy as such carries the risk of being interpreted as a *geopolitical offensive*, interfering in someone else's *sphere of influence*.<sup>19</sup>

The use of trade for political purposes in spheres of influence might imply precarious consequences, which could result in serious hard-power, retaliatory and coercive diplomacy and even military action by those who feel threatened. It seems the theme is not new but only the players change. Lloyd C. Gardner, examining Franklin Roosevelt's policies from 1938 to 1945 suggests that "in 1938 the Europeans, mainly the British and

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<sup>19</sup> 'Spheres of influence' as it relates to space is a regional and/or conceptual category over which a state claims a level of military, cultural, economic, or political exclusivity, as it suits its interests expressed in terms of power outside its borders.

the French, with American acquiescence, allowed Germany to place the region within its sphere of influence, while in 1945 at Yalta, the British and Americans acquiesced in Soviet domination - which they could not prevent short of a war in any event. The region was doomed to fall either into the orbit of Germany or Russia or into chaos, a power-politics truth Wilson had tried to deny at Versailles. Roosevelt came home from Yalta and lied to the American people when he celebrated the event as an end to 'spheres of influence and balances of power and all the other expedients which have been tried for centuries - and have failed.' This lie was to cause much political trouble for the Democrats who followed Roosevelt" (Ambrose, 1993, p.165). History indeed repeats itself.

In retaliation to the EU's above mentioned as well as the United States' support of Georgia, for instance, using the South Ossetian and Abkhazian conflicts as a context, after imposing numerous economic sanctions on gas and electricity as well as basic commodities like Georgian wine and mineral water, it is observed that Russia, in August 2008, did not hesitate to flex its muscles to stop further intrusions in its near abroad. The BBC reported the offensive as follows; "Tensions between Georgia and Russia escalate into a full-blown military conflict after Georgia tries to retake South Ossetia by force after a series of lower-level clashes with Russian-backed rebels. Russia launches a counterattack, ejecting Georgian troops from both South Ossetia and Abkhazia" (BBC, 2012). This reminds us that trade should be handled with utmost care. While enhancing cooperation among some states, it could asymmetrically, although unintentionally, create new blocs and ignite retaliatory action. Those that are left behind could feel deprived, resorting to offensive retaliation. Such actions, as in the case of Russia and Georgia, may lack proportionality and produce irrevocable results. Ersen and Celikpala claim that "(m)ore importantly, the progress in the EU's plans to diversify its energy sources is largely dependent on the constantly shifting geopolitical balances in Eurasia. It should be recalled for instance that Russia fought a war with Georgia in August 2008 and recognized Georgia's two breakaway republics Abkhazia and South Ossetia. Moscow also continues to have a significant degree of influence over the ongoing talks between Baku and Yerevan for the resolution of the Nagorno-Karabakh dispute. As also signified by the intense fighting that took place between the military forces of Azerbaijan and Armenia in April 2016, the geopolitical situation in the Caucasus is highly fragile"

(Ersen, Celikpala, 2019, p.587). Trade in all its components comprising of also oil and gas, in line with the analogy of being an “extension of politics by other means”, may involve sanctions and incentives used for political aims especially when targeted at someone’s spheres of influence. Russia and the Caucasus in particular, and Eurasia in general, present themselves as perfect geopolitical illustrations where trade’s instrumentalization seems to have had serious consequences for politics among nations and their struggle for power and peace. This is not surprising as Mackinder, the father of modern-day geopolitics, has a thesis that purports that “Central Asia, helping to form as it does, the Eurasian Heartland, is the pivot on which the fate of great world empires rests” (Kaplan, 2013, p.62). While the fact that we might have empires no more does not seem to have changed Eurasia’s relevance.

We have so far struggled to comprehend trade’s place as a tool of foreign policy in history, as well as foreign policy’s influence on trade, the innumerable reasons that oblige and enable or disable its various uses. We have concisely covered the nature of diverse guises trade has assumed in time and space. We have looked into the effectiveness of this instrumentalization given the intentions versus complications encountered during its implementation. The consequences and repercussions of such instrumentalization appear to have serious implications for international relations. At this point in the thesis, it seems sensible to try to momentarily uncover the culprits who are responsible for giving trade the role that it has as a part of foreign policy; namely the infamous *agents* and *structures*.

#### **2.4 Does Agency Matter?**

States come to the forefront as the main actors in the anarchic nature of international politics as posited by realism and its balance-of-power calculations. On the other hand, “(l)iberalism does appear to disrupt the pursuit of balance-of-power politics. Thus, its foreign relations cannot be adequately explained (or prescribed) by a sole reliance on the balance of power. But liberalism is not inherently ‘peace-loving’; nor is it consistently restrained or peaceful in intent” (Doyle, 2007, p.83). While Carr, in his *piece de resistance*, ‘Twenty Years Crisis’, argues that indeed, the “characteristic vice of the utopian is naivety; of the realist, sterility” (Carr, 1981, p.12) an inherent value is expected

to lie in the “best of the both worlds” if there is one. The theses, therefore, takes note that while state matter, they are surely not alone nor are they always unitary. Pluralism is inherent in liberalism such that state leaders, international organizations, institutions, multinational companies, transnational organizations and even individual (business) people have at times seemingly omnipotent agency in the global public sphere. They have the potential to assume prominent roles in establishing trade as a tool of foreign policy, given the constraints of the international system. In spite of all that, in view of the effectiveness of trade policies, the presence of plentiful actors and structures considering the complexities already associated with policymaking may not necessarily be a desirable phenomenon for a theory’s parsimony and explanatory power.

While it becomes harder to speak about a single, cohesive voice whether raised by the actors and/or constrained by the system, it is hard to expect the effectiveness of any particular issue let alone high politics in foreign policy. In spite of these reservations, the fact that pluralism proliferates the nature of trade and its use in foreign policy, is a main determinant that forces actors to learn to live with its multifaceted, non-linear character. States are willing to share their sovereignty with MNCs, for instance, if they find that it is in their interests to do so. International institutions involved in trade work to ease fears and decrease transaction costs to facilitate collaboration between states cultivating at times an inevitable interdependence. Therefore, even though pluralism associated with the use of trade in foreign policy may sound scary at first, one might expect trade’s efficiency as an instrument to increase its chances of success with years of institutionalism i.e. practice, iteration and social learning, so that it becomes not only an indispensable but an effective tool time and time again. Naturally, not everybody is totally committed to the power of institutionalism, such as realists like Mearsheimer, who define institutions as “a set of rules that stipulate the ways on which states should cooperate and compete with each other”<sup>20</sup> (Mearsheimer, 1994, p.8).

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<sup>20</sup> Mearsheimer uses the definition from: North and Thomas; “For our purposes, we shall define an ‘institution’ or an institutional arrangement (which is a more accurately descriptive term) as an arrangement between economic units that defines and specifies the ways by which these units can co-operate or compete” (North, Thomas, 1970, p5).

Neoliberal institutionalists, nevertheless, accepting the “anarchic” nature of the international system and the “self-interested” manner of the states, contemplate how these rules can overcome the cheating problem associated with the *Prisoner’s Dilemma*. Cooperation becomes possible when states “adjust their behavior to the actual or anticipated preferences of others... (so that) the policies actually followed by one government are regarded by its partners as facilitating realization of their own objectives” (Keohane, 1984, p.51-2). There are also issues involving the optimal design of international institutions, especially the ones concerned with trade agreements, which enable flexibility to policy makers to the point of “escape” when there is no way to have the treaties approved in the domestic context. Yet “such escape clauses are likely to erode both the credibility and the trade liberalizing effect of international trade agreements. On the other hand, they increase the flexibility of the agreement by adding some discretion for national policymakers” (Rosendorff, Milner, 2004, p.69). Cooperation takes effort.

Neorealists, or structural realists on the other hand, contend that states are mainly aiming to maximize their interests expressed in terms of power by making use of institutionalism as a colorful way to dictate the rules of the game. In addition, when compared to classical realists, neorealists argue that “human nature has little to do with why states want power. Instead, it is the structure or architecture of the international system that forces states to pursue power. In a system where there is no higher authority that sits above the great powers, and where there is no guarantee that one will not attack another, it makes eminently good sense for each state to be powerful enough to protect itself in the event it is attacked” (Mearsheimer, 2013, p.78). Institutionalism flag-shipped by neoliberalism, in this respect, makes little to no difference for neorealists.

Keeping these counter arguments about institutionalism’s power at bay, we have no choice but to take into account the prominence of trade related issues taking precedence in international politics. We see state leaders day-in day-out getting enthusiastically upfront and personally involved in trade deals through the media. Trade climbs up the ladder from “low” to “high politics”, both in good times as well as in crisis. The visit of Finland’s president, Sauli Niinistö, to Turkey in October 2015, for instance, had an

explicit and outright business perspective, which he was not hesitant to announce via a press interview. The president, in this case, articulated his major interest in the building of a nuclear plant for Turkey, preferably in place of Russia, seeing the loophole given the escalating crisis between Turkey and Russia over the air-space violations concerning Turkey's Syrian border (even before the downing of the Russian jet in November of the same year), when he stated that: "And we have had visits to Turkey and from Turkey to Finland on a regular basis. One of the elements is surely to strengthen or keep that very strong connection going on. I have a large delegation of businesspeople. I know that they are very interested. Finnish companies have been active in Turkey and the interest seems to continue. That is one part of the visit" (Zeyrek, 2015). We can further assume that heads of state, therefore, not only directly as the above case demonstrates but also indirectly try to manipulate trade through international organizations such as the World Bank, IMF and WTO, designating issues of vital importance in the world trade agendas. Which project gets funded, which commodities are subsidized, which tariff barriers are lowered before others, which state is eligible for low cost credit to finance FDI, and which states have any access to funds in the first place with which they can trade, are among the issues politicized by heads of state in covert control of these institutions. We could argue that although small states coming together join forces to form alliances blocking hegemonic initiatives, great powers like the United States still hold the reins and policies are reshaped depending on the priorities of the great powers and their heads of state. After all, these states are the major financiers of these organizations. No one can deny them the right to have a say about where their contributions are appropriated. Rejecting them faces the risk of unilateralism, loss of funding threatening the organization's ongoing concern.

Beyond the heads of state, we find the diplomats in the foreign ministries who are assigned significant economic objectives in their respective host countries. Consuls and ambassadors today have trade related goals as major performance criteria in their job descriptions. The more trade related goals they can achieve, the more successful they must feel as the payoffs from trade are material and highly visible, while the return on investments is fairly quick to evaluate. Numbers in terms of exports and earnings achieved as a result speak outright for themselves. In addition to high level career diplomats, civil servants are also a driving force behind trade missions. Bureaucrats and

technocrats from ministries of economy and finance get assigned as commercial attaches to foreign missions. Arguably, foreign missions have become a type of consultancy, a virtual tourist office, the initial source of reference, for their native businesspeople wanting to trade with the host country and local businesspeople wanting to trade with the homeland. As might be suspected in accordance with Bayne and Woolcock, the proposition that “(a)ll government agencies that have economic responsibilities and operate internationally are engaging in economic diplomacy, though they might not describe it as such” (Bayne, Woolcock, 2011, p.3) opens up more space for a wider array of new opportunities as well as creating agency for new actors. This extended authority and responsibility policy, however, could result in duplication if not conflict and competition between different departments of the bureaucracy, for a say in international trade policies. While this is indicative of trade’s growing relative significance, it correspondingly points towards its mounting complexity as a tool of foreign policy. Overlapping responsibilities as well as incompatible interests and goals may distort the process and damage the intended end-result. The effectiveness of trade policies could be compromised when the grand strategy becomes too fragmented. Resources could be diluted if contradictory commitments forestall smooth operations. Ratification of agreements could fall apart if one department is negatively affected while another gains from a trade deal. Furthermore, as trade escalates into high politics, the involvement of elected ministers, in addition to high ranking appointed officials, raises the stakes further, swelling the need for transparency. Public opinion in domestic electorates suddenly starts to matter. Transparency, while seemingly a good thing, may begin to obstruct progress, even at the beginning of negotiations. Many such policies are, therefore, stillborn.

While the states in their contemplation as a unitary black box or as the pluralistic nature of actors within the bureaucracy have prominent roles to play in the use of trade as a tool of foreign policy, it is unwise to assume that they are anything but alone. Things get much more convoluted when we consider non state actors such as NGOs and transnational organizations. Bretton Woods Project, Gender Action, International Forum on Globalization for instance are among the prominent NGOs affecting international economic policies, environmental as well as development issues. NGOs are operative in mobilizing public support/opposition and in constraining political processes in line with

the welfare of the interest groups they represent. They can help or block trade liberalization, bring closer together or draw apart national economies, increase costs or elevate labor standards internationally. Passionate rallies such as “Occupy Movements” put pressure on politicians and bureaucrats to become more aggressive in negotiations on behalf of their homelands or refrain from reaching any deal not in favor of utilitarian solutions. Arguably, some NGOs help foster alternative deals by doing what the politicians might not be able to achieve by themselves or, on the contrary, equally endanger the efficacy of trade deals by being too self-contained, insistent and uncompromising. Here is what lies beneath: “High levels of NGO influence are most likely when political stakes are low. As political stakes increase, NGO influence is enhanced when delegates see NGOs as trusted partners in achieving objectives... NGOs can influence negotiations indirectly by influencing related institutions. Overlap with the WTO and international trade regime constrains ENGOs and enables NGOs representing business/industry interests” (Betsill, 2008, p.189). Given the vociferous cacophony in the background, it is not surprising to find many trade deals that end up being mediocre, having no effect on foreign policy goals or the national interest. Given the anarchical state of the international system, with no higher authority to enforce the trade deals, even those deals that have the highest expectations when signed at glamorous ceremonies by world leaders, could end up stumbling along the way. It could be argued that individual signatory states usually drop out during the national ratification stage. What is agreed at the international level cannot be easily sold at the domestic one. This is especially so when there is a new government or when the economy is in recession and external enemies are sought to blame for what goes wrong in the domestic arena.

All the same, this does not curb efforts to further improve future deals, yet, mainly because of the enduring neoliberal belief inherent in international institutions and norms lead by the free world’s capitalist market societies. Norms elucidated as “standards of behaviour defined in terms of rights and obligations” (Krasner, 1982, p.186) together with values help constitute institutions. Institutions are believed to help foster socialization and dialogue, so that the norms and rules of the free world are deeply internalized by agents and structures. The hopes are kept high for the persistence of cooperation between states through institutionalized encounters, while drawbacks are not only expected but

expected to be temporary. Institutions serve actors to internalize not only rights but also obligations. Actors working through institutionalized iterations of transactions find it more difficult and costly to cheat. Institutions allow issue linkages and augment areas where the actors are tied together in numerous ways, resulting in increased interdependence. The chances of retaliation and *tit-for-tat* strategies in such an environment, in turn, work to punish transgressors and achieve a continuum for collaboration. Waltz argues, however, with “many countries in the picture... any one of them may think that it can neglect the danger of retaliation. The trouble is that once competition in protectionism starts, the immediate interest of each country causes it to follow along. In Rousseau’s stag-hunt allegory, one man seizes the hare even though his doing so means that the rest will lose the stag” (Waltz, 2001, p.192). Short term gains may win, and everyone may lose in the long term.

Comparably, Krasner warns that “(t)he impact of institutions in the international system should, however, be approached with caution... In an environment characterized by multiple norms, power asymmetries and the absence of authoritative structures that could resolve conflict, rulers can select among strategies that deploy normative as well as material resources in different and sometimes original ways” (Krasner, 1999, p.72). While agency tries its best to make a positive difference, the system constraints may brutally apply. The lack of consensus on norms poses a sort of “lost in translation” outcome while asymmetrical power distributions may hinder internationalization especially if reciprocity is not internalized. Milner further maintains when referring to the IMF, World Bank and WTO, that while “(f)acilitating reciprocity has been a central function attributed to international institutions (f)or these three organizations, reciprocity *vis à vis* the developing world has not been a central mission; trade agreements have often been very asymmetric” (Milner, 2005, p.848). Within the same lines yet from an optimization and redesign of international institutions standpoint Stiglitz reasons: “(r)eforming the WTO will require thinking further about a more balanced trade agenda—more balanced in treating the interests of the developing countries, more balanced in treating concerns, like environment that go beyond trade” (Stiglitz, 2002, p.246). All the arguments suggest that to enhance the impact of institutions, the roadmap based on reciprocity appears striking. What remains it seems is a *will power* to act.

With this warning in the background that helps us avoid naivety, we should keep insisting that there is still much to be hopeful about in our quest for trade's institutionalized form and its beneficial ramifications in foreign relations. The establishment of numerous international organizations and forums around trade, such as Davos and the G20, which Turkey hosted in November 2015, are all efforts to bring together leaders to discuss collaboration and sort out their differences through an institutionalized dialogue. Such platforms appear to have become norms and not exceptions, bringing political and business leaders together under one roof, addressing not only economic, but also social as well as political problems. For example, in 2015, security, international terrorism and the civil war in Syria were among the top issues discussed by the G20. Echoing John Kerry in the opening paper, Ibrahim Kalin speaking on behalf of Turkey's President Erdogan made the following statement: "It is impossible to separate global economic and global political developments as they are nested in each other" (Demirel, 2015). Rather reputedly, these economic and trade forums progressively constitute prestigious sources of identity and belonging for member states, indicating that institutions correspondingly do help shape agents. Turkey, for instance, struggles against falling out of the league of the G20 due to its decreasing GDP<sup>21</sup>. This fall is attributed to a sharp devaluation of the Turkish Lira (TL), against the US Dollar (USD), in addition to a slowdown in its economy, which has been adversely affected by recent developments in the political stability and security environment of the country and its neighborhood. "In the national income listing, the Netherlands is in 17th place with \$866 billion dollars, Turkey is 18th place with \$800 billion, and Saudi Arabia is 19th with \$750 billion while Switzerland is 20th place with \$710 billion" (Sonmez, 2015)<sup>22</sup>. The G20 is a club of the richest countries

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<sup>21</sup> Please refer to Figure D.1 on page 348 for Turkey's GDP figures in Current USD

<sup>22</sup> In 2015, Sonmez makes a further analysis "At the beginning of 2015, the dollar was 2.30 liras. If the dollar finishes the year 2015 at 3 liras, then the rough annual average would be 2.65 liras. If we consider that the economy – even though it is hard – will grow 3 percent and the average inflation will be around 7 percent, then at the end of the year, the national income in liras will be 1.925 trillion liras. If this is divided at an average exchange rate of 2.65 liras, then Turkey's national income in dollars will roughly be \$726 billion. Countries such as Norway and Iran that have a higher national income than this are not in the G-20; if they were, then Turkey would have not made it into the top 20" (Sonmez, 2015). With USD rate

in terms of Gross Domestic Product (GDP). It seems Turkey cannot forsake its membership because of the recognition and identity that comes with it. Institutions matter and they not only help foster trade but also international relations in general, but Stiglitz argues “there is one factor essential to establishing a good business climate... political and social stability” (Stiglitz, 2002, p.191). Unless both political and social environment are conducive to stability, for a state aspiring to take its place among the G10 in the 100th anniversary of the Turkish Republic in 2023, odds appear weak.

While the list is not exhaustive, among others, MNCs stand out as conspicuous non-state actors coexisting in the global governance complex with other transnational civil society members influencing in foreign policy, with very high stakes in international markets, and countries where they have operations and direct investments. McGrew claims that “not all the members of the transnational civil society are either civil or representative; some seek to further coercive revolutionary or even criminal causes while many lack effective accountability. Furthermore, considerable inequalities exist among the agencies of transnational civil society in terms of resources, influence and access to key centers of global decision-making. Multinational corporations such as News International, have much greater access to centers of power and capacity to shape the global agenda, than do environmental transnational networks such as the Rainforest Action Network” (McGrew, 2017, p.27). Rising from among other CSOs, MNCs have become more important today than ever before. WalMart, Microsoft, Shell, to name but a few, have bigger budgets than many small countries. They affect international relations through the pressure they insert on their respective host governments, at times for liberalization while at other times for protectionism. Their Chief Executive Officers (CEOs) are in close collaboration with heads of state and high-level bureaucrats, to minimize the political risk they are exposed to and to open up new opportunities. Many MNCs have huge legal departments which

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reaching surpassing 6 TL/USD as of May 2019, the prospect do not seem bright for Turkey’s G20 trajectory should a newcomer want to join the club. (Sonmez, 2015)

<sup>23</sup> Walmart’s revenue for the twelve months ending January 31, 2019 was \$514.405B. This is greater than that of 166 countries as per IMF reports for country GDPs in current prices in 2018. For more information please see International Monetary Fund’s website: viewed on 4 May 2019 World Economic Outlook Database <https://www.imf.org/external/pubs/ft/weo/2018/01/weodata/index.aspx>

deal solely with government regulations, to help shape trade policies in their favor even before they are enacted. They seek to gain incentives as well as privileges, especially in developing countries where “who gets what” from the government, is a much-politicized process which is not always based on “objective criteria”.

In less developed economies and authoritarian states, qualitative factors in tender application criteria, nepotism, and corruption as well as subjective pre-screening of candidates by government bureaucrats, render the relations between MNCs and governments relatively controversial and open to exploitation. It is not infrequent to distinguish that not only the “right connections” are required but also access to inside information is crucial for tenders, investments, and entry to markets. MNCs attempt to impact administrations on both sides of the border, as they inspire or obstruct international trade deals in line with their interests. As rational actors in the market, MNCs aim to maximize their profits and no one can blame them for that. They are responsible to their shareholders before any others and they are ready to try whatever it takes to further their interests. We can consequently argue that taking part in foreign policy decisions and impacting outcomes are not exceptionally uncommon among the workaday projects of MNCs. Nevertheless, as Waltz argues “(w)hen the point is made that multinational corporations make their decisions on a global basis, one gets the impression that nations no longer matter. But that is grossly misleading. Decisions are made in terms of whole corporations and not just according to the condition and interest of certain subsidiaries” (Waltz, 2010, p. 151). MNCs are, therefore, expected to bind with their states of origin.

Last but not least, there is the role of the media as actors in foreign relations, because of their distinctive bearing in the formation of public opinion with the aid of communication technologies in constructing the much-needed soft power. Public support, and opposition for that matter, for international trade deals increases as the particulars and reckoned consequences of deals are broadcast. Information is power and how it is presented is used to engineer public opinion. When the public is informed rightly or wrongly through numerous media outlets, anxieties for auxiliary liberal or protectionist measures seem to quickly snowball and tie or unleash the hands of governments. French farmers, for

instance, are famous for their notorious reactions to international trade decisions affecting foreign policy; “Revolting French farmers dumped hundreds of tonnes of manure and rotten vegetables on the streets as well as spraying a council water treatment office with slurry in a major day of protest... Farmers complain that sanctions with Russia over the ongoing Ukrainian crisis has led to collapse in the price of cereal, milk and grain” (Boyle, 2014). The media appear to aid their cause. Arguably with the exponential effect of the media, it is not difficult to predict that the resulting public opinion will have corollaries not only on trade issues per se but also on security policies related to sanctions.

The formation of public opinion among the masses and interest groups via the mainstream, as well as the social, media of our times is monumentally erratic. At times, biased news feeds fears of losing jobs and welfare state benefits for the man in the street when deals are portrayed in the left-wing socialist media as masked appropriations and exploitations. Opposing voices help trigger “Occupy Movements” and mass rally protests that sometimes get violent, preventing governments from going ahead with high stakes deals on liberalization. They not only damage negotiations; they alter the intended contents, necessitating concessions but also rendering ratification of international deals back at national parliaments problematic, and protracted if not impossible. Today this dilemma is exacerbated with the exponential growth of social media, where we are squeezed between reality and invalidated post-truth: “Post-truth ‘relates to or denotes circumstances in which objective facts are less influential in shaping public opinion than appeals to emotion and personal belief’” (Oxford Dictionaries 2016). It includes situations in which fabricated untruths are masqueraded as truth and situations in which some elements of truth are combined with hefty doses of exaggeration in order to cause stir. A common feature though, is the exacerbation of the tone and content of the message” (Salgado, 2018, p.317-18). Unfortunately, post-truth may reach dangerous levels, producing alternative facts and allegations detrimental to the success of certain outcomes. The United States’ elections in November 2016, as well as the Brexit referendum in June 1996, are cited as the two colossal milestones where post-truth seems to have engineered public opinion, complicating undecided voters’ judgements further in making their final choice right or wrong. D’Ancona argues that “What is new is not mendacity but the public’s response to it – the growing primacy of emotional resonance over fact and

evidence, the replacement of verification with social media algorithms that tell us what we want to hear. Truth is losing its value as society's reserve currency, and legitimate skepticism is yielding place to pernicious relativism" (D'Ancona, 2017).

The media should not be a scapegoat, notwithstanding, as they serve a very important informative purpose. A free press is an indispensable part of sound democracies. Believing in the news has always required a second screening and validation. Without the media, we would be in total darkness. For instance, in the case of Iraq, the oil extraction rights granted to certain MNCs, infrastructure projects awarded to some companies, and the misuse of United States' government grants for the rebuilding of Iraq, were brought to our notice in 2006 by the same media we blame for disseminating post-truth today. "A new audit of American financial practices in Iraq has uncovered irregularities including millions of reconstruction dollars stuffed casually into footlockers and filing cabinets, an American soldier in the Philippines who gambled away cash belonging to Iraq, and three Iraqis who plunged to their deaths in a rebuilt hospital elevator that had been improperly certified as safe" (Glanz, 2006). The misuse of economic instruments in United States foreign policy by bureaucrats on both sides, and the political elite's corruption, as well as the lack of efficient institutions in Iraq to ensure checks and balances, can be argued to have a crucial role in contributing to Iraq's further demise, rather than the media. On the other hand, the media is an indispensable instrument in upgrading trade as an instrument of foreign policy, especially at times of world summits. Putnam argues that although international policy coordination and high-level institutional negotiations are complex and entail high transaction costs, they still constitute a preferred course of action, because of the media attention they generate, giving the heads of state an advantage and transactional benefits over domestic opponents by means of prestige and participation on the world stage: "(t)he recent evolution of Western summitry which has placed greater emphasis on publicity than on substance, seems designed to appropriate these "transaction benefits" without actually seeking the sort of agreements that might entail transaction costs" (Putnam, 1988, p.452). In this respect, we could extend this argument to our case such that by way of appropriating a highly institutionalized organization like DEIK, whose operations are closely followed up by the media, the government is expected to reap the benefit of additional media coverage, reducing transaction costs.

Having engaged ourselves in the diagnoses of the several uses of trade as a tool of foreign policy, as well as the role of a complex array of agents, the trajectory of the dissertation here necessitates that we now look into the role of the structures and constraints of the international system, in order to draw up some simplifications in an effort to better understand and explain trade's instrumentality as a tool of foreign policy.

## **2.5 Where Does Structure Come Into Play?**

Once we have attempted to configure the role of agency in international trade and foreign affairs, it is imperative to look at where structure comes into play and also their joint relationship. Jervis quotes Abraham Lincoln having said “I claim not to have controlled events but confess plainly that events have controlled me” (Jervis, 2013, p.154). The argument that leaders bear less agency than systemic factors, which seems to assure more continuity than differences between leaders as opposed to what we might assume according to Jervis, is based on the following predispositions. First, leaders “roughly the same values as well as beliefs” as their societies. Secondly, they inevitably start “socializing once in office” no matter how revolutionary a disposition they may have come to the office with. In other words, bureaucracy has its own powers of mending and devouring its children. Thirdly, their actions are constrained so that “(e)ven if they are not socialized or captured, they are likely to find that their freedom of action is sharply limited” (Jervis, 2013, p.155-6). While the gravity of circumstances may change for each decision and freedom of choice as well as perceptions may differ, structural factors may strongly point in one direction such that if the house is on fire “it would be perfectly realistic to expect that... individuals with rare exceptions, would feel compelled to run toward the exits... whatever the psychological peculiarities of the actors... there is no need to analyze the individual decisions that produced it” (Wolfers 1962, p.13).

Wendt enters this argument that has infamously become a cottage industry, in his view from a much more fundamental perspective, with the notion that our need to understand the relationship between social actors and societal structures in order to explain the outcome of their interaction in a compelling way has not been satisfied since, to start with

“we lack a self-evident way to conceptualize these entities and their relationship... Despite their many differences, however, the ‘agent-structure,’ ‘parts-whole,’ ‘actor-system,’ and ‘micro-macro’ problems all reflect the same meta-theoretical imperative—the need to adopt, for the purpose of explaining social behavior, some conceptualization of the ontological and explanatory relationship between social actors or agents (in this case, states) and societal structures (in this case, the international system)” (Wendt, 1987, p.338-9). He may be ironically contributing to this cottage industry by introducing the meta-theoretical “structuration” perspective, along the lines of Anthony Giddens’ labelling, adopted from sociology, by ontologically defining both agents and structures as equal units instead of reducing one compared with the other and rendering them “codetermined” or “mutually constitutive” and “in relation to one another”. Wendt furthers his argument for structuration as the theorizing reconciles agents and structures in a “dialectical synthesis”, in order to eliminate subordination of one to the other, which arguably overcomes the weakness of both individualism and structuralism. The structuration perspective assumes that agents and structures are not only ontologically but also conceptually interdependent. It emphasizes the spatial and temporal dimensions as indispensable for social research. It advocates for scientific realism as opposed to empiricism by accepting the existence of non-observable phenomena, so long as they exhibit causal mechanisms and their effects.

As it relates to our case then, if we were to follow Wendt’s path, we would be attempting to find out not only “why” the AKP rulers chose to governmentalize DEIK instead of taking another course of action or choosing another institution to governmentalize, but also “how” they could take such action to start with via “critique and abduction—that is, by asking what must exist for those events to happen—abstracts to the social and internal organizational structures which make those events possible” (Wendt, 1987, p.363). To take it further, we could infer that DEIK’s governmentalization could in effect be caused by numerous factors. On the agency side we could consider the causality of AKP elites’ worldview and aspirations, the President’s evaluations, DEIK’s own institutional value and its relation to Turkish foreign economic policy, DEIK’s president’s contemplations, TUSKON’s conjectural as well as contextual fall, the internal state organization and bureaucratic politics between TOBB and the Ministry of Economy, the friction between

the AKP and FETO, the ideological drift between secular and Islamist capital, the fear of loss of trading state status, and so on. On the structural side, we could be referring to such factors as international constraints resulting from the Arab Spring, hegemonic forces that dictate the rules of the game in the world economic order, the 2008-2009 global economic crisis, the attention DEIK received from world leaders, Turkey's middle power aspirations, her trajectory in its search for a new governance system or a combination of all three levels of analysis, their interpretation and conceptions of one another.

It is important to pinpoint that we will be theorizing about the state as a agent as well as structure and yet “as an inherently social entity, rather than as a Hobbesian primitive individual” (Wendt, 1987, p.366). Moreover, we should reflect that if the assumption that both agents and structures play a role in the formation of each other, and more importantly their understanding and conceptualization of each other also matter, DEIK's governmentalization might as well be based on a mutually constituted social reaction between agents and structures; how they understand each other and what roles and concepts they assign to each other as they set the rules of the game. After all, according to Wendt, who argues along the two lines of structuralist theorizing: (1) “social structures, unlike natural structures, do not exist independently of the activities they govern’... social structures are only instantiated by the practices of agents... (2) ‘social structures, unlike natural structures, do not exist independently of the agents’ conceptions of what they are doing in their activity’” (Wendt, 1987, p.358-9). The state system exists because certain states perform within certain rules which are recognized as rules by other actors. Equally, social structures exist because they are conceived to exist by virtue of human self-understanding. Agents and structure constitute each other and the social phenomena around them.

Theory reiterates the importance of time and space; therefore, when and where DEIK's governmentalization happened must also be pivotal to our hypothesis. Accidentally or not, the governmentalization appears to have coincided with a period when TUSKON and government relations could be described, at best, as unfavorable, while Turkey's “trading state” status which had been applauded only a couple of years before was in danger of reversal. According to some analysts like Mustafa Kutlay, Turkey's related

aspirations, if not yet fulfilled, were already withering; “Turkey, the argument went, started to rely on trade-driven integration strategies rather than military-driven hard-power supply in its foreign relations. In the post-Arab uprisings, nevertheless, this picture has changed dramatically; mounting instability undermines Turkey’s trading state potential. Accordingly, state capacity-related problems — both external and internal — now interrupt Turkey’s trade routes with its neighbors and curtail the growth and export potential of the Turkish economy” (Kutlay, 2016, p.1). This was mainly due to the lack of state capacity, not unlike Turkey’s failing attempts to extend the Turkic World “from the Adriatic to the Caspian” in the aftermath of the dissolution of the USSR. Be that as it may, this time, in addition, it seems that Turkey’s foreign policy ambition for “regional leadership”, claims of being an “economic engine for growth and integration” that would bring stability to the region (Oran, 2013b, p.236) and “middle power” status were about to backfire due to a major systemic event: the Arab Spring turned into Arab Winter, while Turkey was driven into the Syrian Quagmire.

Obama’s isolationist strategy pulling the United States first out of Iraq and then out of the Syria producing a power vacuum, Russia and Iran's support for the Assad regime in Syria, as well as the toppling of the Muslim Brotherhood’s in Egypt with a military coup by general Sissi, the sectarian divide between Sunnis and Shiites in the region, Turkey’s drift with Israel over Palestine are all possible issues that could have made a crucial contribution in the shaping of Turkey’s political and economic aspirations for the region. The governmentalization of DEIK evidently occurred at a time when economic relations, which had greatly improved since the beginning of AKP rule, especially in the Middle East and neighboring countries such as Libya, Egypt, Russia, Iraq and Syria, appeared to be losing momentum at a sharp pace, not only due to unrest but also Turkey’s foreign policy initiatives and positioning that conflicted with the new and established regimes in those countries. Sadiki asserts that “there is no guarantee of long-term survival in the age of the Arab Spring. The interim game is that states rule the region in consortium with Western powers. The endgame, however, will be what Arab youth will craft out of their dream to have dignity and freedom” (Sadiki, 2016, p.350). In such a setting, Turkey’s calculations for model country or cobweb of relations with internal groups such as the Muslim Brotherhood, can hardly be expected to produce the intended goals for Turkey’s

foreign economic relations with these countries within the near future. By 2014, on the whole, Turkey's foreign policy had made major jumps from the Establishment's statecraft based on parameters like *pragmatism* and *status quo* to Davutoglu's ideologically situated "zero problems with the neighbors" *Strategic Depth* doctrine. Given the disillusionment with Syria and the way plans related to the Arab Spring along the lines of *neo-Ottomanism* were energy-sapping, Turkish Foreign Policy was now in search of some consolation that seems to have been embodied under the tagline "*precious loneliness*". Kirisci argues that a certain degree of continuity had existed under Ozal, Cetin and Cem, as well as their AKP successors Gul and Babacan, whereas a distinct departure had not come about "until after the Arab Spring, when Erdogan and Davutoglu became increasingly involved in the internal dynamics of the Arab countries" (Kirisci, 2018, p.153).

From the above conditionality, within the lines of structurational argument, we can locate both agency in the embodiment of policy makers such as Davutoglu, Erdogan, Gul, interest groups, bureaucracy, the state apparatus, domestic-political and domestic-economic contexts, as well as the systemic factors such as the balance of power, and the international economic system that could have contributed to DEIK's governmentalization. Structuration warns that in doing so we should take into account that both agents and structures come into being because they constitute each other and have a certain understanding of one another. They are affected by each other and happen to act according to their mutual relationship to one another. If so, we should give credit not only to the agency, the systemic factors and to the structure, but also how they have been constituted in the actors' minds and equally how actors conceptualize the systemic factors and approach them, and the debate goes on. The role of agents and structure and their structuration appear to all have a contribution to DEIK's governmentalization. With this assumption at hand, further theoretical background is imperative if we are to give meaning to why the governmentalization took place and why trade is instrumentalized in foreign policy and vice versa.

## 2.6 Neoliberal Institutionalism

We turn to theory, first and foremost, in order to try to understand the reasons behind the diverse uses of trade as an instrument of foreign policy. An inquisitive mind would be motivated to try to grasp why certain states, non-state actors or structures and not others use trade in the first place and more often than not and for those who do, the inquest deepens as to how come some employ trade for benign purposes while others have malign tenacities. Then comes the question as to why some trade policies do succeed whereas others fail and whether some general deductions could be made to increase the likelihood of success for policy decisions. In short, our inclination towards theory is an intention to elevate our endeavor to a stage where we can claim to understand and explain why certain agents or structures imperatively choose to use which trade policies the way they do as instruments of foreign policy and vice versa. Moravcsik in his study on taking preferences seriously claims that “in order to theorize rigorously about systemic social construction, we *first* require a liberal theory” (Moravcsik, 1997, p.540). For the commitments of this thesis, Neoliberal Institutionalism will be the expedient framework to grasp the logic behind the use of trade as an instrument of foreign policy which could be conceptualized as a systemic social construction as per Moravcsik’s argumentation. We will, in spite of all, also benefit from the assumptions and conclusions of Economic Diplomacy as well as Global Political Economy. These theories and the pluralism associated with them are chosen as lenses since for our subject matter, “(i)t makes no sense to assume that states are unitary actors, that negotiators have full knowledge of national policy preferences or that these preferences will be steady and not affected by market developments” (Bayne, Woolcock, 2011, p.5). Theories of interdependence as well as global governance could also be valuable in this endeavor, and we will refer to them if necessary. The integrated approach will hopefully help us to shed more light onto this complex social phenomenon and provide useful guidance for policy implications.

To reiterate, in our case study of DEIK’s governmentalization, we will be testing the verity of the following proposition: if the indispensability of institutionalized international trade as an instrument of foreign policy is true, then this extreme case of direct state involvement by way of appropriation of a business NGO, i.e. DEIK, is

indicative of the degree of importance international trade has *vis à vis* foreign policy or vice versa. This is a case where a government, which has an extensive array of foreign policy instruments at hand, goes so far as to seize a proven and reputable NGO that has been institutionalizing trade between Turkey and other states. Such a high level of institutionalization may not readily be available to the foreign policy establishment and/or may not be easily duplicable. The use of networks, contacts established with counterparts, norms and values developed and internalized by members, the accumulated experience and trust developed over decades in such an organization, must all be exceptionally appreciated and acutely hard to achieve by way of replication; hence necessitating the implementation of such a radical strategy.

The key actors and assumptions of the liberal image of international relations elaborated in Viotti and Kauppi will help support our choice of theory as the most viable option for our hypothesis' purposes (Viotti, Kauppi, 2012, p.129-30-31). First, in terms of actors, liberalism has a pluralistic image of world politics; states as well as non-state actors have a role to play as entities making a difference in international relations. This is a view in which individual human as well as their collectivities have agency, as they relate to both material and nonmaterial factors. In our case an NGO, DEIK, is a non-state actor from the business community, whose members range from multinational corporations to small businesses, as well as their collective associations. In addition, economic interconnectedness is a key area where governments are involved to a considerable extent as direct players, motivators, facilitators, and regulators. There is a two-way communication and interaction between NGOs and governments. Businesses insert pressure on governments through lobbying. Transnational networks of business associations, chambers of commerce and stock markets interact and socialize. They import and export ideas and norms in addition to material goods and services. Trade, therefore, is not only materially important but also ideationally relevant to governments. We could argue that the Gramscian idea of *Hegemony* is relevant as far as trade is concerned with regards to the ruling classes, and with the same analogy to governments, who try to legitimize their domination with the help of ideas. Ideas are also valuable when considered from a Wendthian window of *Constructivism* in IR, under the assumption that actors' interests and identities are not necessarily given but perceived by actors through

the manipulation of ideas in social interactions; an area where trade could be defined as an undoubtedly major contributor. According to Wendt's definition "the key structures in the states systems are intersubjective rather than material; and states' identities and interests are in important part constructed by these social structures, rather than given exogenously to the system by human nature or domestic politics" (Wendt, 1994, p.385).

Increased interdependence between states as a result of trade is expected to construct closer ties and a mixed cobweb of inter-subjective relations, identities and interests that are ultimately expected to be beneficial to the institution of peace in the international community; at least among zones of peace such as the ones described in Karl Deutsch's pioneering work on security communities. Adler and Barnett, echoing Deutsch, reiterate the content of security communities as "the development of shared understandings, transnational values and transaction flows to encourage community building - to conceptualize the possibility of peace" (Adler, Barnett, 2009, p.4); which is arguably a germane method to also visualize the effects of international trade. The prevalence of economic issues among high politics is, therefore, imperative, so as to broaden the agenda of international relations without limiting it to cutthroat and vicious cycles of the military security domain alone with the prospects of community building.

Liberalism enables an inside-out approach whereby a state-society level of analysis is put forward as a game changer, as opposed to the structural realist approach where anarchy and the distribution of power are the main determinants. For the neoliberal institutionalist, organizations and institutions matter and have causality in international relations. Neoliberal institutionalism calls for the use of *rational actor models* to establish the nexus between a state's calculations of its interests and their maximization through the instrumentalization of actors such as an NGO, in our case DEIK. Wendt argues that "(n)eoliberal or rationalist, explanation holds when states comply with sovereignty norms because they think it will advance some exogenously given interest, like security or trade" (Wendt, 1999, p.287). Our case therefore is a sign of how a government must have come to conclude, through a rational cost-and-benefit analysis, that it is in its best interest to governmentalize an NGO whose main mission is to develop international trade for its members, for the purposes of foreign policy. The power of institutionalization, the

experience, know-how and information accumulated in the NGO must have been so treasured by the state that it was deemed indispensable to acquire it by means of an almost overnight reverse “*coup d’état*”.

Our examination will hopefully be making an incremental contribution to our understanding as to why a rational actor like a government, pursuing the means to maximize its interest and power, would resort to a multilateral and cooperative actor in the use of a rare strategy of governmentalization of an NGO for the purpose of instrumentalizing institutionalized trade for the benefit of its foreign policy. The prevailing expectations and needs of the state must have converged with what a non-state actor like DEIK is able to provide in the field of institutionalized international trade, such that an unprecedented action has been precipitously taken to mandatorily launch an organic bond between the state and a non-state actor, leading to the end of the non-state character of DEIK, as we know it. When evaluating DEIK, how and why it could be expected to be of value to the foreign policy of the state, we will assume the neoliberal proposition that governments need institutions because they enable them to do things, they could otherwise not do themselves. “Kant’s first answer to the question how peace can evolve, (is) namely the ability of states to develop and follow mutually advantageous rules, with international institutions to monitor and enforce them... The core principle of reciprocity lies at the heart of this approach, because international institutions operate by reciprocal contributions and concessions among formally equal members (peers)” (Goldstein, Pevehouse, 2014, p.95). Reputation, reduced transactional costs, and reciprocity are therefore all-important values of institutions that enable actors to achieve enhanced cooperation and mutual gains. In testing this proposition, we anticipate unearthing the meaning and value of bilateral as well as multilateral trade, in addition to the dynamics of political relationships, which DEIK claims to have built since its establishment in 1986. In this value assessment, we will be presuming that absolute gains matter, keeping in mind that Turkey has asymmetrical trade relations with many of its counterpart states while such asymmetries/dependencies have not necessarily seemed to have ended attempts to amplify ongoing or new trade relationships. Moreover, we will be inferring that ideas and worldviews, as well as institutionalized norms, values and

rules, carry essential weight in the liberal world, and that DEIK constitutes a key for unlocking them in order for the State to strengthen its status in the international system.

International trade, along with its sanctions as a scope of analysis in international relations is not a new area. It had been put forward by liberal internationalists like Zimmern earlier on especially between the inter-war period; “It was difficult enough to bring to an end the Great War after the principal allies had bound themselves not to make a separate peace. How much more difficult will it be, Italians must be asking themselves, especially after the Hoare-Laval fiasco, to bring to an end sanctions voted by fifty states united by a bond of common principle, as also by the very considerable sacrifices involved for each in the diminution of its trade?” (Zimmern, 1936, p.384). But the neoliberal institutionalism appears to have witnessed its re-emergence in the 1970s with the introduction of concepts like “complex interdependence” which “presented a world with four characteristics (1) increasing linkages among states and non-state actors; (2) a new agenda of international issues with no distinction between low and high politics; (3) a recognition of multiple channels for interaction among actors across national boundaries; and (4) the decline of the efficacy of military force as a tool of statecraft” (Lamy, 2014, p.132). The implications are still relevant given the impeccable endurance of the forces of globalization. Furthermore, a new analytical framework embraced cooperation through *international regimes* came to claim that the “economic and technological unification of the human race required new forms of international cooperation” (Burchill, Linklater, 2005, p.10). International cooperation suddenly jumped up the ladder as a prerequisite, because interdependence had become an overnight reality, given the turbulence of the global economic system that took everyone by surprise at the beginning of the 1970s. As national economies and technologies became increasingly one with the international in the form of global value chains and MNCs, regimes were needed to speak the same language and regulate cooperation through widely agreed rules and principles rather than ad-hoc agreements. Seeing the ascending significance of economic interdependence as well as development, Rugman and Doh claim that “acknowledgement (and expectation) of the importance of the potential positive contribution of MNEs to host country development may reflect a new era in which MNEs, host governments, and international institutions work collaboratively to address the social and economic needs of developing

regions in a manner that contributes to increased global wealth and social and economic progress” (Rugman, Doh, 2008, p.80). To add to this, not only developing countries but governments in virtually all industrial societies have a strategic interest in facilitating investments by MNCs introducing incentive schemes to attract them. Emmanuel Macron’s pro-business platform is such an example even if: “France is losing its shine as a place to invest after a sharp improvement in its image with the election of Emmanuel Macron on a pro-business platform... The declining enthusiasm among foreign investors comes at a difficult juncture for Macron after months of Yellow Vest turmoil against his reforms. In response to the protests, Macron has pledged more tax cuts for consumers, partly financed by closing tax loopholes for businesses” (Horobin, Viscusi, 2019).

Neoliberal theory agrees that the international system is still anarchic, i.e., there is a lack of a central world authority to enforce order. However, when states come to share common interests - in this case the management of international trade - they opt for the construction of international institutions that make and administer norms and rules. Then come *Regimes*, taken a step further in John Ruggie’s 1975 definition as “Regimes can be defined as sets of implicit or explicit principles, norms, rules, and decision-making procedures around which actors’ expectations converge in a given area of international relations. Principles are beliefs of fact, causation, and rectitude. Norms are standards of behavior defined in terms of rights and obligations. Rules are specific prescriptions or proscriptions for action. Decision-making procedures are prevailing practices for making and implementing collective choice” (Krasner, 1982, p.186). Then, given the possibilities regimes can achieve, in order to live with if not overcome anarchy, and hearing arguments that structural realists exaggerate the level of anarchy in the international system one cannot resist to go one step further and attempt to theorize from a constructivist perspective. If in line with Wendt’s famous phrase “Anarchy is what states make of it”, (Wendt, 1992, p.391) an assumption can be made so that even if there is no central hierarchy, states can still agree on a common set of rules, norms, principles in line with their interpretation of security and threat; an assumption which also encompasses the notion that nothing is preordained. While there is no doubt that the system lacks the presence of a formal high authority, regimes, and institutions, which are “related complexes of rules and norms identifiable in space and time” (Keohane, 1988, p.383)

exist as informal elements of governance. The consequential institutionalized cooperation in a mutually beneficial issue area such as trade breeds reciprocated understanding and adjustment for the benefit of the majority in a utilitarian manner. As states and agents regularly meet over trade, they also start to socialize. Cheating inherent in game theory and the Prisoner's Dilemma becomes harder because the game of trade is played in an iterated continuum and not at one single time. Mutual interdependence raises the losses to be incurred on both sides from defecting.

Institutions may not be omnipotent nor are they perfectly functioning mechanisms, but they seem to help deliver information to encourage learning, build trust and lessen the likelihood of misperceptions. A caveat is the fact that as per Jervis's warning: "decision-makers underestimate the degree to which their interpretations of incoming information are influenced by their pre-existing beliefs and so grow more confident than the evidence warrants" (Jervis, 1976, p.237). With this forewarning, we can still presume that while the potency of institutions in terms of eliminating misperceptions is, therefore, not *a priori*, institutionalism stands to be a major driver behind cooperation, whose potential benefits often outweigh its shortcomings. Theory also urges that the likelihood of such cooperation through institutions is enhanced when a hegemon with material power is behind it, pushing for results such as in the case of post-World War II, *Bretton Woods* institutions, or the 19<sup>th</sup> century *Pax Britannica*'s Sea Trade and Law of the Seas. Yet even in the absence or decline of hegemonic power, plausibly what we experience today with the declining United States' power, in line with Robert Keohane's reasoning, institutions today have become ever more indispensable for cooperation since "(m)aterial predominance alone does not guarantee either stability or effective leadership. Indeed, the hegemon may have to invest resources in institutions in order to ensure that its preferred rules will guide the behaviour of other countries" (Keohane, 1984, p.46). With this pretext in mind, it is worthwhile referring to Mearsheimer once again as he, an untiring realist, rules out the role of institutions in explanations of war and peace, maintaining that liberal institutionalism aims for a less ambitious goal of explaining cooperation and has limited utility in the realm of security. In his view, cooperation occurs in situations where state interests are not opposed, while his counter argument mainly refers to the balance of power as "the independent variable that explains war;

(while inserting that) institutions are merely an intervening variable in the process” (Mearsheimer, 1994, p.13).

If we assume that material, coercive power can surely force and deter, but in order to claim the stewardship of international order, it is legitimacy that matters in the long run, we would be following a different path to Mearsheimer. John Ruggie suggests that liberal institutionalism provides a much-needed base for political authority in the international system serving as “fusion of power and legitimate social purpose. The prevailing interpretation of international authority focuses on power only; it ignores the dimension of social purpose” (Ruggie, 1982, p.382). Following Ruggie’s argument, we can propose that providing legitimacy by means of a social purpose must render liberal institutions an indispensable tool in their use by governments in all sectors, including foreign policy. In today’s highly complex and globalized world, it would be too simplistic to base associations exclusively on material power. State interests can no longer be defined only in the narrow sense of mere survival and power. Nowadays, state sovereignty is also under increasing scrutiny and regarded even as what Krasner calls “*hypocrisy*” as he claims “most recent work from a constructivist perspective has suggested that the attributes associated with sovereignty have been problematic and contested. Established agreements can change quickly. Sovereignty is constantly being constructed and deconstructed through interactions among agents and between agents and structures. Neither the state nor sovereignty can be taken as given” (Krasner, 1999, p.49). That may be true on sovereignty and state but when states are evaluated from the causality point of view as far as economic growth is concerned, Fukuyama, in the origins of political order, argues that “(h)aving a state is a basic precondition for intensive economic growth... While the correlation between a strong, coherent state and economic growth is well established, the direction of causality is not always clear” (Fukuyama, 2011, p.469). While sovereignty is contested as a hypocrisy, the pre-conditionality of state rises to dominance when economic issues are concerned. All the same, states may be here to stay for some foreseeable time, as Cox expressed “a state was a state was a state” (Cox, 1981, p.127). Yet with non-state actors such as interest groups, MNCs, trans-governmental networks, NGOs and international institutions, which have agency in the international arena, states cannot help but see their authority erode reinforcing “the prospect that there

exist a plurality of forms of state, expressing different configurations of state/society complexes” (Cox, Sinclair, 1999, p.86). Moreover, legitimacy has much longer-lasting connotations for states. Using trade as a tool of foreign policy to foster interdependency, to increase win-win situations for a fairer distribution of wealth in the world, working with non-state actors and enabling institutions, truly great powers attain the much-needed legitimacy for their power to endure. When states and non-state actors work together and are interconnected in a cobweb of relations around an issue like trade, peace and prosperity have more chances to flourish. In relation, Linklater’s propositions on anarchy and community below posit to enhance our take on the major assumptions of a Kantian philosophy of history which emphasized “the long transition from the original, barbaric international state of nature to the civility of the modern society of states and the growing responsiveness to the demands of cosmopolitan morality” (Linklater, 1998, p.35-6). One cannot resist but think that states have come a long way from Westphalia.

To sum up, beholding trade through neoliberal institutionalism’s lens is the ultimate use of trade as a tool of foreign policy, if it is used in enlightened ways for the benefit of the whole. Institutions not only matter but they are essential for effective cooperation. States need more than material power to have a say in the international system; legitimacy is soft power and a *sine qua non* for legacy. DEIK is an established non-governmental organization, a non-state actor. It derives its strength from three decades of institutionalization in a very important issue area; international trade. Such institutionalized knowledge and experience in a reputable area of interest is professedly a very valuable attribute. The government having seen this value inherent in DEIK has taken critical action to acquire it by means of appropriation. DEIK’s capabilities in fostering economic and political ties with its counterparts around the world are now at the service of the government, along with its legitimacy.

## **2.7 Economic Diplomacy**

In addition to Neoliberal Institutionalism, Economic Diplomacy theory comes forward as a potentially more specific explanatory relevance for our case study. Economic diplomacy, the theory that encompasses the many ways in which economic instruments

are used as leverage in foreign policy, is an act of statesmanship that is performed by both government and non-government actors alike, usually in close coordination and/or equally in conflict. Woodcock identifies a check-list of a total of six systemic and domestic key factors that shape economic diplomacy as far as the process of decision-making and negotiation is concerned when states are conducting foreign policy: (1) relative economic power, (2) international institutions or regimes, (3) markets, (4) interests, (5) domestic decision-making and institutions, and (6) ideational factors (Woodcock, 2011, p.18-25). He argues for an all-inclusive approach as taking systemic factors alone is not adequate. National dynamics need also to be accounted for. They are crucial variables that affect change in any attempt at theorizing about economic diplomacy. Their claim that all negotiations can be broken down to phases and that many economic negotiations are iterative in nature suggests that while increasing the complexity, such attributes may also be making it easier for policy makers to analyze each phase and form better strategies for next rounds. Also, the fact that economic diplomacy is often conducted in what are called forums, raises the possibility of what Woodcock calls 'forum shopping' (Woodcock, 2011, p.18).

Forum shopping could be considered a facilitator considering, for instance, dissimilar societal interests at play, starting from the agenda setting phase. A compromise is usually called for in order to appease the voices of contradicting interest groups before the policy has time to affect systemic constraints. To illustrate, Snyder and Diesing speculate that Level I negotiators in the international arena are often terribly misinformed about Level II politics in the domestic zone. This is especially so in times of turmoil. Governments usually do not understand well the domestic politics of other countries as well as the decision-making dynamics. "Consistent with the typically poor analysis of the divisions and influence patterns within the adversary (is) the infrequency and usual failure of deliberate attempts to affect those patterns, as prescribed by the bureaucratic politics theory" (Snyder, Diesing, 1977, p.516). If this is so, in view of the crisis Turkey's internal affairs have been through over the last couple of years, while it has been strenuous for Turkey's own decision makers to internalize and thoroughly make sense of what is going on, it would be distinctly utopian to expect foreign governments to grasp Turkey's domestic circumstances precisely and act accordingly.

Bayne and Woodcock also talk of internal institutions that accentuate the teething troubles involved with deception. One should be reminded that institutions provide norms and values also particular to the domestic society, which makes it harder for systemic forces to penetrate and transform the domestic scene. They hence refer to Putnam's conceptualization of two-level games stating that whatever is allowed or imposed by the system needs approval by the domestic, and usually vice versa. "Neither of the two games can be ignored by central decision-makers, so long as their countries remain interdependent, yet sovereign" (Putnam, 1988, p.434). Last but not least, they draw our attention to negotiators' behavior, which is, after all, susceptible to a range of ideas and world views. People come with baggage to the table, and are inevitably influenced by this, regardless of the objective measures at hand. Some of Bayne and Woolcock's points will resurface below, and we will try to see if they are applicable in DEIK's case.

At a glance, the scope and content of the theory cover both international and domestic issues, as the strict distinction between the two is reckoned to have faded away with the expansion in economic interdependence. The theory correspondingly presumes that states are not unitary actors. Not only do all government agencies with economic responsibilities, including and especially heads of state, have agency; non-state agents, such as business interest groups like DEIK also have the faculty to convey change. Certainly, not all agents share identical power and weight in negotiations, just as not all states are equal in power. Ironically, Thomas Schelling propounds that the "power of a negotiator often rests on a manifest inability to make concessions and to meet demands" (Schelling, 1980, p.19). If we accept this suggestion, we should be aware that the less capacity a negotiator has *vis à vis* national forces, the more unbreakable he or she is at the negotiation table. Such a strategy might as well be a candidate for some great economic diplomacy. To build on this assumption, we can propose that when businesspeople act as diplomats in their own right, opening the way for further negotiations on high politics, they equally acquit themselves of the power and responsibility of undersigning crucial agreements which bind career diplomats. They are, therefore, arguably both more flexible and more powerful *vis à vis* their government counterparts when confronting fastidious foreign negotiators.

The theory looks at the relationship between state and non-state agents from the point of view of how governments make use of these groups and organizations. In our case, this would be by way of a peculiar method which could be described as the ultimate resort i.e. appropriation/governmentalization. The theory is concerned also with the impact of markets and treats them as endogenous factors influencing economic diplomacy. Throughout our case, we will also observe the effects of the market developments of the time, to try to identify their contribution to our end result; aiming to distinguish whether the markets had any impact on the government's final decision to governmentalize DEIK. Also assumed within the domain of economic diplomacy is the notion that, not only do economic and political concerns interact, but also policy preferences are not necessarily fixed. While policy preferences may alter in time, there is also room for misperception as well as lack of information on national policy inclinations. We will use the theory as a tool to try to uncover if such misperceptions and changing policy preferences are relevant to our case. The focus will not, however, be on the process of decision-making or the negotiation/bargaining models of economic diplomacy. Our quest stays within the restricted issue area of bringing to surface the underlying reasons (why) and methods (how) of a particular government policy, which has foreign economic policy implications. While neoliberal institutionalism will be the main umbrella theory lighting our broad vision, economic diplomacy will be made use of as a more refined and specific angle in our quest for the reasons behind DEIK's governmentalization. It is expected that economic diplomacy will be of great value in areas where neoliberal institutionalism may fall short in detail.

## **2.8 Global Political Economy**

Last but not least, it would have been incomplete if we had not dug beneath the global political economy's assumptions for our research question. Global political economy brings us to Gilpin, who has powerful propositions in his argument for the special character of *Strategic Trade Theory* in comparison to *Conventional Trade Theory* within the context of the *Global Political Economy*. He dwells especially on the former's recognition of the "capacity of a nation to intervene effectively in trade matters and thus

to gain disproportionately” (Gilpin, 2001, p.216), restating the importance of relative gains by way of state intervention. He ascertains that certain industries merit more support than others for their strategic value in enhancing the power of the economy. Gilpin challenges conventional trade theory and its undeniable commitment to free trade incorporating a “growing appreciation of imperfect competition, economies of scale, economies of scope, learning by doing, the importance of R&D and the role of technological spillovers” (Gilpin, 2001, p.214), proposing in a very controversial manner an excuse for the proponents of protectionism. Strategic trade view is not uncommon such as the French position for seeing “the EU as a means of organizing European capitalism to compete more effectively on world markets. It has been a ‘strategic trade’ view rather than a ‘free trade’ view.” (Bache, George, Bulmer, 2011, p.47).

As a structural realist, Gilpin claims that liberal international trade is dependent on the will of the hegemonic power to pay for “public goods”. While his predictions about the decline of United States’ hegemony may have been premature for the 1970 and 1980s, the United States moves to stop paying for “free-riders” in the system today must be music to his ears, at least academically. The 45th President of the United States makes the following nerve-tingling statements about the backbone of the WWII security arrangement; “NATO is costing us a fortune, and yes, we’re protecting Europe, but we’re spending a lot of money. Number one, I think the distribution of costs has to be changed” (Kessler, 2016). His views and policies about multilateral trade deals such as TTP and NAFTA are not much different: “Donald Trump’s bellicose policies, including new tariffs on steel and aluminum, have raised fears of a worldwide slide into protectionism and trade conflict” (Stanford, 2018). If the hegemon is no longer willing to pay for public goods, what awaits us with respect to the future of the global economic and security arrangements that have shaped our world during and after the Cold War is a big question mark. It seems we are heading in the direction of a new world order.

In the context of the Cold War World Order, GATT and its follower WTO have been reinstated as the new strategic institutions that have helped lower trade barriers, paving the way for freer international trade that was expected to increase national efficiency based on the notion of comparative advantage. This has surely not been an easy task,

given “the mercantilist attitude that believes exports are good and imports are bad” (Gilpin, 2001, p.219). Contrary to liberals who claim that “the pursuit of self-interest in a free, competitive economy achieves the greatest good for the greatest number in international no less than in the national society... mercantilists and Marxists begin with the premise that the essence of economics is conflictual” (Gilpin, 2014, p.527). Even though organizations like DEIK, as well as their counterparts in diplomatic trade missions and corresponding chambers of commerce intend to foster two-way trade and investment between states, arguably inevitable mercantilist expectations shape the criteria for success in any negotiation, such that asymmetrical relative gains, more often than not, reign over absolute ones since the essence of economics is conflictual to start with.

Somewhat contradicting this mercantilist and/or nationalist theory of the global political economy, Brodie with the intention of convincing the reader that things are not as grim as Hobbes described in his *Leviathan*, suggests that states do not necessarily have the same nature as man. He quotes Adam Smith calming down a friend who feared that the *Napoleonic Wars* would bring an end to England by assuring him that: “Sir, there is a great deal of ruin in a nation” (Brodie, 1959, p.6). Adam Smith apparently seems to have assumed that it takes more than brute force to destroy a state, long before Nye came up with his concept of Soft Power. Besides, states not only use soft power but also other instruments such as cooperation to secure their survival. Cooperation, even constrained by the security dilemma, which suggests that an increase in one state’s security decreases the security of others, could be deemed a possibility when states perceive the need to secure peacetime allies. Trade between states constitutes a facilitating dimension within a wide range of instruments used for cooperation. Global political economy incorporates trade and its varied uses as valuable instruments whereby cooperation could be achieved among states even when the security dilemma prevails as pretext. For this proposition to hold so that an escape from “the state of nature” becomes probable, be that as it may, Jervis argues for the presence of two crucial variables; “whether defensive weapons and policies can be distinguished from offensive ones and whether the defense or the offense has the advantage” (Jervis, 2007, p.177). Past the security dilemma, one then wonders whether, if cooperation is necessary for peace and given that trade is a valuable instrument of it, then its terms should be compatible with the expectations of the domestic audience;

otherwise, in the domestic context, the electoral constituencies would find it hard to agree to bilateral or multilateral trade agreements, perceiving them as threats to their standards of living. On this issue, bringing another dimension to global political economy, in an effort to tie the bonds with the domestic sphere, we find Katzenstein, arguing that the main rationale of “all strategies is to establish a basic compatibility between domestic and international policy objectives” (Katzenstein, 1977, p.588). In his argument, contrary to our starting assumption in this paragraph, be that as it may, we find an opposite angle, whereby domestic policy is made to adapt to the international instead of vice versa, which could be a more general tendency.

Moving from this perspective, we can suggest that with the Ozal era, the export promotion strategy replacing the import substitution economy model which gave wings to DEIK was preplanned to make Turkey’s domestic economic policies more compatible (if they had been at all compatible until then), with the changing world tendency towards “Washington Consensus”, the epitome of liberalization and privatization. In other words, the domestic Turkish economy was given no choice but to adapt to the world, no matter how harsh the terms were. Given the economic crisis of the late 1970s, and the coup that followed, Ozal was arguably able to implement this liberal regime without much worry about the next election. Exports were chosen as a strategically valuable sector for both the economy and for foreign policy. They were seen as a means of cooperation and adaptation to the new world order. Domestic policies had to be aligned with the world, and DEIK proved to be a worthy means of leverage. We could equally presume then building on Katzenstein’s arguments, that in the Turkish example, an economic crisis of this kind and gravity, coupled with a political crisis that concludes with a coup d’état may enable foreign economic policies to make domestic policies more compatible with the international economy in a much faster way. This 1980s Turkish experience could well be an oxymoron, however. Albeit we should remember that, historically, an economic crisis tends not necessarily to trigger more open trade but on the contrary, more protectionism just as the Great Recession<sup>24</sup> of 2008, for instance, in Ravenhill’s words “appeared to have set the global economy on a course of lower investment, lower growth

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<sup>24</sup> The term favored by the International Monetary Fund

and lower trade” (Ravenhill, 2017, p.4). What is worse is that this happened regardless of all the good intentions and avoidance, by the G20, of a “widespread resort to beggar-thy-neighbor protectionist policies that characterized the 1930s... G20 leaders pledg(ing) repeatedly not to introduce protectionist measures or restrictions on investment” (Ravenhill, 2017, p.7), which could still not stop the snowball.

On the other hand, we have to be constantly reminded that the interaction between domestic and global political economy is at best a reciprocal, a two-level game. In Putnam’s words, at “the international level, national governments seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments” (Putnam, 1988, p.434). Institutions like DEIK are conceivably positioned right in the middle of both domestic and international concerns, as well as public and private. They serve an important purpose of carefully evaluating the needs of both dimensions, acting as both mediators and arbitrators between conflicting interests where relevant. Their value stems from their experience and expertise accumulated through decades of contacts and networks developed with relevant partners in a series of overlapping multi-dimensional strands of mutual understandings and acquis. They manage perceptions as well as misperceptions and help shape and build trust in foreign economic interactions. DEIK, constituting the civil society i.e. business interest groups with their thousands of employees and billions of dollars of revenue, bring the major stakeholders who will be affected by foreign economic policies to the heart of international trade deals, facilitating their participation in decision-making processes through both formal and informal forums, prior to the official signing ceremonies. Policy advocating is at the heart of institutions like DEIK, where a constant channel of communication between the public and private sector is maintained for the purpose of arriving at optimum policies whereby ratification of the final terms in the national parliaments who care about democratic accountability, should become anything but symbolic under ideal circumstances.

It is not farfetched to assume that institutions like DEIK form the backbone of the global political economy. They are necessary to enable heads of states and the state apparatus to interact with their foreign counterparts, and merit at times more than their accepted place

in the international system. Global political economy as a theory illuminates our understanding of the momentousness of DEIK, and its strategic significance given the exponential added value of exports to a country's foreign policy considerations. It will be clearly indicative of our understanding of today's protectionist and mercantilist tendencies trying to overturn globalization's invisible hand. As such it is hoped that it will help our inquiry into DEIK's governmentalization as a demonstration of trade's instrumentalization in foreign policy. On an end note, before we move on to our case study and the methodology undertaken, it is convenient to reiterate Gilpin's three conceptions for the relationship between economics and politics; while liberalists purport that "economics should determine politics", mercantilists argue to the contrary i.e. "politics determines economics", while Marxists concerned more with class interests, in the middle of both the poles assert that "economics does (in fact) determine politics" (Gilpin, 2014, p.526). While all three may have a point, each is also dependent upon the assumptions you make and the path you take to evaluate the case.

### 3. METHODOLOGY

This case appears to be the embodiment of the relationship between institutionalized international trade and foreign policy. To build on our proposition based on “the relevance of international trade as an indispensable instrument of foreign policy and vice versa”, our research question was formulated as “is international trade indeed an indispensable instrument of foreign policy and vice versa?” Given the research question, we have formulated our hypothesis as follows: “if international trade is indeed an instrument of foreign policy and vice versa, then the case where a state can go so far as to governmentalize a non-state agent like DEIK for the purpose of inserting direct control over international trade is an indicator of the maxim of the indispensability of trade in the statecraft of foreign policy”, since there are many more moderate ways a state may instrumentalize trade for the purpose of foreign policy. The reasons for and the outcome of this governmentalization as regards DEIK’s role and impact on the foreign policy apparatus are examined, to discover how indispensable an instrument trade is, in fact, for foreign policy. The methodology used in testing our hypothesis was *qualitative*.

To search for an answer to the question, we have looked into the literature to uncover historical as well as theoretical explanations for the time when and the reasons how and why trade has been instrumentalized over time and space. The essential role of trade in the development of diplomacy, as well as the effectiveness of trade as an instrument, were the major queries undertaken. On theory, a comparison of the role of agency versus that of structure was attempted to see their application in general and in DEIK’s governmentalization in particular. In addition, the assumptions of three theories, i.e., Neoliberal Institutionalism, Economic Diplomacy as well as Global Political Economy were used to understand DEIK’s governmentalization as it relates to trade’s instrumentalization for foreign policy purposes.

Literature research in newspapers, biographical and auto-biographical material, magazines, periodicals and DEIK’s own publications was conducted, in order to collect data and accumulate knowledge as to the ways how and reasons why trade is instrumentalized in foreign relations and vice versa. DEIK’s governmentalization was

cross-examined across these sources, with the basic assumption that the major underlying reason behind this phenomenon was the level of importance trade has, as a tool of foreign policy, so that it went so far as to motivate a state agent to appropriate a non-state organization whose main mission is international trade.

In our field research, which involved *in-depth elite interviewing*<sup>25</sup>, we have elaborated a set of *semi-structured* questions in trying to find the answer to the eventual question: “Why was DEIK so special that it was governmentalized?” Semi-structured or partially structured interviews fundamentally allow the researcher to build upon the structured interview questions by focusing on a core of objectives around which the questions are designed. What is intended is to understand the reasons behind the responses and, therefore, to explore these in depth in order to gain insights as to why the respondents answered as they did and “to make sure that their responses are the correct responses”. (Newman, McNeil, 1998, p.23) The technique preferred, i.e. *elite interviewing*, was chosen, as it is defined by Leech as one which “can be used whenever it is appropriate to treat a respondent as an expert about the topic at hand” (Leech, 2002, p.663). The aim was to reach DEIK Members, heads of business councils old and new, and DEIK’s counterparts in the foreign missions, who we reckoned to be experts.

With regards to the sample size of *semi-structured* interviews, there is plenty research to argue that it is crucial to stay away from *saturation*. After a certain number of interviews, no new information of any consequence can be obtained, even though expert opinion varies; “as many textbooks on qualitative research remind us, collecting more data becomes unnecessary when ‘saturation’ is reached in terms of the identification of new themes” (Baker, Edwards, 2012, p.16). According to Mason, however, “the point of saturation is... a rather difficult point to identify and of course a rather elastic notion. New data (especially if theoretically sampled) will always add something new, but there are diminishing returns, and the cut off between adding to emerging findings and not

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<sup>25</sup> Choice of methodology was made based on inspirations taken from available stemmed research such as Ayse Bugra’s research project on “the political context of business activity in Turkey” that uses a similar “personal interview” technique (Bugra, 1991, p.151).

adding, might be considered inevitably arbitrary” (Mason, 2010, p.16). Keeping the above suggestions in mind, a total of eight face to face interviews and one e-mail correspondence were undertaken. In-depth interviews were structured so as to understand the nature of the appropriation and how it was perceived by parties within DEIK, as well as within the corresponding counterparts in foreign missions. Perceptions are important as they could reveal the difference between those affected by this phenomenon and those who brought it about. The selection was based at random from among the relevant elite group. On the DEIK side, the sample consisted of business council heads and prominent members who were thought of as influential decision makers. On the foreign mission side, counterparts were chosen again from among the members with whom Turkey has significant trade and foreign relations. But access and the willingness of interviewees also played a part. There was a plausible self-censorship in certain interviews with a reservation to comment openly on sensitive matters. A total of nine interviews have arguably provided enough information to extract reliable information from each category of interviewees. The interviews included both predetermined and open-ended questions. The transcripts are in the Appendix A, while the questions are grouped in Appendix B.

The epitome of this instrumentalization, the outcome i.e. the governmentalization of DEIK, was examined within the domestic and international context in which it occurred, trying to associate it within a “levels of analysis” lens. We have looked for clues on the correlation between international trade and foreign policy at different times and places throughout the world. We have then analyzed the question as it concerns the case of Turkey’s Foreign Policy in its instrumentalization of trade. In that we have followed a chronological approach, starting by touching upon the early ages of the young Republic, going into further detail from 1945 onwards as Turkey entered a Multi-Party System. The Cold War era was scanned to uncover the instrumentalization of trade by the foreign policy makers leading us up to the 1980s which provided us with much substance, mainly elaborating on Turgut Ozal’s legacy which was witness to the birth in 1986 of DEIK, the subject of our case study. DEIK’s trajectory was scrutinized in parallel to Turkish Foreign Policy in the 1980s and the so-called lost decade of the 1990s, which brought us to the year 2002, when a brand-new player, the AKP government came into the picture. We have highlighted the AKP’s evolution in politics and its implications for DEIK and their

instrumentalization of trade in foreign policy. Finally, a new chapter was opened for DEIK as of 2014 when its governmentalization was enacted. We have followed on with the latest developments and drawn our conclusions accordingly for the future of DEIK and the instrumentalization of trade in foreign policy.

At the start of our quest, it was imperative to understand DEIK, the institution in question, its main function areas, its importance and relevance to international trade, its difference and unique qualities when compared to other similar organizations in Turkey, in order to explain the underlying reasons why DEIK was chosen in the first place, and not another NGO for this purpose by the state. DEIK archives, publications, website and media screening have been used as secondary sources in this part of the research. For this purpose, a visit to DEIK's new head office in Istanbul was conducted on 13 February 2017, to meet with the archive office manager. Although the archive was not extensive, some valuable publications were obtained. DEIK has numerous periodicals and booklets on its activities such as "Corporate Catalogues", on the Turkish economy such as "Turkey 2000-2010: A decade of Transition" and briefs on corresponding business councils such as "Turkey Brief: US-Turkish Relations". One very detailed book by Mehmet Altun "The Key to the Outside World – DEIK - The First Years of Foreign Economic Relations Board (1985-1997)" was obtained. The book was commissioned by DEIK and contains very detailed memoirs, interviews and news clips of how DEIK came into being and what it achieved in its earlier years. It stood out as a major source to understand the potential of DEIK and the reasons why the government appears to have valued it as such.

While the main concern at the start was not whether the governmentalization was effective or efficient, as the time span since the enactment of the decree for DEIK's governmentalization was very recent, but as findings suggest, comments and predications on the pros and cons of this strategy have been cited to shed light for future policy advocacy. An objective approach was conducted to dig behind the "whys" and "hows" of this decision. What kind of changes the operation on DEIK has brought about was of concern in order to root out possible underlying causes and motivations, which were not always easily spoken about. Since the interviews were semi-structured, the interviewee answers that opened new doors to further exploration have been included as follow-up. It

was quite a time intensive study. The arranging of meetings involved both a time and content anxiety. For some interviewees, a request was made to relay the questions beforehand, while some still asked to review the transcripts before publication. The reviewed ones come with minor revisions. The DEIK secretariat was very helpful in arranging some of the meetings and opening the archive.

To reiterate, the intent for testing the hypothesis was not generalization to start with. It was, nevertheless, meant to bring more understanding and explanation into the phenomenon of “appropriation of a non-state agency as an extraordinary but still a viable option available for a state to exert its direct impact on international trade for the purposes of foreign policy”, which as extreme as it may sound, has nevertheless been effectuated. The intended result is to ascertain not only the nature of the bond between trade and foreign policy but also its extent in the case of DEIK’s governmentalization. The domestic and international context in terms of specific time and place within which such a decision was made has revealed valuable clues about the underlying causes as expected. Further research, however, holds the potential for new *hypothesis generation* and generalization. On the one hand, broadening the scope of the study to more interviewees in DEIK as well as extending the study to other institutions in trade, promises to test the validation of the theory. Otherwise, conducting the same interviews with the foreign policy elite equally has the potential to provide perspective on foreign policy’s greater weight on trade.

International trade, especially in its institutionalized version, as well as foreign relations are the interchangeably independent variables that do the explaining when they instrumentalize the other. The proposition put forward is that there is a degree of importance each state gives to international trade; some governments use it more than others as if on a spectrum. The same is true for international relations. Our specific case, DEIK, is reminiscent of the proposition that institutionalized international trade’s reciprocal correlation with foreign policy seems to be recognized at the higher end of this spectrum by the government. The more institutionalized the trade, the more it is of relevance to foreign policy. In order to have full instrumentalization of such an institutionalized NGO, a state may choose to make a radical move and governmentalize

the NGO for her foreign policy needs. This is not to make a statement that this is the case for all states nor for all NGOs; it is, be that as it may, a solid case of its possibility for certain states and under certain circumstances and we need to dig into the whys and hows.

We were cautiously aware of epistemology; i.e. how we claim to know what we claim to know. There is the question of the extent of how much we can know of social reality, given the constraining factors of power politics on our participants' answers. Some interviewees, *de jure* government officials, were barred due to the new nature of their employment from freely and fully disclosing their views regarding the reasons for this governmentalization. Others who have ongoing relationships with DEIK could equally be censoring themselves in order not to state their criticism, if any, of this phenomenon. Even though such a certain caution was exercised, it is believed that the interviewees have spoken candidly and expressed their genuine opinions.

To recapitulate, our main intention was not to evaluate either the effectiveness or the efficiency of this decision. It was simply to try to explain and understand the motivating factors behind this social phenomenon and how it was made possible in the first place. The effectiveness and efficiency of this decision inevitably took their turn and came out, however, in terms of policy recommendations. Therefore, it would be better to state at this point, that we started by accepting the fact that, to expect a fool-proof cause-and-effect relationship at the conclusion of this research would have been a naïve intention in the first place. It was a possibility that there could be as many declared as undeclared reasons. The aim was, nevertheless, to uncover as many causes as conceivable and try to inspire additional research. It is believed that as far as this aim was concerned, sufficient data have been collected and many deductions have been made to support the hypothesis and make further recommendations. In a nutshell, trade is an essential instrument of foreign policy, and likewise foreign policy is an essential instrument of trade. Both have become intrinsically linked over the centuries, ever since sovereigns and states have engaged in commercial relations with each other. Our quest, although asking for proof of both dimensions, due to the nature of our case study, DEIK, being a commercial institution, came up with more examples of trade as an instrument rather than foreign

affairs being one. Were we to interview foreign affairs subjects, we would most likely end up with the main emphasis on foreign affairs' instrumentalization in trade.



## 4. CASE STUDY: THE GOVERNMENTALIZATION OF DEIK

### 4.1 Cold War Turkish Foreign Policy & Trade (1945-1980)

When observing DEIK, the type of NGO that it is, as well as its evolution into a *quasi/de facto* government organization, considering it within the context of its time and space has crucial repercussions. Given the *a priori* assumption that nothing happens in a vacuum, our subject matter, i.e., “the importance of trade in foreign policy” recalls the need to assess DEIK with regards to its association to and within the broader context of *Turkish Foreign Policy*. In doing so, pertinence points to a historical divide into two distinct periods, namely the Pre-AKP and the AKP years, exhibiting clear deviations both in terms of DEIK’s evolution and TFP itself in its fundamentals and structural determinants. On a second note, the pre-AKP period also requires a sub-division for TFP before and after the 1980s, as it is deemed instrumental to fathom the shift that came about with the Ozal Era, as opposed to the earlier eras of the Republic. It seems that, effective 1983, Turkey jump-started a principal mobilization program of opening up to the world, consolidating and/or mending her broken relationship with the West and then rebuilding the long forgotten ties with the Middle East, the Balkans and the Turkic Republics in cardinal aspects, centering on but not limited to foreign economic policy.

Mustafa Aydin outlines, as one of the main structural determinants of Turkish foreign policy, Ataturk’s policy of “jealously guarding against any intimation that its independence, either economically or militarily, might be jeopardized” (Aydin, 2000, p.104). There is no doubt that the Ottoman debts accumulated in the 19th century, bringing the bankruptcy and the following demise of the Empire, among other things, must have had a major impact in the formation of the young nation’s new foreign policy. Supporting this proposition in Deringil’s work on the continuity of Turkish foreign policy when compared to the Abdulhamid II during the period between 1938-1945 “we see the same emphasis on the need for the State to be free to tend its needs (*Devletin kendi haline kalmasi*). Throughout the latter half of the 1930s Turkey continued to be weighed down by the heritage of underdevelopment bequeathed to it by the Ottoman Empire... Turkey had only been able to achieve some very fragile economic growth. The main reason for

this was that a long period of rehabilitation and reconstruction had to run its course before any real growth could be recorded” (Deringil, 1987, p.44). Notwithstanding, following Ataturk’s death, Turkey’s isolation during the course of the Second World War as a result of her neutrality, the emerging Soviet threat to the Straits together with Stalin’s territorial demands, the structural changes in the balance of power affecting the formation of the Bipolar World and the start of the Cold War appear to have entailed the adoption of a major deviation from the former policies of autonomy and autarchy.

This pre-eminent drift away from the founding prerogatives seems to have commenced with Inonu’s dramatic assent for the *Multi-Party System*. This step into democracy was a normal sequel of not only domestic but also international pressures to advance Turkey on its path towards the Western Alliance. The inception of *The Truman Doctrine* and Turkey’s inclusion in the *Marshall Plan*<sup>26</sup>, plus her membership of the Organization for European Economic Cooperation as well as the Council of Europe and more importantly, the North Atlantic Treaty Organization (NATO), all in a time span of a couple of years seems to have ended Turkey’s isolation while concurrently seeing her dependency and vulnerability in the configurations of “foreign aid” all begin to soar. Here we refer to Waltz’ second definition of interdependency where he speaks of mutual vulnerability; “Interdependence suggests reciprocity among parties. Two or more parties are interdependent... if the costs of breaking their relations or of reducing their exchanges are about equal for each of them” (Waltz, 2010, p.143). Given Waltz’s viewpoint, Turkey’s case appears clearly one of dependency and not interdependency. Besides, Barlas argues that “Turkey perceived the Truman Doctrine as offering it a chance to modernize and enhance its armed forces. Although at this point a direct attack by the USSR was quite unlikely, a more formal association with the US bolstered Ankara’s confidence in its security and served as the first concrete step on the way to

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<sup>26</sup> The Marshall Plan takes its name from the United States Secretary of State General Marshall who “in a speech rendered at Harvard University on June 7, 1947, had invited the European States to come together in a cumulative development effort based on a common plan and a united organization” (Gonlubol, 1996, p.439)

institutionalizing the Turkey-US alliance” (Barlas, Yilmaz, 2016, p.465). Still, Ataturk’s autarky aspirations for his young nation may have consequently suffered deeply.

As the newly elected Democratic Party that came to power, replacing the Republican Party, got carried away under this new maze of angelic foreign aid, Turkey was to enter into a new phase of path dependency<sup>27</sup> with the last years of the Ottoman Empire which would find solace only in a disgraceful bankruptcy within just a decade. Path dependency places importance on history; what has occurred in the past persists because of a certain resistance to change. This resistance to change is paradoxical since only after a brief period of Ataturk’s emphasis on sovereignty and economic independence, just like Abdulhamid II.’s emphasis on the need for the State to be free to tend its needs, Turkey was back in the debt trap. Altunisik and Tur argue that “(t)he sometimes over-zealous attitude towards issues of sovereignty and territorial integrity and a lingering suspicion of its Western allies despite its goal of becoming a member of their club, for instance, could have been fed by the memory of the past” (Altunisik, Tur, 2005, p.91). Between “1947-61 Turkey received \$1,862 million in military assistance and \$1,394 million in economic assistance” (GAO, 1974) from the United States. To the astonishment of the Menderes government, this seemingly easy foreign money that was equally lavishly spent, came with heavy strings attached, changing Turkey’s path in the domestic as well as the international context for the good part of a century. Mustafa Aydin asserts that “(a)s a result of this extensive assistance, Turkish leaders apparently became insulated from economic reality, and consequently established Turkey’s long-standing dependency on foreign assistance” (Aydin, 2000, p.110), leading to a grim spiral of mismanagement of funds in pursuit of populist policies which abruptly prepared for the Turkish government’s bankruptcy and rescheduling of her debts with an international consortium of western capitalist nations only a decade later in 1958.

On the eastern front, Turkey’s new tilt and unconditional alignment towards the West, in addition to her *Westernization/Modernization* efforts ever since the Republic’s

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<sup>27</sup> Steve Yetiv explains that path dependency “is the notion that a causal dependence exists between prior events and processes and contemporary events and processes” (Yetiv, 2011, p.104).

foundation on secular values, that was crowned by the abolition of the *Khalifate* in 1924, had brought about an alienation with her Middle Eastern neighbors; the ex-subjects of the Ottoman Empire. This divide, most likely reached its peak after World War Two to include a wide range of *Third World* nations at the Bandung Conference in 1955 whereby Turkey defended the West against socialism and communism as well as the non-aligned movement; i.e. “on the issue of whether the Soviet Union was an imperialist power, Japan supported Turkey’s rebuttal of Nehru’s argument that the Eastern European countries were independent states and could, therefore, not be classified as colonial enclaves of Russia” (Ampiah, 2007, p.191). In theory and practice, Turkey appeared a satellite of the Western Alliance, highly dependent on it for economic and military aid; a state far removed from Ataturk’s aspirations of sovereignty for his young nation. Turkey had been playing on the Soviet threat to the West both in a genuine effort to protect herself from Communist encirclement, but also as leverage which she, at times, overplayed to exacerbate her geopolitical significance to the West. Aydin argues that this time however, as a consequence “Turkey became isolated from the Third World, an isolation which would later be felt in the United Nations” (Aydin, 2000, p.114).

This strict Western orientation continued until the Cyprus crisis of 1964, when the infamous “Johnson Letter” came as a sledgehammer to the Turkish government elite and intelligentsia and made them question this one-sided unconditional allegiance, warranting a reappraisal and diversification in TFP. Needless to say, the 1962 “Cuban Missile Crisis” and the unilateral removal of the “Jupiter missiles” from Turkey, the easing of tensions between the two blocs and the start of “Détente” must have helped in Turkey’s ambitions to expand its foreign policy options in the new multi-dimensional environment that provided favorable conditions for some autonomous action for a country like Turkey. Among the most significant of the policy actions taken was the rapprochement with the Soviet Union that centered on both trade and foreign aid. “Already in 1965, trade with the Soviets reached 20 million dollars or double the amount of the previous year. In 1964, the volume of Turkish trade with the Eastern Bloc based on bilateral agreements was placed at a total of 65 million dollars in imports” (Karpat, 1975, p.96). As the rapprochement with the Western Bloc in the 1950s as well as the Communist one in the 1960s both demonstrate, an initial economic tilt, in addition to foreign aid, trade and FDI

by the same token appear to be a viable way to start the facilitation of foreign relations. They are especially so regardless of the ideology of the parties concerned, given the permissibility of a security context such as *détente*. In the late 1960s and early 1970s, with the easing of security concerns and *détente* in the international system, the growth of cross-alliance economic relations as well as an awareness of North-South discrimination were on the rise. The rise of the Third World with the *G-77 Movement* made the context more amenable to Turkey's somewhat independent foreign policy advocacy. A break from the Western alliance was imperative, not only for economic reasons, however. The sheer size of the Third World nations in the UN, leaving Turkey in isolation about the Cyprus conflict in 1965, as well as in 1976, demanded a closer stance with both the Arab states as well as the Eastern Bloc in order to convince them otherwise on Turkey's perception of the "Client State".

Meanwhile, in the domestic context, the bankruptcy of the Menderes government, drained by the extravagant spending of Western foreign aid, had generated a major trauma in the aspiring still young nation. With the toppling of the government through a blunt military coup on May 27, 1960, Turkey found itself in a *new normal* both politically and economically. Soon after the coup, ironically, one of the most liberal constitutions of the Republic ever was put in place by the military junta, which in its economic implications, urged the new pluralistic government to prepare the "*First Five Year Plan*" for massive economic development and modernization, which had placed great emphasis on Turkey's need for external capital with recourse to all possible sources. For instance, again soon after the coup, when it was clear that aid from the NATO consortium was not forthcoming, Turkey resorted to the Organization for Economic Co-operation and Development (OECD), in 1962, for funds to be able to see through its five-year plans. In addition, with an application already made by Menderes in 1959, Turkey negotiated an *Association Agreement* with the European Economic Community, EEC, in 1962, to strengthen its place as a European nation. It appears Turkey was widening its horizons and trying to place her eggs in different baskets as a security measure, while still clinging onto the Western ideals of modernity and democracy.

While Turkey struggled with its own internal economic and political problems, through the 1960s and 1970s, it was the *Cyprus Problem* that determined much of its foreign policy after 1974. Once again, isolation in the *Colombo Conference of Non-Aligned Nations* in 1976, as well as the UN General Assembly vote on a draft resolution on Cyprus in November 1976 with 94-1 votes against Turkey, with 27 abstentions (United Nations, 1976) came as a body blow for Turkey to face the fact that it had to work harder to expand its options of allies if it were to find worldwide support for its national causes. Still, Turkey's search for new allies was not automatically of her own choosing. The arms embargo put in place by the United States in 1975, in addition to the opium ban in 1971 due to American pressure, seem to have complicated economic life further for a nation trying to stand on its two feet. Aydin, referring to the *United States Bureau of Narcotics and Dangerous Drugs* estimate of 1968, as stated in the United States State Department's press release No.108, underlines that as "early as 1968 the United States started to pressure Turkey to adopt the strictest control to prevent the illegal trafficking of opium in Turkey, they believed constituted 80 per cent of the heroin illegally consumed in the United States" (Aydin, 2000, p.126-7). Opium was a major source of foreign exchange, which was necessary for importing intermediary goods. Its sales, legal or not, constituted a major economic leverage for Turkey, whose economy still heavily relied on *import substitution* and *autarky*.

In spite of the mismanagement of external debt, it would be unfair to conclude that Turkey's economic misfortune was solely of its own doing and choosing, either. The international economic environment was concurrently shaken by the *Oil Crisis* and Organization of Petroleum Exporting Countries (OPEC) embargo of 1973, leading to widespread anguish about the supply of energy for Western economies for the first time. To top that, the unilateral abandonment of the *Gold Standard/fixed exchange rates* by the United States had led to a flotation in the exchange rates, with the unprecedented uncertainties that followed. "In 1971, hamstrung by fixed exchange rates and facing increasing inflation from high government expenditures, the Nixon Administration devalued the U.S. Dollar, ending the 'gold exchange standard', one of the three pillars of the post-World War II Bretton Woods accords, which also created the World Bank, the International Monetary Fund, and the General Agreement on Tariffs and Trade,

superseded in 1995 by the World Trade Organization. The second event followed just two years later, when the 1973 Arab–Israeli War disrupted global oil supplies, leading to dramatically escalating prices and shortages, alerting scholars and practitioners in the West to the power of the commodity-exporting states” (Hancock, Vivoda, 2014, p.207). It was a “brave new world” out there. A recession gripped Europe, which constituted Turkey’s biggest trading partner, along with a period of instability in the financial markets and foreign trade around the world. Turkey’s aspirations for healthy development were once again hindered. In Aydin’s view, although “Turkey’s economic growth rate in the 1970s was relatively high, averaging between 7 and 8 percent annually, it was not due to healthy growth of the economy. This high rate of growth was achieved at the expense of massive imports without any significant increase in exports and was financed by heavy foreign loans<sup>28</sup>” (Aydin, 2000, p.131). It seemed Turkey was again in a vicious cycle of foreign debt and dependency. But not all her troubles was economic; “(c)lass politics began to emerge during this period as industrialization was taking root in the country. In 1971, the military intervened in politics with a memorandum as the political parties proved unable to respond to challenges from different groups. During the 1970s ideological differences deepened. The political system came to a deadlock by the end of the decade” (Altunisik, Tur, 2005, p.25).

As if her domestic troubles were not enough, after the 1974 Cyprus intervention, the arms race with Greece and self-sufficiency efforts due to the embargo, appear to have strained Turkey’s already scarce resources, while making her re-question her allies and the NATO defense alliance. Coupled with the increase in the price of oil, the scenario was terribly grim so that by 1978, “the cost of oil imports equaled Turkey’s entire export earnings” (Aydin, 2000, p. 131). Heading towards a second bankruptcy, Turkey’s elites had no choice but to diversify the country’s foreign policy to include the Soviet Union and the oil-rich Arab countries, in order to have access to much-needed loans and funds; a strategy which would have been unthinkable a decade ago given the fact that the “effects of the bipolar international system, pitched Turkey as a member of the Western bloc, against some of her neighbors, while historical and political differences contributed to

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<sup>28</sup> Please refer to Figure D.5 page 350 for an indication of Turkey’s imports as a % of GDP

create a hostile security environment with others” (Tur, Han, 2011, p.9) Any further aid or loan packages would entail heavy austerity conditionality from the IMF, given the deteriorating relations with the United States, the IMF’s major donor. The EEC option was also almost put on ice, with the latter’s attention directed towards Mediterranean countries and former colonies, as well as Greece’s accession. Moreover, the much-expected agricultural concessions were not forthcoming, while restrictions on textile exports raised doubts about the relationship’s mutuality. Aydin recaps the state of the relationship and its domestic implications in the following quote: “(r)elating the close link between economic concerns and foreign policy objectives, Turkey’s association with the EEC further polarized Turkey’s political parties, which in turn had adverse effects on Turkish-EEC relations” (Aydin, 2000, p.132). Turkey was becoming more and more divided internally on its international direction, as the West embodied by the United States and EEC was falling short of Turkey’s grand aspirations.

In a nutshell, during the two decades of the inter-coup period between the 1960s and 1980s, while the Western Alliance and its identification as a foundation of Turkey’s foreign policy was still intact, Turkey was somewhat driven to find courage in pursuing its national interest with an atypical autonomy in decision-making. Suddenly, the Soviets no longer looked as threatening and the Arabs with their magical oil no longer appeared as treacherous. The Non-Aligned Movement or the Third World was a living fact, and as long as Turkey was desperate for multi-lateral support in the United Nations, for its Cyprus cause among other things, it was instrumental to take them on board. Crumbling relations with the United States and the discriminating policies of the EEC were catalyzers in this change. TFP’s structure if not its foundations were in a state of turbulence and soul-searching. Whereas domestically, Turkey’s internal dynamics with a sharp Left/Right ideological polarization and party fragmentation had left many issues of high politics, such as Greece and the Aegean unresolved, with weak coalitions unable to implement decisive solutions to either the economic or political problems, Aydin suggests that nevertheless, “Turkey exhibited strong moves in this period toward developing good political and economic relations with the non-aligned states, particularly those in the Middle East and the Balkans, and the Eastern bloc countries....Hence, on the eve of the worldwide energy crisis and the Cyprus intervention, with all its ramifications, the stage

had already been set for a search to find new orientations for Turkish foreign policy” (Aydin, 2000, p. 133). The steering wheel was zigzagging and the ship appeared to be *en route* to unknown territories yet a decade later in an article on the contours of Turkish foreign policy in the 1990s, Kut argues that “with respect to its geographical position, economic level, human resources and military power, Turkey is indisputably important for all regions surrounding it: Turkey is uniquely effective in the Balkans, the Caucasus, the Black Sea, the Mediterranean and the Middle East simultaneously” (Kut, 2001, p.8). From a differing standpoint Kaplan exclaims that “(t)he lack of dry-land contiguity means that though Turkey influences the surrounding area, it is not geographically pivotal in the way that Iran is to its neighbors. Turkey’s influence in the Balkans to the west and Syria and Mesopotamia to the south is primarily economic” (Kaplan, 2013, p.285). As different as it may be to Iran, Turkey’s new strategy to move on had begun to pay off by 1990s.

At a time when even Turkey’s three decades of unquestioned allegiance to the Western defense system NATO was under scrutiny, not only TFP but also Turkish Economic Policy was to search for new horizons. As globalization was starting to rear its head in the background with *complex interdependencies* popping up everywhere as the new normal of the day, Turkey had to unearth omnifarious ways and means to integrate with the world in order to survive. Import substitution and autarky no longer appeared to be viable options, particularly for the energy deprived country that Turkey was.

#### **4.2 Ozal’s Legacy – Pre-AKP Years (1980-1986)**

##### ***Pre-military coup***

Drawing on William Hale’s analysis<sup>29</sup> of the political and economic developments of modern Turkey, Ilkin remarks that the “major problem of the Turkish economy between 1960 and 1980 was the difficulty in securing its foreign exchange requirements” (Ilkin, 1991, p.89). This was more than anything a structural problem. Business circles were

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<sup>29</sup> For more details please see William Hale, 1981, *The Political and Economic Development of Modern Turkey*, Croom Helm, London pp.117-69

inclined to concentrate on imports rather than exports, rather unsurprisingly, because of the rents accrued under the Import Substitution Industrial (ISI) model. The model was ironically set up by the managers of the Turkish economy in the first place. Therefore, to say the least, by the end of the 1970s, the Turkish economy was in a pretty bad shape. With inflation reaching 50%, the foreign exchange reserves of the Central Bank approaching zero and massive losses accrued on state enterprises, the black-market economy was running full force. The ISI that had defined the Turkish economic development had reached an impasse. “In February 1978, the Turkish Government (had) introduced a stabilization program with the aim of alleviating the foreign exchange problem and inflation which was supported by the IMF” (OECD, 1978, p.18) but measures were supposedly not satisfactory. The government could not even pay the salaries of its officials in foreign missions, while those at home had to wear their coats in the office as there was no fuel oil to be spared for even basic heating. Hale’s analysis is prescriptive for both domestic as well as foreign policies conducted by the governments after these turbulent two decades such that “Turkish governments realized that their success or failure in delivering economic benefits, in the form of higher incomes and employment, and better social services, was the main criterion by which they would be judged by the electorate. A successful economic programme primarily required effective domestic policies. However, economic needs also became an important factor in foreign policy. In particular, Turkish governments had to try to prevent political conflicts with important trading partners, and avoid isolationist policies that could have cut them off from international financial markets or potential investors” (Hale, 2013, p.151). Some hard but pragmatic lessons were learned.

Meanwhile, the 4th Five Year Plan (1979-1983) was being drawn up along the lines of the Ecevit Administration’s ideological worldview intending to “restructure and strengthen the state system by enlarging the capacity of the state to enact larger interventions in the mixed market economy with more protectionism” (Altun, 2009, p.17). Ecevit apparently saw the remedy in not less but more state involvement and a mixed market economy instead of Adam Smith’s classical liberalism, where the market is set free to self-regulate itself. Here, for the purposes of our hypothesis, a reference to Ayse Bugra’s evaluations of Karl Polanyi’s seminal work seems to be instrumental in

understanding Ecevit's vision: "the establishment of a self-regulating market economy requires prior state activity in institution-building; intervention is also required to protect the social fabric against the disruptive influence of the expansion of markets in all spheres of social life" (Bugra, 1991, p.151-2). Polanyi further claims quite simply that "(t)here was nothing natural about laissez-faire; free markets could never have come into being merely by allowing things to take their course... laissez faire itself was imposed by the state" (Polanyi, 2001, p.145) and so thought the Turkish government elite. If we accept Polanyi's propositions, then we could say that Ecevit was thinking of effecting a restructuring of the markets and building up its institutions by strengthening the role of the state; a strategy which he thought was demanded by the markets to overcome its deficiencies, especially in balancing the trade deficit. *Laissez-faire* would follow only later if and when the market is ready. If so, by the same token, we could also make the assumption that the directives of Ozal's Motherland Party, (ANAP), to establish DEIK under the TOBB in 1986 was also a version of state intervention in institution-building, albeit a minor one.<sup>30</sup> Similarly, then we can deduce that the Justice and Development Party's intervention in DEIK by means of governmentalization in 2014 could also be evaluated along the same lines: a "prior state activity in institution-building" if not a protection of the social fabric. Through DEIK's governmentalization, the AKP, in effect, could have achieved a new means of institution-building, in the peculiar way it deemed it legitimate to rebuild the social fabric which is expected to confirm its worldview.

Whereas Turkey's elites at the time foresaw more intervention, by the 1980s, the world was moving away from the *Keynesian* economic policies that preached government interventions. The compass had turned in the opposite direction, towards the neoliberal economic system advocating an open and free market economy with little or no government involvement at all. The Thatcher and Reagan Administrations on both sides of the Atlantic waved the flag for neoliberalism that was incorporated in the new accord becoming widely known as the "Washington Consensus". In Thatcher's words, the new course of action was paraphrased TINA: "There is no alternative" (Robinson, 2013) other

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<sup>30</sup> Please note the Turkish for Motherland Party is Anavatan Partisi, ANAP. The Turkish abbreviation will be used throughout the thesis.

than the invisible hand of the markets to set things right; a motto which seems to resonate in liberal political economies to date. Today, still a controversial policy whose effectiveness is being debated in post-mortem arguments, the “Washington Consensus”, according to Joseph Stiglitz, means the following: “the term ‘Washington Consensus’, in the minds of most people around the world, has come to refer to the development strategies focusing around privatization, liberalization, and macro-stability (meaning mostly price stability); a set of policies predicated upon a strong faith – stronger than warranted – in unfettered markets and aimed at reducing, or even minimizing, the role of government” (Stiglitz, 2004, p.1). Global markets were eager to see less of government in their affairs, whereas Turkey’s elites’ visions would possibly make it harder for Turkey’s political economy to fit in.

At a time when the new Five-Year Plan was intact, Ecevit’s loss of power in mid-term led to his resignation. The formation of the new Demirel minority government (his Sixth Prime Ministry) on November 12, 1979, came along with a deliberation to alter these economic plans which were incontestably not working for his predecessor. Demirel, who was aware that, above all, serious infrastructural changes were needed to leverage the economy, had asked Turgut Ozal, a technocrat with a career in the State Planning Institution and the World Bank to come in and head the Institution. Ozal, with his own agenda and ambitions, and possibly paving the way for his own political career, in addition, had asked for and was granted the position of Undersecretary to the Prime Minister. The end result of this partnership was the infamous “January 24 Decisions” of 1980. The new program, as predicted from the analysis of the aspirations of the new leadership, was to bring into effect the demise of Ecevit’s programs, being very much in line with the Washington Consensus. This was a colossal diversion from decades of the Turkish economy’s imperatives; mainly “closed state economy based on import substitution with a leading role of the state”. A new era, unlike anything seen before was about to start. There were severe labor pains at the threshold.

What followed were harsh austerity measures bringing about large increases in prices, along with a major devaluation of the Turkish Lira against the US Dollar. Incentives for exports were introduced, while imports were liberalized. This was the death of

protectionism for Turkey's economy. In Demirel's description, the Turkish economy of the time was "a planned economy, a mixed economy since the 1960s...It traded with the world, but it was not integrated to the world...Privatization of state enterprises was needed...Private enterprise had to be given extensive opportunities. In addition, there was a great need for experienced entrepreneurs who would produce and export competitive goods...Turkey needed a financial and trading system integrated with the rest of the world" (Altun, 2009, p.25). Even though recovery at home was painful, these measures had served to improve relations with the international system and its actors. The International Monetary Fund, (IMF), had finally agreed to release the long-suspended credit line of 419 million US Dollar (Altun, 2009, p.28). The long-expected relief from the Allies had finally come. Conformity with Western Capitalism had won Turkey a breath of fresh air, saving it from choking. Substituting state for personal, Weber argues that the "trick to making liberalism work - to making liberalism function - is to delay any sense of disappointment its subjects experience when economic desires fail to satisfy personal desires. Capitalism does a very good job in helping liberalism succeed on this score because the message of capitalism is that economic enjoyment can equal personal fulfillment so long as one keeps consuming" (Weber, 2005, p.119). 1980 was witness to the 13th stand-by agreement signed with the IMF since Turkey's membership in 1961. Turkey kept consuming. Until 2005, Turkey was to sign a total of 19 agreements for a cumulative sum of US Dollar 56.9 billion, from which US Dollar 49.6 billion was drawn (Aktas, 2013). As scary as these figures stand, their implications could in fact be to the detriment of the borrower country in other ways as Stiglitz argues, since the "billions of dollars which it (IMF) provides are used to maintain exchange rates at unsustainable levels for a short period, during which the foreigners and the rich are able to get their money out of the country at more favorable terms (through the open capital markets that the IMF has pushed on the countries)" (Stiglitz, 2002, p.209). Turkey had entered a vicious debt cycle with the illusion of economic enjoyment and personal fulfillment its citizens derived from consuming that was unfortunately financed by external debt.

### *The military coup and beyond*

Just as the economy had grasped a moment of relief, however, something else intervened that rendered all else insignificant. With the military coup of September 12, 1980, the government was dismantled overnight, and a *state of emergency* was declared countrywide. For the third time in three decades, Turkey's democratic system had been meddled with. Onis draws our attention to the influence of economic indicators in this coup, as well as the one 20 years ago with the following take "the wave of economic crises had costly political ramifications leading to breakdown of democratic regimes, notably in 1960 and 1980 (Altunışık, Tur, 2005). At the same time, however, these periodic crises have created an opportunity space or a possible opening for a radical break with the previous model of accumulation" (Onis, 2009, p.410). This coup could be regarded as a novelty when compared to the previous two, be that as it may, in that, at the speed of light, eight days later on September 20, the new government headed by former naval commander Bulent Ulusu as Prime Minister was appointed by the National Security Council, (NSC), while the very same Turgut Ozal was promoted to Deputy Prime Minister and asked to keep the economic program in place just as it is. In fact, Ozal, within this new anti-democratic ecosystem and with no strings attached to the constituency nor electoral concerns thereof, was able to decisively implement the program even better than before.

Even though it would take years of transition for the Turkish economy to adapt to the new dynamics of the free market economy, with its unfamiliar risks and equally grand rewards, the initial painful phase could be carried out by this new government without much reaction from the public. As a result, while universities, trade unions, the press and voluntary associations were largely restricted in their daily activities, Arat claims that the coup and the new system it brought about "nevertheless provided the political framework in which technocratic elite could make the export-oriented growth model work" (Arat, 1991, p.141). Turkey was back on track and the results were beginning to be not only noticed but also promoted by the international counterparts as a sort of *Turkish Miracle*. In 1981, Ozal was chosen as the "Economy Minister of the Year" by Euromoney magazine in the UK (Goldman, 1981, p.9). The new player in Turkish politics, Ozal, in

his path to the presidency, had larger aspirations for Turkey from the start, aiming for it to break down its walls and become a regional power. Onis describes him as a unique character: “His moderate Islamist leanings enabled him to appeal to the conservative masses on the periphery of the Turkish society, whilst he could also appeal to the secular elites through his attractive projects aimed at modernization and economic reform through closer integration with the western world” (Onis, 2004, p.116). He believed the only way forward for Turkey was through the acquisition of economic might and strong relations with other states based on mutual self-interest.

For the purposes of our hypothesis, the fact that he was a strong believer in the role of the economy in foreign relations is visibly reassuring. In his very words, he exclaimed that a “country whose economy has strengthened will have political weight. In a country’s foreign relations, in my view, economy has 80% weight. Today, all countries’ ambassadors, ministers, prime ministers are trying to sell their national goods... There are those who say buy this from us and we will facilitate this issue for you. There is a necessity to be realistic in these matters... Everything depends on mutual benefit. Of course, among these benefits, those related to commerce and trade gain importance” (Cemal, 1990, p294). Ozal not only advocated a strong economy or trade, for their power and distribution implications in the international system per se, but he literally believed that “the country's future depended on exports” (Milliyet, 1984, p.1) as far as the consolidation of democracy was concerned; since, in his view, Turkey’s three military coups every 10 years since 1960 coincided with and/or followed her balance of payments problems. Solving the balance of payments issue, therefore, was his key to ending the military interventions in Turkey’s democracy. And in order to solve the balance of payments problem, one needed to overcome the foreign exchange shortages and that was something to be done through exports. This would prove to be a task, nevertheless, easier said than done. Here is why.

### ***Export or Die***

Turkey’s main industrial output at the time was consumer goods, whose production required imports of raw materials and intermediary parts. This, in turn, intensified

Turkey's dependence on imports which, consequently, had enlarged the trade deficit almost continuously since World War Two. In reality, it was hard to talk of Turkey's comparative advantage in terms of industrial goods at all. Exports were mainly agricultural products. Turkey's exchange reserves had come close to zero, which meant that one of the biggest shortcomings the economy faced was "access to foreign exchange funds". The crisis was so dreadful and desperate that one of Turkey's biggest holding companies, Koc, had made an agreement to pay its partner, Fiat, for intermediary parts used in automobiles, by selling them wheat in return (Altun, 2009, p.35). It was as if Turkey was back in the barter days of the Middle Ages. In effect, there were many structural problems in the way of the development of exports. The lack of both physical and regulatory infrastructure, not to mention the shortage of basic knowledge and the presence of huge bureaucratic systems stood as obstacles for Ozal's aspirations to open up to the world, but he was determined to solve this dilemma. For him, to increase exports was a national duty. He was aware of the absence of institutionalized export practices and wanted to build his legacy on trade, by enabling through regulation and incentives, the construction of models in Turkey from successful examples like the Japanese export trading company "Sogo Shosha". Sogo Shosha was a good model because it coordinated organized international trade of anything from noodles to rockets for many smaller firms which could not do such things on their own. One such example was Mitsubishi, which handled the trade of over 25,000 items with an extensive array of branches spread all over the world. Prof. Tanaka in a research on the origins, establishment and development of the SOGO SHOSHA argues for four points as its basic characteristics: "a) They dealt with a variety of products. b) They targeted various regions for trading. c) They had established some kind of institutionalized modern business management system for risk management on wholesale distribution and business expansion of branches. d) They had strong ties with the domestic industry and invested substantially in various kind of business" (Tanaka, 2012, p.4).

As a result, by means of government intervention in the market, Ozal ordered the foundation of Foreign Trade Capital Companies that would serve to promote Turkey's international trade. This appeared to be an effective strategy, as these companies, in a very short time span, i.e. between 1981 and 1984 would increase the share of the private

sector in exports from nine to 40%. They were the flagship of Turkey's mobilization for exports and the results were hailed as a "miracle" in the international arena (Arslan, van Wijnbergen, 1990, p.1). These export companies, constituting a powerful interest group, would in 1983 form an association called TURKTRADE. The same TURKTRADE would be one of the nine founding members of DEIK only three years later. It would systematically extend its reach to become an allegedly consequential influencer on the State Planning Organization (SPO), as well as the Undersecretariat of Foreign Trade. Drawing on the experience from TURKTRADE's relationship with the State, we could deduce the idea that a private sector institution, even if instituted by means of discretionary government directive to regulate exports in the private markets, could in time evolve to affect the very government that created it, by becoming a powerful private sector interest group.

### ***Public-Private sector rapprochement through trade***

Ozal's interest, vision and involvement in this matter could reputedly be adjudicated an outright example of a government association in international trade using regulatory and financial intervention. Understanding and interpreting from his own words, the importance Ozal gave to trade as an instrument of foreign policy, suggests that his premeditation to develop and use international trade was in order to boost the economy and hence the economic might of the country. This, in turn, would translate into a considerable weight for Turkey in international politics and grant her a status of *Regional Power* if not the *Empire* that she had been 60 years before. The rapprochement between the state and the private sector is telling in the sense that cross communication, inter alia dialogue are imperative in economic and foreign policy matters. In this respect, Ozal might as well be, a special case, a first in Turkish political life. As prime minister, he broke away from years of prejudice and reservations between the public and private sectors as he "himself earlier a TUSIAD member, had twenty ministers in his Cabinet, of which sixteen had worked in the private sector" (Arat, 1991, p.144). There is little doubt that collaboration and cooperation are assumed to be best achieved when policies are drafted to the mutual benefit of the parties involved, both public and private. There should be a caveat though that the more robust the interest lobby, the more there is a danger that

policies are not automatically drafted in the best interests of the common good but possibly in greater favor of smaller groups of elites; in other words, favoritism at work.

Bugra argues that “(b)usiness success in such an environment is contingent upon mastery in obtaining political favours in such a way as to influence the government’s discretionary meddling in the economy, and the ability to make profits through quick responses to changes in the rules of the game” (Bugra, 1991, p.159). Bugra also maintains there is a continuity in Turkish business life of a certain “low self-image” and lack of confidence about the legitimacy of their activities. If we expand her argument to 2014 and DEIK’s governmentalization, we can contend that as there was almost “no objection/reaction” to the new status of DEIK, we can conclude that this is not only reflective of the continuity of this low self-image but it is also suggestive of a certain expectation of obtaining political favors through obedience, a certain *modus operandi* of “seizing and saving the day”. As long as this *low self-image* assumption is valid and as long as the possibility to make profits through quick responses to the changes in the rules of the game is the norm, it seems that a healthy formal relationship between business interest groups and the state in Turkey is still far from becoming reality.

On the other hand, if we assume that the more interaction there is between the business world and the government, whether by means of extreme intervention such as the governmentalization of DEIK, or through mere regulatory decrees, it is to be expected that the dependency of both parties on each other would also be inevitably magnified, interwoven and multifaceted. At times this dependency could reach levels where one’s success could even depend directly on the others. Arat argues that in the 1980s this was the case, for instance, for TUSIAD which “had to endorse the government's policies despite its increasing dissatisfaction with them, because the Motherland Party at the time was the best bet for big business” (Arat, 1991, p.144). This is the same TUSIAD which was so vocal only a decade ago about the previous government, allegedly toppling it. It is also the same TUSIAD which kept relatively quiet about DEIK’s governmentalization at its initial stages in 2014, choosing to dispatch itself quietly from DEIK months after the decree, on February 28, 2015, by opening a lawsuit to relieve it of its duties and status as a founding institution of DEIK. In a statement, TUSIAD politely justified this dispatch

as follows: “While we are grateful for the invitation of our Ministry of Economy to be part of the new restructuring of DEIK, as a voluntary civil society organization representing the business world, TUSIAD’s statute at national and international levels, has constituted the basis for taking a decision not to become a member of DEIK as regards its new official structure” (Topcu, 2017). The departure of TUSIAD from the founding membership of the very institution it had led the establishment of is, in reality, a very solemn blow to the new structure, questioning the *raison d’être* of DEIK, and should be taken very seriously by the state so as to question the legitimacy of this intervention and the purpose it was meant to serve.

No one can doubt the importance for the State of keeping a healthy distance from all parties while at the same time keeping them at close enough a range to be able to develop long term, sustainable but equally flexible foreign policies related to international trade which would consequently safeguard the national interest. The task is clear but once more it seems it is easier said than done. In this respect, going back to the 1980s, we see that as Foreign Trade Capital Companies established through Ozal’s directives got stronger, criticisms inevitably followed. These companies were accused of using huge government incentives and tax returns for their own benefit, exploiting small producers and pressuring them to decrease their margins, without any added value of their own (Milliyet, 1987b, p.5). Voices were beginning to be raised by those who felt that they were left behind. Halit Narin, the President of TISK, in a speech he gave on a panel organized by the Istanbul Exports Union, raised furious allegations against the special relationship between TURKTRADE companies and the State: “This country’s exports cannot develop in the monopoly of a few companies. Due to the elevated rights and privileges given to them by the government, some companies pressurize the state by stating that ‘If you do not give incentives we will not export and sell the goods’... Industry comes before exporters... If we do not produce what would they sell? This business cannot be done by 20-22 Princes and a couple of protected Chateaux. We are saying ‘do not forget us as well’” (Cumhuriyet, 1985a). The case warrants that the very apparatus indirectly created by the State can come back to haunt it if the relationship between the two is not managed at a healthy distance. While the State is assumed to be omnipotent compared to the institution, the interwoven links between the two can, in time, undermine the State’s

neutrality and bring about a kind of nepotism at the expense of other stakeholders who ironically want a piece of the same pie. Would a similar outcome occur in the case of DEIK and its new status? A follow up of DEIK's evolution is needed to find out.

It is foreseeable that institutionalization takes time and effort. In developing countries, while models could be imported from the international system, not all recipes fit every culture and norms of doing business. Ethics, traditions, relationships differ and no matter how perfect a model looks in one market, it is no guarantee that it will succeed 100 percent in another. Each country's experience is unique. What might have worked in Japan, Brazil or Korea could be a good start to base the foundations on, but time and space bring their own independent variables to the equation, causing versions of the imported model to evolve as rules, norms and principles of any institution are interwoven into the unique cultural and social fabric of the nation. The Turkey of the 1980s experienced its own unique troubles with her new reality of opening to the world.

Conflict of interest was seen among private sector pressure groups, according to their proximity to the State, with regard to the pie to be shared. With a strong State which holds a leverage on the private sector with instruments to intervene in the market, such as incentives, regulations, subsidies, and tax cuts to name but a few, economic interest groups start competing for more favor. This may, on the other hand, not be such a bad thing. Even though the new monopolistic system of export companies was criticized, no one could refute their success. Turkish exports through them had considerably risen, and most of these new additions to the portfolio were made up of industrial goods. Onis argues, however, for a paradox in Turkey's political economy since despite the liberalization of the economy there was "an ambitious growth strategy based on the expansion of the public sector... Instead of a retreat of the state, we observe a significant re-ordering, and re-organization as well as further centralization of the state-apparatus itself... a large public sector and rent-seeking behaviour albeit in novel and modified forms continued to manifest themselves" (Onis, 1991, p.39). It seems "rent-seeking" is too hard to let go for both the public and the private sector which has direct and indirect business with the government.

### *Turkish Foreign Policy vs Trade. Quest for new Horizons?*

Just as TFP had started to search for alternatives in different geographies in the 1960s and 1970s, Turkish foreign trade had also commenced to look into new horizons to complement rather than replace its Western orientation. By 1984, it was reported that Turkey had not only expanded the number of countries that it exported to but that the share of Middle Eastern and Islamic countries in total exports had also increased. Although nine countries accounted for 70% of the total exports, Western Germany, Iraq, Iran, Italy and Saudi Arabia held the top five positions (Cumhuriyet, 1985b). To reiterate, ideologically, TFP had tried to distance itself from the Middle East and the Third World in general, to the extent of being considered as a puppet of the West mainly due to the Menderes government's self-appointed advocacy in the 1950s in favor of the Western alliance. With the OPEC crisis of the 1970s and the new Ozal Administration's conservative Islamist worldview, the oil-rich Middle Eastern countries now stood as a viable option with lucrative potential. They fell into the correct column with their accumulated capital surplus and lack of consumer goods. Turkey had the comparative advantage of geographical proximity to these countries to where transportation by land was easy. It was in these years that infrastructural changes were underway; the Trans-European Motorway (TEM) whose agreement was signed in 1977 was starting to be built.

Meanwhile, the Iran-Iraq War that had been going on since 1980 had become a new market opportunity for Turkish exports (Altun, 2009, p.56). War is sadly a major boost to an economy. One nation's doom could be another's opportunity. Even so and maybe specifically in times of war, economic instruments may be used to more effectively serve foreign policy interests. In this case, Iran, due to the Islamic Revolution of 1979, was blocked by a major embargo of the United States and some of its allies. Turkey was in a favorable position to break this embargo and sell its goods to Iran simply because of its borders. This was true, no matter how ideologically distant to the secular Turkey Iran was with its new Islamic government. War or no war, in Ozal's words this belated diversification of export markets and foreign policy in general, be it with Iran or the Middle Eastern countries, was imminent, indispensable and not necessarily incompatible with Turkey's long-established Western alliance and orientation. He claimed that "(o)nly

today we are becoming aware of the fact that our ongoing long-term relationship with the West and our developing relations with the Middle East and the Islamic World are complementary to one another within the scope of Turkish foreign relations” (Cumhuriyet, 1985c). In Ozal’s view, Turkey’s strategic location serving as a Bridge between Asia and Europe obliged her to fulfill this mission economically and politically.

There are various conclusions we can draw from this statement. We can interpret that Ozal’s worldview was more sympathetic to the Middle Eastern and Islamic Countries than that of his predecessors. In addition, it could be that the new domestic context was less critical towards these geographies. Assuming that TFP was already in search of new horizons and a more independent course, due to the developments in the 1960s and 1970s and possible disappointment with its post-World War Two Western alliance, the trend was put in motion even before Ozal. The oil crisis called for a reconsideration of economic partners as money was changing hands; away from the West, towards the oil-rich OPEC. To reinforce this trend, the war between the two neighboring nations presented an unforeseen opportunity. These warring nations became such an important outlet that “(a)round 25 to 30 percent of Turkey’s exports after 1980 were directed to Iran and Iraq” (Ilkin, 1991, p.95). It appears this war had come to the rescue of Turkey’s FX problems at a time when Ozal’s export campaign stressed the search for new markets.

In the meantime, Ozal had resigned from his post to form the Motherland Party in 1982. He had won a sweeping victory in 1983, as one of the three parties allowed to enter the elections by the NSC. In this new era, he turned years of government tradition upside down by appointing to his cabinet and top bureaucratic positions experienced businessmen. “This was maybe for the first time, an organic bond between the government and the business world was formed” (Altun, 2009, p.65). This was a brave new world. His unorthodox style was deeply felt, especially within the Foreign Policy Establishment, where years of static status quo tradition was being challenged from the very top. In his prime ministry, his style in foreign affairs was described as “economic pragmatism”, a flexible style with large room for maneuvering that allowed him to pursue his goals bereft of ideological concerns. Acar explains this as follows; “Ozal attached a very positive value to being ‘realistic’ and ‘pragmatic’ and often boasted about this aspect

of his approach to social, economic and political issues” (Acar, 2002, p.168). “He valued economic goals immensely and prioritized them above political and social instruments. His expectations of economic tools as an instrument of determinant degree in Turkish foreign affairs proved true as he expanded trading options first to neighboring countries and then in a growing circle towards other regional actors. He thought that “Turkey’s foreign policy had to be organized so as to nourish Turkey's foreign trade” (Altun, 2009, p.65). To the bewilderment and resistance of the Establishment, Ozal appears to have subjugated Turkey’s foreign policy to Turkey’s foreign trade. Ozal clearly viewed foreign policy as a branch of international trade relations, while some analysts attributed his actions to a grander new activism in Turkish Foreign Policy; “In joining the Gulf War coalition, Turkey broke several of its long-standing taboos. It took sides in a Middle Eastern dispute. It assumed a war-like posture on a Middle Eastern border for the first time since a brief period of tension with Syria in 1957. It allowed its soil to be used for a non-NATO, ‘out-of-area’ operation. Finally, it agreed to serve as a springboard for U.S. Middle East policy for the first time since the U.S. intervention in Lebanon in 1958 -- an event recalled with regret in Turkish foreign policy circles ever since Turkey moved toward a more pro-Arab orientation in the 1960s. Ozal also overturned conventional wisdom about his own foreign policy instincts. Widely seen as motivated almost solely by economic considerations, Ozal upset the odds by moving rapidly to assure the United States that he would close down the Iraqi-Turkish pipeline and support an economic embargo on Iraq, one key's key trading partners” (Makovsky, 1999). It seems Ozal was ready to do anything for the United States hoping for payback at some foreseeable future.

In this aspect, as it concerns the subject matter of our hypothesis, we could propose that foreign policy might equally well be an instrument of foreign trade. It certainly appears to be the case for the Ozal Administration of the 1980s. Ozal adopted an unorthodox pattern in his efforts to liberalize the economy, while at the same time liberalizing the traditionally cautious and solemn TFP, much to the criticism of many at the time and today. He put an end to cumbersome bureaucratic politics and took into his own hands many issues that fell into the territory of foreign affairs in order to follow a more effective foreign policy that prioritized foreign economic relations. The most apparent step he took in institutionalizing this objective was to “create a new Undersecretariat of Treasury and

Foreign Trade that is directly connected to the Prime Ministry” (Altun, 2009, p.67) which was a move that broadened his maneuvering space to a large extent while at the same time causing hidden friction and collision with the Foreign Affairs Ministry as well as the opposition. He had, therefore, had to face bureaucratic resistance in the entrenched system of the conservative establishment within the Turkish government. While Ozal’s rapprochement with the Middle Eastern and Arab countries was a pragmatic move involving economic objectives - a move which he considered a “synthesis” - he was criticized by the elites of the establishment as causing Turkey to drift away from her Western orientation and shift her axis towards the East; specifically towards “oriental Arab countries”. We see similar criticisms during the AKP period, as Prime Minister Erdogan’s rapprochement with the Middle East and Gulf, this time on mostly Muslim Solidarity grounds, causes anxiety and fear of a shifting axis in TFP and the State in principle away from secularism. As Babacan posits “it is quite evident that a slow but a gradual ‘axis shift’ towards the East is in place on a global scale” (Babacan, 2011, p.135).

Meanwhile, it should not be forgotten that the 1980s was not an era of close alignment for foreign affairs with the West in general. The Greek Prime Minister’s insistence on oil exploration in the Northern Aegean, despite the sensitive issue of the *continental shelf*, had almost brought the two countries to the brink of military confrontation. Relations with Bulgaria were also in peril, due to the pressures of the Bulgarian government against the Turkish minority, with restrictions on religion and language, resulting in hundreds of thousands of the Turkish ethnic population immigrating to Turkey in 1989. In the Middle East, while the Iran and Iraq war had ended by the end of the 1980s, a new era had begun in 1990 with the First Gulf War. Ozal was determined to involve Turkey in this chessboard, as he believed Turkey had to disengage herself from the former withdrawn and passive foreign policy and follow a more dynamic and active one: ““Many things have changed in Turkey... In foreign policy the days of taking a cowardly and timid position are over. From now on we’ll pursue an active policy based on circumstances. This is a totally a political choice”” (Ahmad, 1993, p.201). Ozal’s attitude would also resonate in the Caucasus, in the newly established Turkic Republics at the end of the Cold War. Today’s critics liken it to Davutoglu’s Neo-Ottomanism. But Ozal had more of a commercial and economic aim in mind rather than a territorial and military expansion as

some suggest. He also believed that it was important to be on good terms with the United States, as he had vivid memories of the troubled embargo days of the 1970s. For those who criticized him of total submission to imperialist powers and US in particular, his answer was ““You cannot execute foreign policy with enthusiasm and emotionalism.... all our weapons are NATO weapons, how will this change? It is not easy. Your training has depended on this... Relations are not that simple” (Cemal, 1990, p.289). One wonders that had he have lived to see Turkey’s current problems with the United States on S-400s<sup>31</sup>, he would have recalled his words back then.

No matter how well he thought he did, Ozal was harshly denounced by many. For some like Baskin Oran, Ozal had given serious concessions on national sovereignty and had caused serious damages in foreign policy due to his economic policies (Oran, 2013a, p.28-30). His style was unconventional, exhibiting “one-man show” attributes. He daringly asserted that foreign economic relations had to be redefined with new job descriptions and division of labor. Foreign economic relations before Ozal were managed by several bureaus: The Foreign Ministry, the Trade Ministry and the State Planning Agency. Bilateral relations based on signed protocols were in the hands of Mixed Economy Commissions, which analyzed trade matters on a technical and theoretical level, and the declarations made by them usually remained as wishes and recommendations. Cigdem Tuzun, the former Director of DEIK, who was a part of the State Planning Agency, recalls that ““this disparity and rupture between the private and public sector was bizarre and I could see that we could not succeed. This was a major deficiency”” (Altun, 2009, p.69). Ozal wanted to reverse this drift and he entrusted it to the business world which, headed by TUSIAD, had already taken initiatives in the 1970s to promote Turkey and lobby on her behalf, on the Cyprus issue and the arms embargo.

Until now, TUSIAD had taken the lead role in *public diplomacy*, by acting independently with an intention to open new channels of communication to complement and diverge

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<sup>31</sup> For more information please see Can Kasapoglu 2017, ‘Turkey’s S-400 Dilemma’ *EDAM Foreign Policy and Security Paper Series* 2017/5, July, EDAM, <http://edam.org.tr/wp-content/uploads/2017/10/s400en.pdf>

from the State. However, there was still little interaction between the public and private sector, since it was not ethically acceptable for a government agent to be involved with the private sector. In a mixed economy context, the government was also an economic actor, with a lead role in production running *State Economic Enterprises*, (KİTs). Moreover, there was a serious distrust between the two and it was thought that such a relationship would inevitably turn into a conflict of interest. Uzeyir Garih describes the bilateral relationship as “(t)he Business World was seen as self-seeking, lacking in love for one’s country and distant from social responsibility by the Bureaucracy... while the Bureaucracy was regarded as mold-makers, devoid of empathy, snobs, and problematic characters by the latter” (Garih, 1994, p.97). Ozal succeeded in changing this mindset and reengineered the State-Private Sector relationship. The two sectors grew much closer as the business executives started flying to foreign countries in government mission planes. Facilitated by the political and bureaucratic elite’s prior interventions and agenda setting, they were able to make international deals at the highest level. Having been a part of the business world himself, Ozal had already realized the momentousness of this, and the missionary role the business world could play in developing Turkey’s foreign economic relations. Given the significance he assigned to economic relations in foreign affairs, we could make the deduction he also assigned a vital role to the business world in the development of TFP.

Looking back, Prime Minister Ozal of the 1980s and early 1990s was not much different from the former United States Secretary of State Kerry of 2014, to reiterate, who said: “We are moving the State Department ahead in our business... to help our businesses succeed in a world where foreign policy is economic policy” (Kerry, 2014). He had foreseen the need for change in TFP that necessitated a restructuring of government agencies. The private sector was in the ascendancy to conduct high politics, as the role of economy outgrew its traditional position, confined to the Ministry of Economy alone. DEİK was one of the offspring of this reengineering. In Dinçkok’s words: ““This new structure that came about with the establishment of DEİK was most beneficial in Turkey’s opening up to the world and the success of the economy at the time”” (Altun, 2009, p.74).

### 4.3 DEIK is Born (1986-1990)

#### *Ozal's legacy revisited*

The role of the former Prime Minister Ozal in Turkey's economic transformation into the neoliberal world cannot be overstated, in its positive as well as negative impacts. Professor Ziya Onis describes his legacy as follows: “Ozal was unique in the sense that within the course of a single decade he managed to combine two rather different attributes, namely the role of a technocrat in a largely authoritarian setting as well as the role of a reformist politician in a broadly democratic environment” (Onis, 2004, p.113). While he succeeded in bringing about a stabilization-cum-structural program boosting confidence in the Turkish economy, both in domestic and key international institutional circles such as the IMF, the OECD and the World Bank, his way of ruling by Cabinet Decrees as opposed to Acts of Parliament and emphasis on one man authority without much concern about checks and balances appeared to have weakened the very bureaucracy itself. His method of ruling appears to have paved the way for fraud and corruption regarding the massive privatization programs implemented, plus the subsidies and incentives provided for the liberalization of trade and acceleration of exports. Mango in comparing Ozal to Menderes argues that “Menderes had advanced the country’s development by freeing domestic private enterprise, while continuing to subsidize it from state funds. Ozal spurred an economic progress and raised living standards by opening up the country to foreign competition, while also continuing to subsidize local entrepreneurs and maintaining a bloated public sector... He took personal charge of foreign policy, making it an instrument of economic expansion” (Mango, 2004, p.89). Onis adds that in “retrospect, the weakest link in Ozal’s economic thinking was the tendency to underestimate the importance of the rule of law and the need to develop a strong legal infrastructure for a well-functioning market economy” (Onis, 2004, p.114). He underestimated the fact that institutions are a *sine qua non* for the sustainability of policies and they are enforced to ensure the ongoing concern inherent in systems.

Nevertheless, Ozal, with his achievement of strong stakeholder support from a broad base of the Turkish population, coupled with his good terms with transnational capital, was

able to launch and execute unorthodox reforms and “(w)ere it not for Ozal’s bold initiatives in this respect, which he often tied in with the goal of EC membership, the exposure of domestic industry to genuine external competition would have been a far more protracted process” (Onis, 2004, p.119-120). After all, import-substitution and protectionism were beneficial to several interest groups who resisted any change which did not favor them. Ozal’s style of economic governance in a large framework resembles a phenomenon called “neoliberal populism”, which is attributed to the developing world by political economists. Onis makes the correlation recalling that “neoliberal populism entails the co-existence of liberal economics with illiberal politics or a kind of shallow democracy” (Onis, 2004, p.126). As one of Ozal’s projects, DEIK, in one aspect, could be considered a top-down approach that aimed to produce an effective private sector, by means of a non-governmental organization which was intended to take the initiative in developing Turkey’s foreign economic relations as opposed to and separate from but ironically in somewhat coordination with the established bureaucracy. “Although Ozal himself was a product of the classical bureaucracy, having occupied top positions in the SPO, he was also heavily critical of the *étatiste* mindset and the excessive powers enjoyed by the bureaucratic elites” (Onis, 2004, p.121). He valued shortcuts and he, in an autocratic style, bypassed any norms and institutions that stood in his way; at least those he thought of as impeding the speed of economic reforms. He was, after all, a charismatic leader that had climbed the echelons of society, one which he had joined from its periphery by being born to a family in Malatya, in the eastern part of Turkey.

It seems he not only took the management of the economy into his own hands, but he also made TFP his personal politics. He was scrutinized for acting on impulse, bypassing the Establishment, diverging from TFP’s structural determinants and leaving the official foreign policy apparatus at times perplexed, having to manage damage *control* after his actions. As he came to the end of his term in the political realm after two consecutive election victories, and a presidency, foreign policy appears to have taken precedence over key economic issues in Ozal’s agenda, all the more so in the aftermath of the Gulf War when Ozal found the international context more amenable to an active regional policy that could bring about his dream of making Turkey a regional power.

### *The formation of DEIK - golden years (1983-1990)*

The recently deceased Feyyaz Berker, one of the founders of DEIK, in his preface to the book written on behalf of DEIK in 2009, relating the first years of the organization between 1985 and 1997, gives credit to DEIK ““for the increase of Turkey’s exports from 3 billion in 1980s to 132 billion US Dollar in 2008, reaching 220 countries with 12.000 different products”” (Altun, 2009, p.7). The numbers surely portray a monumental leap in Turkey’s export performance, a process that started with the Ozal Administration’s worldview in 1983 not only to promote foreign trade and investment but more importantly to promote them in an institutionalized manner. Berker finished his preface with a warning in 2009 however, signaling a need for change as regards the future of DEIK: ““With the changing demographics of the world pertaining to the rise in population...as well as climate change, Turkey’s foreign trade policies will necessitate new arrangements considering the need for restructuring for such global size issues... We will see a shift of economic and social power from the West towards Asia and Africa”” (Altun, 2009, p.8). Following the global economic crisis of 2008-2009, as well as the setback caused by Turkey’s internal political and economic troubles to date, the 2016 export figure is now around US Dollar 142.5 billion, not much higher than 2008.<sup>32</sup> Was Berker right in his vision? Does this suggest that Turkey has been trapped in a sort of middle-income gap, where the performance in *international trade and FDI*<sup>33</sup> has plummeted? Has today’s Turkey lost its *Trading State* badge? To answer such concerns, a closer look at DEIK and the factors that drew Turkey into become a trading state in the first place seems in order. Mr. Berker’s warning comments provide an additional insight for our quest, as they might lead us to question, on the one hand, whether DEIK could not keep up with the times, losing the lead to other competitors such as TUSKON in taking advantage of the new opportunities in Africa and Asia. Was it because DEIK was no longer the so-called preferential partner of the government? Were TUSKON’s Africa and Asia operations a mere functional geographical division of labor? i.e. was TUSKON

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<sup>32</sup> Please refer to Table C.2 on page 347 Turkey’s Foreign Trade by Years 1973-2017

<sup>33</sup> Please refer to Figure D.3 on page 349 For Turkey’s Foreign Investment expressed as net inflows (BoP current USD)

simply taking the lead where DEIK was weak or non-existent? Has this governmentalization then effected a geographical reorientation in DEIK taking over what was left of TUSKON's legacy? These are questions we expect to answer during the course of our research.

It is discernible that if these unchartered territories for Turkey meant more than economic relations, DEIK was not the perfect fit in ideology for the AKP government with which to pursue these goals. Would these new goals and territories serve Turkey's aspirations to become a Middle Power? Was fostering economic as well as political relations with Africa instrumental in the UN, such as when Turkey was elected as a nonpermanent member of the UNSC in 2008 for the first time since 1961? Was it a coincidence that at this time "out of 192 voting members of the UN General Assembly, 151 voted for Turkey.... Turkey's new seat in the UNSC is a historic achievement for Turkish foreign policy since 1961. After holding a non-permanent member seat three times, in 1951–1952, 1954–1955 and in 1961, Turkey tried its hand throughout the 1970s and twice in the 1990s with no success. Turkey's present success was not won easily and reflects the dynamic transformation in Turkish foreign policy over the last few years" (Kirecci, 2009, p.3) We will touch upon many of these questions along the way, but first DEIK's very establishment in 1986 and the developments that led to it should be looked at more carefully to establish the background.

With the formation of the new government headed by Prime Minister Ozal in 1983, Turkey's economic liberalization efforts and its structural evolution process were starting to bear remarkable fruit. The FX regime was being relaxed and quotas on imports and exports were being lifted, leading to 8 billion US Dollar<sup>34</sup> revenue in exports<sup>35</sup> already by 1985 and making the interest in Turkey explode in the international markets. FDI was beginning to pick up in this unchartered new territory called Turkey, with waves of international visitors from the business world asking for appointments to discuss possible

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<sup>34</sup> Please refer to Table C.2 on page 347 Turkey's Foreign Trade by Years 1973-2017

<sup>35</sup> Please refer to Figure D.4 on page 349 for a comparison of Turkey's exports of goods and services as a % of GDP

collaboration areas. While TOBB was among the main counterparts to receive these delegations, various other ministries, official institutions and other private sector representatives went ahead and welcomed them as well. The abundance in number and variety in the nature and status of contacts inevitably started to result in a cacophony of voices about Turkey's potential. TUSIAD was the first to come up with a memorandum to Turgut Ozal stating that "the contact of foreign missions with various uncoordinated Turkish counterparts is a hazard for a correct and effective promotion, creating unnecessary loss both of time and money as well as inefficiency hence a regulation was imminent" (Altun, 2009, p.82). TUSIAD also had its own solutions, the first of which proposed a division of labor between different organizations; such that TOBB would handle the United States, while Japan and France would be TUSIAD's, the Middle East ITO's, (Istanbul Chamber of Commerce), and Africa ISO's (Istanbul Chamber of Industry). While this first model was the fastest one to set up, it was not a sustainable one in the long term.

The second model was the foundation of a *Foreign Economic Relations Board*, i.e. DEIK itself. It was to be a model inclusive of all private sector institutions coming together to form a "Private Sector Council of Foreign Economic Relations". The new body would have a separate office and secretariat apart from those of the founding associations. The council would be composed of member organizations' presidents and vice-presidents and a team of retired ambassadors would be employed to conduct the meetings with related parties with an interest in trade and investment. Sakip Sabanci as the President of TUSIAD at the time sent a note to Turgut Ozal who immediately owned the idea, leading to DEIK's *de facto* formation which was agreed on during Sabanci's visit to the prime minister on April 30, 1986. During the course of the following days, the founding members of DEIK were determined. More crucially, the mission of DEIK was extended from just accommodating visitors to developing business.

### *The Turkish-American Business Council - a prototype*

TUSIAD also put forward a proposal for taking the Turkish-American Business Council<sup>36</sup> which had been formed a year earlier independently as a unique model and eventually integrating it with DEIK. The story of the Turkish-American Business Council is appropriate for our mastery of DEIK and our hypothesis of how an economic institution could be used for the purposes of foreign policy. Let us explain how. Given the *Iranian Revolution* happening on Turkey's eastern border in 1979, along with the Soviet invasion of Afghanistan the same year, the icy relations formed between Turkey and the USA in the 1960s and 1970s due to the Cyprus and opium issues were melting at the speed of light. As the days of détente seemed to be over, Turkey, with its strategic importance was once again redefined as a “dependable ally in a crisis region” (Beris, Gurkan, 2003, p.7).

Turkey and the United States had signed a Defense and Cooperation Agreement in 1969, which was suspended by Turkey after the Arms Embargo in 1975. Now a new version of the agreement was on the agenda covering “the use of military facilities in Turkey, the modernization of the Turkish Army and among other things especially the economic side of bilateral relations. Turkey was advocating for the development of economic relations which would enable a stronger alliance in bilateral relations” (Altun, 2009, p.84). Even so, forming economic relations with the United States, no matter how open its economy seemed from the outside, was not an easy task. Ambassador Sukru Elekdag had taken the initial steps to form a bilateral Business Council with the United States Chamber of Commerce to no avail as the latter was unwilling to start dealings at this level of institutionalized trade before serious economic relationships were already formed. It was a *chicken and egg* dilemma. When he confronted its president, Dr. Leshner, with the fact that the United States had a business council already with a country such as Jordan, where such a prior relationship was non-existent, the answer he received gave him the clue as to how to overcome this obstacle through a top-down political initiative. Dr. Leshner had

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<sup>36</sup> The Turkish-American Business Council (TAIK), is another perfect example of foreign policy using business as an effective tool. It now has a special status in and outside DEIK and can be said to be the most powerful council.

replied that “The White House had decided that the Business Council with Jordan be formed upon the visit of Jordan’s King to Washington. This is a political decision that is beyond us and it is an exception to our principles” (Altun, 2009, p.87). Ozal’s first visit to the United States between March 27 and April 6, 1985 would unlock this door.

The protocol was prepared and signed between Richard Leshner and Ali Coskun, the President of TOBB on April 3, 1985. The first meeting set out to prepare joint investment areas to be brought to the attention of the respective governments (Emec, Birand, 1985). This is a perfect example of the asymmetric relationship between a public and private entity which demonstrates the omnipotence of the state and the primacy of politics over the economy. To draw the following conclusion from the above incident seems viable: even if it does not make perfect business sense to form a bilateral business council between two markets, when the directive comes from the top of the state, there is not much the private sector can do, even in a country like the United States, the so-called pinnacle of capitalism. While it cannot be denied that there is a strong inter-dependency between the two sectors, the private sector bows to the public one when duty calls. As it stands, on the Turkish side, the business council’s early objectives were shaped more along the lines of “national duty and patriotism”. It aimed, above all else, to fortify the Turkish government’s hands against the Armenian and the Greek Lobbies, and at the time to work in collaboration with the Jewish lobby in America. An outstanding attempt was made to emphasize the council’s nature as a civil society organization separate from a government entity. The founding fathers were well aware of the role and potential of civil society in breaking the ice and overcoming the barriers between governments, facilitating the proceedings in their issue areas.

If the above has some value, then the impact and effect DEIK’s governmentalization would bring to this delicate equilibrium should naturally be of concern to today’s policy makers and DEIK’s new management. To internalize the founding philosophy of DEIK, one should reevaluate the vision of Ozal, who believed that while liberalizing the economy it was vital to “liberate also the foreign economic relations from being a routine effort undertaken under the control of the government agencies... He trusted in the private sectors’ locomotive role and wanted them to act as Turkey’s economic

missionaries” (Altun, 2009, p.112). According to Rona Yircali, the Chairman of DEIK at the time of its governmentalization, existing structures such as the Bilateral Chambers of Commerce or Mixed Economic Commissions of the time were far from being effective organizations that brought out the real potential of the private sector. Similarly, Ekrem Pakdemirli, who served as the Economy Minister, claimed that the “private sector has to work with its own dynamic and not with the directives set forth by the government” (Altun, 2009, p.113). The founding fathers univocally aspired to construct a private sector institution which would, separate from the government, work within its own dynamics for the wellbeing of foreign economic relations. There is little doubt that a governmentalized organization appears to stand afar from these founding prerogatives.

### ***Who would be the mother? TUSIAD vs TOBB***

A TUSIAD initiative, initially DEIK was projected to be configured under TUSIAD. However, Ozal had another point of view. He fancied TOBB instead of TUSIAD to be the mother. He had his motivations which are important for our research in understanding the current transformation in DEIK. We, therefore, need to dwell on TUSIAD to get to the bottom of it. Through a memorandum, TUSIAD was founded on April 2, 1971 by ninety of Turkey’s leading industrialists as the first voluntary business association in Turkey. “The association’s goals were explained as “serving Turkey’s democratic and planned development and her rise to the level of Western civilization” (Bianchi, 2014, p.268). Turkey’s big industrialists were in search of a better platform to raise their voices as opposed to the Chambers where membership was “mandatory” and government control “tighter” ... Big capital was outnumbered in TOBB where they “did not have the weight they thought they deserved” (Arat, 1991, p.136). TUSIAD in Arat’s analysis may have chosen to break away from the Chambers also because “the particular structure of the Chambers had lost its allure as a means of access to further economic and political gains; the Justice Party, which had been in power since 1965, had undermined the importing privileges of the Chambers before it was ousted by the military in 1971” (Arat, 1991, p.136-7). We could assume that losing their rights to allocate foreign exchange after the military coup of 1971, the Chambers may have lost their instrumentality for TUSIAD’s founding fathers. As until then “such powers made the race for the domination

of the chambers of commerce fierce; since dominating the chamber management provided advantages over those who could not dominate them” (Sonmez, 1992, p.155). TUSIAD urged for the “accumulation of finance capital under industrialists’ control at the expense merchant, banking and agricultural interests” (Bianchi, 2014, p.269) that were under TOBB’s<sup>37</sup> sphere influence. A case of perfect power struggle.

Even though it had started out as a small assembly, by 1986 with its 232 plus members, TUSIAD had become a potentially powerful association, having won the status of an “association that works for public benefit” by a decision of Council of Ministers. (Sonmez, 1992, p.152). It had a remarkably sound financial base and it benefitted from a strong leadership. TUSIAD was not only perceived as a *Club of the Rich* with a relative homogeneity of interests but also renowned as “the Association that toppled the Government” (Hurriyet, 2002) due to the political stance it assumed in the late 1970s against the government; an unprecedented stance in Turkish political life indeed. TUSIAD took the job of opposition rather earnestly; not only did it intervene in domestic politics directly, through the dissemination of reports on the state of the economy and government policies, but it also “cultivated links with foreign business associations and chambers of commerce and industry, and thus further enhanced its relative status in domestic politics” (Arat, 1991, p.139) indirectly. Turkish elites in the state apparatus could be defined as sensitive to their constituents as all state elites, but they are also responsive to them in a peculiar way. It is possible to assume that they value their sovereignty and independence, appearing to ignore any unwelcoming intervention in domestic affairs by their foreign counterparts, and yet it is also probable to presume that they are extremely reactive to international comments, criticisms and standing ovations and make them an honor issue. By the same token, they are positioned to be more wary of a certain constituency like TUSIAD with its international links and affiliations. Assuming that a foreign dimension increases the political weight of any institution, therefore, would not be an understatement.

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<sup>37</sup> TOBB was named TOB at the time as Commodity Exchanges were not a part.

Whether Ozal was wary of TUSIAD's international affiliations, its reputation, or whether he feared its power in economic terms and in shaping public opinion as well as its relentless critical stance towards the government in policy areas that clashed with big business interests or not, he did not hesitate to disregard TUSIAD as the umbrella association for DEIK. Instead, he advocated that it be TOBB, with its extensive representative coverage of both small and big business interests and a major budget, which would empower DEIK. He put forward the justification that TOBB would empower DEIK better than TUSIAD, especially *vis à vis* its counterparts in states where the private sector was non-existent. Ozal thought that if DEIK was to be formed under the auspices of TOBB, which had a semi-official statute and which was renowned officially all over the world, DEIK would have more likelihood of success than if it were configured under TUSIAD. After all, TUSIAD only represented the private sector and big capital in particular. The squabble was made public in newspaper headlines which read "Does TUSIAD with its 211 members, or the Turkish Union of Chambers and Stock Exchanges (TOBB) with its 462 thousand, represent the Turkish private sector?" (Cumhuriyet, 1986). This viewpoint was, however, met with strong opposition from the business circles, headed by Sakip Sabanci, who were convinced that "this initiative should be made under complete autonomy and away from politics" (Altun, 2009, p.116). Counter arguments accused TUSIAD from another angle of "violating the law because the 1982 Constitution prohibited associations from engaging in politics - something that TUSIAD clearly did" (Arat, 1991, p.135).

Later on, however, Ugur Yuce confesses that "at the time not much thought had been given to the fact that whoever was elected to the presidency of TOBB, the weight of DEIK's strategies could be shifted according to his character...It looked like an ideal formula that embraced everyone" (Altun, 2009, p.126). We will touch upon this later on as for the governmentalization of DEIK, the leadership style of Hisarciklioglu and the overwhelming presence of TOBB hanging over DEIK, appear as plausible causes. But even the fact that in order to form a new business council, the approval of TOBB's Board of Directors was needed, was enough to suggest the level of dependency between the two organizations and the private-public sector balance. Moreover, while DEIK's membership fees provided for almost 85% of expenses, Ekrem Pakdemirli states that

“Ozal ordered to cover 50% for the first couple of years, which later dropped to 5% and then to zero in 1995” (Altun, 2009, p.135-6). The level of direct government via DEIK’s budget and indirect involvement via TOBB, a semi-official body whose reins could be assumed to be held de facto by the government, is obvious and contradictory even to Ozal’s initial declarations for the necessity of independence for DEIK. From the above, for the purposes of our argument, we could make the following interpretation: that even at its establishment, by virtue of its legal and organic foundation under TOBB instead of TUSIAD, as well as by its budgetary sources accruing directly from the government, DEIK, an institutional organization involved in trade, one whose members were entirely private business entities, was intended to be taken under a certain amount of control by the very government which had started off with the goal of creating it as a private endeavor. Given DEIK’s governmentalization three decades later, it is startling that such a concern was already present at its very foundation.

In the shadow of Sabanci and a few others’ criticisms that were outweighed by the majority, DEIK was, nevertheless, formed in November 1986, based on Law no. 5590 of the Chamber of Commerce and Industry under the auspices of the TOBB and it started operations in March 1987.<sup>38</sup> This unique organization’s founding fathers were: TOBB, TUSIAD, IKV (Economic Development Trust), YASED (Foreign Capital Coordination Association), IIB (Exporter Union), TURKTRADE (Turkish Foreign Trade Association), TISK (Turkish Confederation of Employers Union), TZOB (Turkish Union of Chambers of Agriculture), and the TMB (Turkish Constructors Union).

### ***In search of DEIK’s founding principles and its real mission***

As Sabanci’s apprehensions began to resonate more profoundly, soon after DEIK's formation, given TOBB’s semi-official character, as a founding principle it was

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<sup>38</sup> Yet its official status would have to wait until 26 February 1988 and only on 18 May 2004 would DEIK acquire a corporate identity during Ali Coskun’s Ministry with the 58th code of the Law of TOBB and Chambers and Exchanges, no.5174, which would be modified again on 23 June 2008. Pls. see (Altun, 2009, p.143).

considered ever more vital to keep a healthy distance with all founding institutions, not to mention the government itself. Celik Kurtoglu later claims that initially ““they wanted companies not individuals to be members...and that business councils should never be formed with a top down decree from the government, the president, the prime minister or some minister or by board of directors’ approval per se. And, in principle, all councils should finance themselves and not be dependent on anyone else for that matter”” (Altun, 2009, p.138). This, however, initially was better said than done and today with DEIK’s new status, seems more unrealistic than ever.

One thing the pioneering DEIK intelligentsia agreed upon on was that, regardless of the TOBB factor, DEIK could not ever become a government agency, a puppet of the state. Iler Turan’s remarks are noteworthy in this respect: ““DEIK’s foundation besides its practical function of being a single source of contact for foreign missions, business civil society organizations in liberal markets were looking for a similar body to do business in Turkey”” (Altun, 2009, p.122). DEIK would fill this gap successfully and it would owe its success to being an autonomous civil society organization with its autonomous worldview, as separate from the official bureaucracy. Foreign missions found the business world’s presentations and numbers more trustworthy and open as compared to state figures. The Norwegian mission, for instance, had stated that having a civil society organization mattered: ““If we had not listened to you, we would not have understood that there were different ideas present in your country and that there was a platform for free discussions”” (Altun, 2009, p.123). We will touch upon this when we analyze the governmentalization process, which is, as a matter of fact, a de jure reversal of this important founding principle. Having been governmentalized it seems that raising different voices in DEIK which would contradict the government in any way was contrary to the nature of the new engagement in the first place. According to Marc Grossman, the then United States Ambassador, ““DEIK, among many other things made two essential contributions to Turkey’s future success which lay in effective international business and investment connections. First, it provided the structuring of Turkey’s ideas in the area of foreign economic relations. Second, it brought together as a “uniting factor” differing interest groups and established a forum where mutual economic relations could be discussed”” (Altun, 2009, p.124). Grossman’s remarks are valuable in giving us

indications of the vision of the United States as to where the prospects of a developing country like Turkey lie; i.e. effective international business and investment connections. We would also like to underline the need for a *forum* for bringing together otherwise unlikely parties such as the private and public groups from the international system to discuss cooperation for their mutual benefit. The question of whether the uniting factor attribute of DEIK was damaged or not after governmentalization remains to be seen.

Similarly, in Suleyman Demirel's view: "DEIK is one of the essential institutions in an effort to make the transition from *étatisme* to free market" (Altun, 2009, p.125). If Demirel, who had been a major state actor serving as prime minister as well as president in both the *étatiste* and free market eras of Turkey has a point, could an assumption be made that this governmentalization will inevitably affect the critical balance between *étatisme* and the free market? Will it disturb the confidence in the market? Does it indicate a reversal of this transition back to *étatisme*? Is it a temporary tendency or a general trajectory? The answers to these questions are to be derived in DEIK's evolution after 2014. However, as Tugrul Erkin reveals, DEIK succeeded in a unique way whenever there were counterparts from both states and yet "it failed in business councils, such as, Georgia...where by a top down approach, such as by government decree...a business council president was appointed...These were not businessmen...They were officials who were afraid to sit at the table and took a side chair at meetings" (Altun, 2009, p.129). Erkin's suggestion will resonate when we read proposals from the interviews for a two-tier structure for DEIK, i.e. DEIK public and DEIK private in the future, depending on the developmental stage of the markets. As DEIK's affiliation with the government seems more suited to some underdeveloped markets and regimes, whereas less to others in Western societies.

### ***End of the Turkish Miracle?***

If we make the assumption that while international trade increases the dependency between states, it also helps diversify and enrich these interdependencies by introducing a new dimension, civil society actors such as businesspeople take their due place in these bilateral and multilateral relationships. This is where DEIK's unique contribution to

Turkish foreign trade and foreign policy becomes more evident. Selim Egeli expresses the opinion that, “DEIK’s difference stems from the fact that it appears to have organized these relationships for the first time in an institutional structure through a planned program strategy. Ozal’s answer to the Greek Prime Minister Andreas Papandreou in Davos in 1988 as to what DEIK is was; ““DEIK is the Turkish Economy's Foreign Minister”” (Altun, 2009, p.128). This, in a nutshell, summarizes the highest value attributed to DEIK by Ozal at the time. A statement that supports our hypothesis straight from the horse’s mouth.

We could maintain that DEIK’s establishment coincides with the initial phase of Turkey’s neoliberal experiment. To reiterate, before all else then, we should bear in mind that DEIKs first years, and the 1980s in totality, coincided with the initial birth pains of Turkey’s opening its doors to the world both politically and economically. But we also see that there was strong political will under the leadership and agency of Ozal, who with all his good and bad deeds, helped produce the performance in trade through DEIK that Turkey had longed for in order to solve, among others, its most important problem, the shortage of foreign exchange. The 1990s, on the other hand, appear to be “lost years” for Turkey in general, with an absence of political as well as economic will, which, in effect, could well have been a major setback to DEIK’s performance regardless of its own wrongdoing in falling away from its initial years of success.

We could equally say that starting in 1989, the “Turkish Miracle” and Ozal's legacy would be reversed, making the 1990s a “lost decade” for Turkey. There was surely more than one rationale for this total change of direction in Turkey’s fortunes. While major systemic geopolitical shocks such as the Gulf War of 1990 and financial disturbances such as the 1997 Asian Crisis and 1998 Russian Crisis reverberated, they affected the Turkish economy more than before, as she had wide opened her arms to the forces of globalization by “the decision to liberalize the capital account in an environment of high degree of macroeconomic instability and the absence of an adequate institutional framework to regulate the financial sector (which) rendered the Turkish economy highly dependent on short-term and highly speculative capital flows” (Onis, 2004, p.123-4). In a like manner, Stiglitz reasons that the “pace of global integration matters: a more gradual

process means that traditional institutions and norms, rather than being overwhelmed, can adapt and respond to the new challenges” (Stiglitz, 2002, p.247). Turkey’s traditional institutions were intuitively not ready to meet the challenges of globalization at such pace.

On top of all this, issues like domestic political instability, the war against the PKK and the Kurdish issue not to mention the earthquake of 1999, also worked to reverse the optimistic atmosphere Ozal was able to inject in the 1980s. Orhangazi argues that "three channels through which surges in capital inflows create conditions for potential instability can be identified: (i) capital inflows can lead to unsustainable current account deficits and overvalued exchange rates; (ii) they can create currency maturity mismatches in balance sheets due to dollarization of liabilities; (iii) they can lead to bubbles in credit and asset markets, and when there is a sudden stop or a reversal in these flows, sharp declines in the value of the domestic currency, defaults and/or debt-servicing difficulties, asset deflations, and credit crunches can arise” (Orhangazi, 2014, p.509). Turkish economy even today seems to struggle with the absence structural reforms that should enable stability and confidence for capital flows without increasing vulnerabilities of the market. However, as Orhangazi concludes “(g)iven that the Turkish economy is completely open to capital flows, these findings suggest that this could be a source of potential instability. Surges in capital flows lead to expansions in credit, which can potentially lead to financial fragility as the economy becomes more vulnerable to negative shocks to credit availability and interest rates” (Orhangazi, 2014, p.515). It is as if not much has changed since the 1990s. While foreign capital flows are crucial in economic growth regardless of their potential power to render financial markets fragile, Burchill when referring to the power of transnational capital in a world where capital markets are globally linked and where money supplies are relatively scarce argues that the ‘comparative hospitality’ of the states for foreign capital “gives the foreign investment community significant leverage over policy settings and the course of a nation’s economic development generally and constitutes a diminution in the country’s economic sovereignty” (Burchill, 2005, p.77). The relationship between transnational capital and economic sovereignty could, therefore, be defined as one “love and hate”; one cannot do with or without. Therefore, its constant vigilant management appears imperative.

Going back to 1989, we find Ozal with a sudden decision to leave his prime ministerial position to become Turkey's eighth president. However, since he favored a divergent presidential system in line with his desire for extended authority and powers, he found himself facing significant resistance from Turkey's established and strong parliamentary tradition. In the meantime, his own ANAP fell to defeat in the local elections, kick-starting Turkey's political fragmentation. The resulting weak coalitions produced political uncertainty for the rest of the 1990s. Drawing on similarities with the Adnan Menderes DP, Onis argues that in "both cases, two major parties in the center-right tradition were the victims of uncontrolled populism" (Onis, 2012, p.140). Today, Ercetin and Erdogan, referring to the repetitive elections Turkey has been through the last decade since 2010 find similar populist tones in AKP's elite and argue that; the "populist leaders become successful when they can capture the ordinary and extensive segment of society and reflect their attention to the issues of every segment of society as their own. Thus, Erdogan's assertion, 'the world is bigger than five,' appeals to neglected people not perceived by others. In this sense, their construction of 'the unseen people' creates out-groups through antagonism, while populists declare their new order to change suffering conditions" (Ercetin, Erdogan, 2018, p.395). Han similarly argues that some of the changes brought by the AKP to Turkish Foreign Policy were "policies relating to Turkey's perceived identity as a Sunni Muslim country, which under the AKP affected its relations with Israel and its approach to the Arab – Israeli conflict. In fact, what was dubbed as "democratization" of Turkey's foreign policy was in fact populism propounded for the consolidation of AKP's domestic political power" (Han, 2015, p.2). Will this populism produce similar effects for AKP? We are yet to see.

The 1990s were lost years for Turkey for various reasons: the lack of fiscal discipline triggered by "Extra Budgetary Funds" and the absence of a "virtue of thrift" in both the public and private sectors, not to mention the scandalous fictitious exports created for export tax rebates (which was usually left unpunished). All of this seems to have produced a populist agenda resulting in a "highly fragile, debt-led growth that Turkey experienced during the second phase of its neoliberal experiment" (Onis, 2004, p.124). Turkey had found herself in a major struggle with a neglected protracted high inflation rate, abrupt devaluations and high interest rates, as well as speculative capital flows such

as she had never experienced to date. Onis concludes in his analysis of Ozal's legacy that paradoxically "the decision to by-pass democratic institutions and legal norms for the sake of successful implementation of economic reforms ultimately failed to bring about a sustained improvement in economic performance" (Onis, 2004, p.130). Similarly, given the 2008 recession named the Great Recession by the IMF, Ravenhill argues for the importance of regulation as the "recession undermined triumphalist notions that... unregulated markets would generate optimal outcomes" (Ravenhill, 2017, p.6). It seems, in a state of euphoria, desperately reckoning governments on both sides of the Atlantic correspondingly responded to the crisis with major interventions and regulatory changes in the financial sector, admitting alas the inadequacies of previous measures.

To say that institutionalization and having a legal framework for a developing economy is of internal gravity, a *sine qua non*, would be an understatement, no matter how good the intentions of a leader of a charismatic sort such as Ozal may have, in his vision for quick reform of the country he is leading. Given Turkey's quagmire of economic turmoil in the 1990s, we can hardly be mistaken if we assume the following: the significance and necessity of strong and efficient neoliberal institutions (and DEIK could be counted among them) which are expected to rise to primacy particularly in times of crisis. The lack thereof, coupled with the lack of rule of law, transparency, and accountability i.e., infrastructural reforms, work to the detriment of the neoliberal experiment. Institutions like DEIK are the backbone of foreign economic policy, and if we assume that Ambassador Grossman is correct, they carry a cardinal responsibility for the future triumph of a country like Turkey by facilitating, enabling and developing international business and investment connections. If so, as per our hypothesis, there is a good reason why both the Ozal as well as the AKP Administration cling onto them although in different manners particular to their style.

While the end of the Turkish Miracle was the buzzword in the international markets, on a more positive note, there were also some earnest developments that encouraged regulatory reforms in certain areas. These developments would work to strengthen the rule of law and accountability in the Turkish economy's path to institutionalization. Namely two anchors, the Customs Union (CU) agreement with the European Union

effective from the end of 1995, introducing the Competition Board in Turkey's trade, and the close involvement of the IMF in structural reforms such as the establishment of the Banking Regulatory and Supervisory Authority, helped produce major corrections in areas neglected throughout the 1980s. Onis and Bakir suggest that "the CU agreement was important in accelerating and basically completing the process of trade liberalization which had already started in the early 1980s. Consequently, Turkish firms were strongly exposed to external competition. This helped to engineer a transformative impact on Turkish industry with previously inward-oriented sectors such as the manufacture of cars emerging as important export industries in recent years" (Onis, Bakir, 2007, p.151). Eder proposes that "the increasing pace of integration within the European community in the aftermath of the Maastricht Treaty and the 1992 Single European Act began to raise concerns that Turkey would be increasingly isolated in the region. The restructuring that Europe underwent in the 1980s indeed transformed the external environment of Turkey as well as that of other countries on Europe's periphery. Turkey's membership application to the European community reflected its growing anxiety and threat of marginalization" (Eder, 2001 p.193). After years of protracted disappointment, the EU anchor finally proved to be worth its while as a major catalyzer after the 1999 Helsinki Decisions, where Turkey's announcement as a candidate country was to make her fortunes turn around, albeit unaware of the 2000-2001 crises awaiting around the corner.

#### **4.4 DEIK'S Adolescence (1990-2002)**

##### ***1980s Part II - the transition into the 1990s - "the lost decade"***

The second half of the 1980s also translates into a disparate episode for the Turkish economy and its export promotion initiative, through its association with Turkey's being a signatory to the General Agreement on Tariffs and Trade (GATT) as of 1985. Being a part of the international system requires that there are certain rules that everyone must abide by, and you can no longer play as you please. GATT membership hence necessitated the elimination of the export subsidies that Ozal had so promised to provide at all costs to boost Turkish exports. While Ozal claimed that Turkish exports had evolved and could continue at full capacity even with the elimination of subsidies, the reality told

another story: as soon as subsidies were abolished, export numbers started falling at high speed. (Milliyet, 1986, p.4) Seeing that he was mistaken, Ozal made a U-turn and started the second export crusade, with massive incentives provided under a “doping package”. It seems Turkey’s obligations under GATT had to wait. Yalcin Dogan tied Ozal’s maneuver to the strikingly strategic prominence Ozal gave to the budget deficit and the problem of balance of payments as a threat factor to democracy. The instrumentality of exports were, therefore, strategically decisive. It is hard to imagine, for the purposes of our hypothesis, how else the importance of foreign trade could be expressed other than the above. While 1983-1987 could be described as the “Golden Years” of the Ozal Administration, along with the fall in exports and growing budget deficit as of 1986, the mid-terms in 1987 kicked off the first alarm. Ozal felt obliged to call for early elections a year ahead of the timetable. The ANAP, while coming in as the first party again, saw its votes decrease to 36.3 percent while the same declining trend continued in the 1989 early local elections, bringing the ANAP into third place. Clearly something was wrong.

Ozal was the first to abandon ship, but not by stepping down. Instead, he opted for the presidency and became Turkey’s 8th president when Kenan Evren’s term ended in 1989. In his place, Yildirim Akbulut, a very low-profile politician was named Turkey’s new prime minister. Between 1987 and 1991 Turkey’s economic and political life was to change course once again towards “growth” as Ozal aborted his “stabilization” program, facing the unstoppable rise of the True Path Party (DYP), of Demirel. While inflation was speeding up, the trade deficit was also increasing, fueling a budget deficit which would be financed by domestic and foreign debt. Inflation, the “seven-headed monster” was back, and trust in the Turkish Lira was gone (Milliyet, 1987a, p.1). Despite all efforts, 1988 witnessed only a growth rate of 1.5%, bringing the economy to a halt to the discontent of the World Bank and the IMF (Milliyet, 1988, p.5).

### ***The Gulf War and its aftermath***

As if Turkey’s domestic troubles were not enough, to top this, August 1990 was to feature a Gulf Crisis, a major drawback which would turn the financial markets upside down. The World Bank was to include Turkey among the countries that would be hurt the most

by the Gulf Crisis, not only because Turkish businessmen who were, in the majority presumably DEIK members, had vested interests in construction, logistics and export business in Iraq and Kuwait, but also because the sanctions imposed on Iraq would hurt neighboring Turkey on a massive scale. For instance, sanctions involved the immediate closure of the Kerkuk-Yumurtalik oil pipeline, Iraq's main artery, but also Turkey's major source of revenue as an energy transit country. "One of the foreign policy areas in which Ozal was actively involved, was the development of the relations with the Gulf States and the Middle East" (Altun, 2009, p. 173). He had himself intervened in the market and urged Turkish businesses to look for new horizons. Yet with the war in the Gulf everyone found out that the endgame was unlike what they had expected.

The ironically short war of 16-17 January 1991 that ended with a peace agreement on March 3, according to Kemal Dervis "had costed Turkey between 40-45 billion US Dollars, making Turkey the biggest loser of the Gulf War" (Altun, 2009, p. 175). Coinciding with the end of the Cold War, this brief state of war in Turkey's immediate neighborhood had detrimental consequences for Turkey's economy. Tourism abruptly stopped, while exports to Iraq and the Middle East became literally impossible. Coupled with the loss of short-term capital for fear of an extended war and loss of accounts receivable from Iraq resulted in a colossal burden. Ironically, the presence of the United States base in Incirlik appeared to make Turkey a target rather than providing an assurance of security. It was as if after tourism, the automotive industry had also been hit by 'Scuds' (Milliyet, 1991, p.6). Ozal had counted on the United States for compensation in return for Turkey's full support for backing the United States' foreign policies in the region. In Ozal's words, with his active politics, Turkey would be "giving one and getting three back", whereas in reality the opposite was true. President Bush praised Ozal and Turkey on various occasions, but it seemed rhetoric was all Turkey got. Turkey's credit ratings had plunged, and foreign exchange had once again become scarce, while credit was ever more costly to find. As if this was not enough, at a Turkish-American Business Association's (TABA) meeting, the US Minister of Commerce Robert Mosbacher had taken off the agenda the long-awaited Turkish-US Free Commerce Agreement causing a major disappointment on the Turkish side (Milliyet, 1991b, p.5). It seemed that either promises were not kept, or misperceptions had occurred. In addition, demands from the

United States kept coming to make Incirlik a continuously open base for United States' operations in the Middle East through the renewal of the Defense and Cooperation Agreement ending on December 18, 1991. It was obvious that such an agreement would impose responsibilities on Turkey that fell outside her obligations as a NATO member.

Ozcan suggests that in the shaping of Turkish foreign policy, while the Ministry of Foreign Affairs had always been a vital actor in the process, various other bureaucracies and civil society especially starting with the 1990s had gained some influence. "But the most important change in the shaping foreign and security policy... was the increased role of the Turkish military... The multipolar executive structure in Turkey is one of the striking characteristics of the country's political system, which allows the military and presidency to enjoy executive powers along with the government... However, in contrast to the office of the president, it is the military that reaps the benefits of freedom of maneuver in security and foreign policy vis à vis the government" (Ozcan, 2001, p.13-4). It is obvious that the Gulf War had played a part in securitizing foreign policy and enhancing the Turkish Armed Forces' powers and spheres of influence.

No wonder then in the end, it was decided that under "Operation Provide Comfort", Turkey was to be given a more active role in the Middle East, while a joint political, economic and defense committee was to be created. Turkish-American Business Council The proposal was made by the Turkish side in the committee formed at governmental level with the intention to institutionalize defense, political and economic relationships. It was recognized as one of the best periods of the relationship with the US considering the last 40 years (Milliyet, 1991c, p.5). The statement is consequential for discrete reasons: first being the fact that the announcement of a defense and political nature was made by a business council president. Secondly, the importance of institutionalization is completely straightforward. Finally, the need for the reassurance of good relations with the United States seemed imperative in order to boost confidence in the jittery economy, even though in reality only, according to Turkish sources, 796 million US Dollars (Milliyet, 1991d, p.5) had been received from the United States as opposed to the 45 billion US Dollars loss incurred by Turkey, most of which was a result of Turkey's decision to abide by the economic sanctions of the UN resolution on Iraq. On the United

States' side, Montalbano reports; "Ozal dreams big. In the aftermath of war, the pugnacious and dynamic Turkish leader may have to settle for half a loaf in pressing for recognition of Turkey as a major power with a key role in forging regional stability" (Montalbano, 1991).

Rubin argues that the "Cold War's end meant that Turkey could no longer take its U.S./NATO defensive shield for granted. Turkey would have to find other ways to prove its value to the West, especially to the United States. Still, in all areas-but especially in the Middle East and the Balkans, and on energy issues-the U.S.-Turkish alliance remained a key factor strengthening Turkey's position" (Rubin, 2001, p.251-2). It is noteworthy to underline that the United States was still the major anchor for Turkey as Turkey's application for the opening of full membership negotiations with the European Community (EC), on April 14, 1987 was postponed indefinitely. Nevertheless, Turkish businessmen headed by TUSIAD's Cem Boyner, IKV President Jak Kamhi and DEIK President Feyyaz Berker joined forces to start a new lobbying initiative at the EC, claiming that "an EC without Turkey would be unthinkable" (Milliyet, 1991a, p5). However, while some businessmen were pro-European, others such as Sedat Aloglu, IKV's Deputy defended the idea that Turkey should not be acting as if membership to the EC was a sine qua non. He declared that "We have a professional flirt in front of us while we are playing the blind lover" (Altun, 2009, p.178).

This distancing from the EC, coupled with the loss of markets in the Middle East, could only be overturned by looking for new opportunities in the uncharted territories of Eastern Europe, Africa and the Far East. However, doing business in these countries represented a total conundrum for individual businesspeople. While communism had just ended, the markets were hardly formed as the state in the former countries of the United Soviet Socialist Republics (USSR) was still the major player. Bilateral relations could only be made possible through a coordinated institutionalized body. The pioneering work of the business councils formed under DEIK's roof proved to be the best bet. Volkan Vural, then Turkey's ambassador to the Soviet Union opined: "For over two years, we have introduced Soviet delegations to Turkish businesses with the help of DEIK...I was able to send them to Turkey trusting DEIK. If it were not for DEIK, it would not have

been possible to take them around and accommodate them with the possibilities of the ministry” (Altun, 2009, p.183). Once again, we see the value of institutionalization in the embodiment of DEIK. Had DEIK’s semi-official status under TOBB helped in cultivating relationships with the former Soviet Union states, where private capital was not present? At the time probably more so than not. Would it still work in the same way for the underdeveloped markets? More so than not.

### *The second phase of the neoliberal experiment*

With the arrival of the 1990s, Turkey had, not totally by choice, crossed the threshold of the second phase of the neoliberal experiment. The country was modernizing and modernizing fast, leaving behind decades of deprivation from the world markets by being an import-substitution and fairly closed economy, with strict capital controls. The Turkish public as well as the Turkish economy was in transformation. In a dispute that centers on the formation of “alternative models of Turkish modernity”, which is defined as a “paradox” increasingly marking the coexistence of modernity with traditionalism and a return to authenticity, Keyman and Koyuncu claim that since the 1980s, largely put in motion by the forces of globalization, Turkey’s economic life, dominated by a major liberalization movement, also witnessed in addition to the economic logic dictated by western modernity “the emergence of the politics of identity/recognition that has taken different forms, such as the resurgence of Islam, the Kurdish question and the liberal claims to rights and freedoms, all of which have become powerful actors in Turkish social and political life” (Keyman, Koyuncu, 2005, p.109). This was an undertaking that in a crucial manner questioned the legitimacy of the strong-state tradition possibly for the first time ever since the Turkish Republic’s establishment. Evidently, not only the economy but also democracy in Turkey was in a state of transition, albeit at its own pace and in its own distinctive manner.

Onis and Bakir comparably, yet distinctly, with an opinion on institutionalization, fabricate the subsequent diagnosis for the early years of Turkey’s liberalization experiment: “The first phase of Turkish neoliberalism constituted the ‘de-regulation phase’, involving an attempt to reduce the role of the state in economic affairs including

elimination of controls over key relative prices” (Onis, Bakir, 2007, p.149), a phase they claim to be on the whole, more triumphant than the second phase that took place in the 1990s. The second phase in their view was more of a ““rhetorical transition and institutional crisis”” (Onis, Bakir, 2007, p.149) with no sign of real success. Evidently, Turkey’s elites had a belated revelation about the imperativeness of regulatory institutions, when the 1994 economic crisis hit hard, to everyone’s surprise. Consecutive measures taken to ameliorate the situation apparently failed to be effective, as the internalization of institutions required time and a fundamental change in *modus operandi*.

As discussed earlier, the 1990s, which correspond to the second phase of the Turkish neoliberal reforms, were therefore, more or less a lost decade, with political instability and a state of economic disturbance. There were several reasons for the political upheavals, but for the economic distress, Onis opined that “The premature transition to full capital account openness in 1989 without the necessary regulatory framework and fiscal and monetary discipline, in turn, has generated a fragile, lop-sided pattern of development, heavily dependent on inflows of speculative short-term capital” (Onis, 2009, p.411). Without clear regulations, it was as if the hounds of hell were unleashed and the economy was left to its own destiny at the mercy of speculative global capital. The Turkey of the 1990s was characterized, once again, by huge budget deficits and balance of payments problems. The 1994 financial crisis led to a major liquidity trap, with massive devaluation and double/triple digit interest rates. While devaluation may have helped boost exports in the short term, the importation of intermediate-sized parts and machinery to help produce quick imports for Turkey, started to be portrayed as an unwanted outcome. As if this was not enough, the country found itself in a major struggle with the PKK terror, while the resurgence of political Islam constituted a serious threat to the military/secular establishment. Turkey ended the decade yet with another disaster. A major earthquake in 1999 not only took over 30,000 lives, it also affected Turkey’s industrial regions, causing further deterioration of the economy. In 2001, coupled with the political turmoil, Turkey was to experience dire straits only years after the 1994 crisis. The result was the rupture of the economic and political system that brought a brand-new player, the AKP, to the scene, to rule Turkey from 2002 to date.

### ***Turkey-EU-US: a Bermuda Triangle***

Luckily, in the international arena, there were some encouraging developments that would help anchor the struggling nation. While the 1987 rejection for full membership was still resonating in Turkish public opinion, the *Customs Union Agreement* with the EU in 1995 and the announcement of Turkey's candidacy at the Helsinki European Council Meeting in 1999 came as a sudden and welcome development. The EU prospect lent a hand to anchor a drifting Turkey with the concrete prospect of membership and a solid resolution for undertaking structural reforms. Why did the EU suddenly change its mind? What had changed? Reasons such as the impact of United States' support that motivated the EU to help Turkey, stemming from the need to keep Turkey at bay as a dependable ally with a close attachment to the West, given the turbulence in the Gulf, and the upsurge of religious extremism, as well as Greece's acquiescence cannot be overstated as Robins argues in fact the "accession of Greece to EC membership in 1980 internalized Greek-Turkish tensions in the deliberations of the Community, in spite of Brussels' pledges to the contrary" (Robins, 2003, p.215). The United States not only tied Turkey to the EU, it also opened the IMF's credit. Turkey's geo-strategic location was once again accentuated in the otherwise troubled Middle East, "which is a region of critical interest from a United States foreign policy perspective. Argentina, which experienced a similar crisis in the same year as Turkey, for example, was not equally fortunate in eliciting similar magnitudes of IMF support" (Onis, Bakir, 2007, p.153).

The United States instrumentalized the IMF to support a fast recovery for Turkey in the securitized context of the post September 11 world. Onis adds that, the "US interest in Turkey was also motivated by the desire to set an example of democracy in an Islamic context" (Onis, 2009, p.417). It is striking that as the resurgence of political Islam was underway in Turkey, Turkey's Islamic qualities were beginning to be put forward, possibly for the first time so openly since its Western alliance had begun. While the conservative right wing in Turkey had been a valuable instrument in Turkey's resistance to Communism and its containment since the 1960s, it was now also beginning to be worth its weight in gold, serving to elevate Turkey as a model against radical Islamists. Soli and Guvenc in an argument on whether Turkey has been a *model*, *order-setter*, or

*trade partner* for the West in an analysis of Turkey's ideational and material power connotations in the Mediterranean purport that the "Turkish model" has remained in the imagination of the West since the days of the Republic's founding fathers... The first time the model was discussed publicly was in the wake of the collapse of the Soviet Union and the creation of new Turkic and mostly Muslim republics. The second time the "Turkish model" was brought forth was after the attacks on September 11, 2001 against the United States... Finally, the "Turkish model" became all the rage in the second half of 2011, reflecting, as in the previous episodes, a concern about the likely adverse effects of the transformations in the Arab world on Western interests" (Ozel, Guvenc, 2012, p.10). It seems Turkey's instrumentalization to the west is based on countless ideational and material factors as suits the remains of the day such as a 'secular Muslim country', "the castle of mild Islam: "ally of the West", "NATO Member State", "bridge between East and West", "strategic trade partner", "democratic stable island surrounded by failed states", "bumper/tampon for refugees threatening Europe" are to name but a few....

On another dimension, in Keyman and Koyuncu's argument of "alternative models of Turkish modernity", based on their analysis of Turkish capitalism and political economy, through an institutional and actor-focused study, covering important economic actors, such as TUSIAD and MUSIAD, we find actors which cogently underline our case. They are valuable in terms of their<sup>39</sup> "different societal visions, different identity/citizenship claims and different institutional strategies... (as they) mark the changing nature of Turkish economy since the 1990s, play an important role in the construction of strong societal demands for the creation of a democratic and economically stable Turkey, and act as powerful economic pressure groups forcing the state to transform itself into an effective, accountable and transparent governing institution" (Keyman, Koyuncu, 2005, p.108). While Turkey was progressing on its path to modernity, new actors with religious and/or ethnic identifications and unique societal visions were creating new institutions in their unique spheres. These developments were quite different from the initial phase of Turkey's modernity initiative, and they were surprisingly welcomed by Turkey's Western allies. The new unipolar world order and the rising threat of religious extremism served

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<sup>39</sup> And we could include DEIK and TUSKON among them for the purpose of our study.

Turkey's fast track recovery from the 2001 crisis, this time however, transforming its institutions inside out over a period of almost two decades.

Before we close the section, turning to Keohane for a moment, in order to leave some more room for thought as regards these new institutions sounds like a wise move. Keohane claims that one "striking change in fundamental global power structures during the last 20 years is the transformation of the economies of poor countries toward sustained and rapid growth" (Keohane, 2012, p.134). There are more countries in the global economic scene today, rising powers such as the BRIC countries of Brazil, Russia, India and China included, with diverse interests and negotiating capabilities. Plurality adds complexity to the efficient and effective functioning of international institutions. Nevertheless, "many of these institutions persist despite changes in patterns of power and interests; but as Realists claimed, it has become increasingly difficult to construct strong new institutions" (Keohane, 2012, p.135). In retrospect, following this argument, we could make the analogy of changing patterns and interests in the domestic realm. Even though power and interest patterns may change, efforts to construct new institutions like TUSKON with an intention to replace old ones like DEIK may hit rocky roads. Currently established institutions, nevertheless, show resistance and survive their less successful competitors. The old ones have, after all, stood the test of time and have proven themselves to lock in powerful policies, norms and values.

### ***The resurgence of Islam in Turkey's political economy***

The transformation in the economy achieving high growth levels when compared to the late 1970s inevitably had dramatic effects on all parts of the Turkish society. "It speeded up the trend in rural to urban migration; it changed lifestyle and consumption patterns; it increased levels of prosperity... The effect of all these activities together was dramatically to increase levels of energy demand in the country, with profound implications for public policy and ultimately, external relations" (Robins, 2003, p.220). New and pragmatic connections were to be made with energy rich countries like Russia and the Arab nations if the country was to match the future magnitude of domestic energy demand.

On a parallel note, with the dissemination of identities and the pluralization of institutional strategies, the Turkish political economy of the 1980s seemed to be transforming itself from being “organized mainly around national industry without a cultural codification, (to) the 1990s (that) have witnessed the rise of what is called ‘Islamic capital’ as a powerful economic actor” (Keyman, Koyuncu, 2005, p.112). Islam, albeit initially a mild version of it, was de facto introduced to the Turkish political economy not only as a discourse but also in an institutionalized manner, with organizations such as MUSIAD and similarly TUSKON, which constituted “a major electoral backbone of the AKP” (Onis, Bakir, 2007, p.160). Bugra attributes the inception and triumph of such organizations in their claim and ability to the fact that “political Islam in Turkey is in no way cut off from the developments within the global economy... which highlights their congruity with ‘islamic ways of going about the daily business of life’” (Bugra, 1999, p.11). It appeared that MUSIAD, founded in 1990, had assumed and fulfilled its role so dramatically well thanks to the wind beneath its wings derived from the new political Islam exercised by the government both in the domestic realm as well as abroad. MUSIAD had risen to challenge the dominance of TUSIAD, Turkey’s most powerful business organization since 1971. Triantaphyllou further purports that, strengthened in the domestic context through a new network of economic actors, “the ruling AKP seem(ed) to be pivoting towards creating its own normative space; its own 21st-century version of the ‘caliphate-light’ where Islam combined with economic diplomacy shap(ed) its ties with other Muslim countries as it trie(d) to place itself and its model of governance as the champion of modern Islamic values and modernity... As a consequence, it further loosen(ed) its bonds from the West to which it ha(d) been anchored at least since 1947 (since the Truman Doctrine and the Marshall Plan) and institutionally since joining the Atlantic Alliance in 1952” (Triantaphyllou, 2014 p.291).

If we assume that for the resurgence of Islam in Turkey’s political life, the creation of its own pressure groups in the business world was compulsory, for the purposes of our hypothesis, we could contend that MUSIAD, with its ideological affiliation, was established in confrontation to TUSIAD, the business representative of the secular world, just as TUSKON was established as a counterforce to DEIK. This proposition is largely

valid and should come as no surprise when we take into account Arat's argument that in the 1980s because of "its ideological affinity and 'organic ties', TUSIAD could ensure a close dialogue with the government... Precisely because of its ideological affinity and close ties, TUSIAD could not seek an alternative government" (Arat, 1991, p.146). If we assume that this is in fact so, then just as TUSIAD could not and, within the same lines DEIK would not, lobby for a new government which is not in affinity with it ideologically, the new AKP administration had to create its own advocates in the embodiment of MUSIAD and TUSKON which would be willing to support it both within ideological and economic parameters. While economic liberalization and globalization constitute the focal points of both TUSIAD and MUSIAD's *raison d'être*, the latter presents itself in a quite dissimilar way to TUSIAD, which it possibly despises as being the state-supported bourgeoisie favored by the then existing politico-economic order, whose pillars crown statism and secularism.<sup>40</sup>

Keyman and Koyuncu's study claims that "unlike TUSIAD, MUSIAD is founded on Islamic principles, such as the feeling of trust and solidarity, the primacy of community over the individual, the discourse of the just-self over the self-interested actor, and the privileged status of ethical codes over individual morality" (Keyman, Koyuncu, 2005, p.118). MUSIAD, and by the same analogy, TUSKON could then be illustrated, at their core, as promoters of communitarianism, presumably aiming to override class differences between capital and labor, as opposed to the individualism and self-interest that are paramount in the neoliberalism of TUSIAD and DEIK. Having said that, Keyman and Koyuncu maintain in reality however, that "the communitarian ideology that economic Islam promotes, acts against the principles of the welfare state and distributive justice in general, and the organizational rights of the producers in particular. MUSIAD is in fact a class-based organization, which uses Islamic discourse to 'justify' its communitarian ideology and to 'mobilize' its economic activities" (Keyman, Koyuncu, 2005, p.120). In the business world, it seems profit maximization is the ultimate aim, no matter what ideology you start with, a hypocritical condition indeed.

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<sup>40</sup> We could make the assumption that the state hereby refers to the secular state/military elite establishment prior to the AKP era.

We could reiterate that these new institutional strategies and bodies representing Islamic claims, have at first sight been created to challenge the dominance of existing secular ones, historically formed by the strong military-secular state tradition. They seem to have been a part of a grander strategy, an “alternative claim to modernity” which is culturally, religiously and ideologically loaded. Given that some like Linklater talk about “the demise of Western political ascendancy, and the ensuing cultural revolt against Western hegemony” (Linklater, 1998, p.47) in general, it is not surprising that Turkey experiences a transformation of its political community that diverges from the founding ideology based on Western prerogatives. These more conservative institutions, as economic actors, serve nevertheless, the very purpose of instrumentalizing economic power relations and international trade specifically in TUSKON’s case, for different economic groups or classes and ideological worldviews. The fact that they were able to do that in the first place, however, was arguably made possible as per Heper’s suggestion that the military had envisaged a political system whereby economic affairs would be left to the civil society. This was plausibly a weak link in the military-secular establishment’s strong state strategy of the time. During the 1980s while “democracy in Turkey was no more than tutelary, now that no comprehensive political manifesto (was) clamped upon the Turkish polity by the new state elite, at least in certain spheres, particularly in the economic one, there (was) scope for genuine democracy” (Heper, 1988, p.9) Allowing the civil society to strengthen economically could eventually work to disrupt the balance of power between the state and the business interest groups.

It is, however, imperative here to end by quoting Arat’s conclusion regarding the links between big business, TUSIAD and the politics of ANAP in the 1980s that in spite of “the affinity between big business and government, the autonomy of the State from civil society ha(d) increased” (Arat, 1991, p.147). It is tempting to claim that this is very likely also to be the case today, even though the players have changed. The AKP Administration may have created its affiliated big MUSIAD as well as the small business association TUSKON. Despite this affinity, we could expect the autonomy of the state to outgrow these institutions of civil society. Would this signal that we are faced with a weakening of civil society? Is it not what we witness already in the governmentalization of DEIK, the epitome of this state autonomy?

This should come as no surprise, since to start with, such an autonomy on the part of civil society would be ahistorical. “Turkey has never had an independent bourgeois class throughout its history. Turkey always had problems with creating an independent bourgeoisie, because that bourgeois class was always created and sustained by the state. If you compare the former Turkish state-sponsored secular bourgeoisie with the Western bourgeoisie, the former always lacked an independent and revolutionary character. Although the secular bourgeoisie had economic and cultural capital, because of its detached character from the rest of society it couldn’t reshape the values and aspirations of much of society” (Armstrong, 2017). New institutions based on more religiously conservative foundations such as MUSIAD and TUSKON were needed if a more inclusive transformation of society was to be attained in this new model of modernity which in Western societies would normally become a major force for democratization. This was not necessarily the case for Turkey's democratization trajectory, however, as the asymmetrical dependence of these institutions and their ideological affiliations to the state would not render a context that was permeable to absolute independence. In the worst scenario, through governmentalization, they could well be devoured by the Leviathan as in the case of DEIK, or shot down as in the case of TUSKON, due to its affiliation with Fethullah Gulen Terror Organization (FETO).

Today, with the TUSKON option out of commission, the AKP administration by governmentalizing DEIK has, as a result, increased its autonomy over a body with which it, otherwise, had no strong affinity to start with. We can, therefore, conjecture that without much doubt such links and relationships are very significant for both the government as well as the private sector. If however, the omnipotent state cannot win over the civil society with which it is not in affinity ideologically, we could presume that in line with Guillermo O’Donnell's “bureaucratic authoritarian” model, the government has the apparatus under its powers to tie a civil society under its wings in order to better instrumentalize it where the state is “the guarantor of the capitalist relations of production... (and) not of the immediate interests of the bourgeoisie ” (O’Donnell, 1988, p.2). Such an apparatus has been activated in DEIK’s overnight appropriation by way of a government decree tying it to the Ministry of Economy in September 2014.

#### 4.5 The AKP Years - a New Chapter (2002-2014)

##### *The third phase of the neoliberal experiment-2002-2008*

The 1990s was a lost decade, and Turkey paid another heavy price for losing that decade at the turn of the millennium. The February 2001 crisis was the second major crisis, a really damaging crash which the *late industrializing*, developmental Turkish economy had experienced, the first being the 1994 crisis, since it had begun its journey of transformation from an inward-looking import-substitution economy towards being a member of the neoliberal world. The Turkey of the era could be classified as a *developmental state*, testing its capacity to cope with the winds of globalization to become what Onis calls a *competition state*. Turkey seems to be caught up in these winds of globalization which Watkins defines as “economic or corporate globalization, so (that) its limitations will be evident. It's the kind that has given globalization a bad name. It coincides with the era of neoconservatism or neoliberalism, that trinity of free trade, privatization, and deregulation, with a dystopian discourse of a borderless world and the withering away of the nation-state. It is merely the latest stage of capitalist expansion around the globe that can be seen as having begun circa 1500, Thus its novelty is easily exaggerated” (Watkins, 2009, p.18).

Keyman and Koyuncu maintain that the crisis of 2001 not only perturbed the economy but “has unearthed the legitimacy and governing crisis of the state whose clientalist and corruption-producing mode of regulation of societal affairs has marked the nature of Turkish politics in the 1990s” (Keyman, Koyuncu, 2005, p.107). It was so detrimental to the established political parties of both the Right and Left that it “paved the way for the emergence of a new political party, the Justice and the Development Party (the AKP), a party with Islamist roots, but more moderate in its outlook compared with its predecessors, to occupy the center stage in Turkish politics” (Onis, 2009, p.416). From 2002 onwards, Turkey’s economic and political arena apparently had embarked on a new phase with a new player which claimed to be the answer for a democratically and economically advanced Turkey, which the frail and debilitated strong-state tradition was unable to develop. Tur argues further that; the 2001 crisis was especially so consequential since the country adopted a severe stabilization and austerity programme “that prioritized

a market economy and minimum intervention by the state... whose positive results would be seen in the coming years. What is also significant about the crisis... is how it led to the transformation of industrial and financial capital in Turkey from the dominant capital accumulation strategy resting on 'rentier profits extracted from the state apparatus' to a 'dynamic accumulation' approach based on internationalization and competition on a world scale" (Tur, 2011, p.590). Rules of "Social Darwinism" mandated "survival of the fittest" mentality. On a more general note, in an analogy of firms and states it is stimulating to note Waltz's argument that "(a)lthough the constructive purpose of economic competition is easily seen, it is hard to argue that states are better off because of the political competition they engage in. In the age of Social Darwinism, the invigoration of states that was thought to result from competition among them was applauded. The triumph of the strong was an indication of virtue; if the weak succumbed it was because of their vices... Internationally if an aggressive state becomes strong or a strong state becomes aggressive, other states will presumably suffer. The death rate among states, however, is remarkably low" (Waltz, 2010, p.137). One can speak of the economic choke-down of a state and not necessarily entail its on-going concern.

The penalization of the current political establishment in the 2002 elections seems to have risen, first of all, from "a need in Turkey to transform the strong state tradition into an effective, accountable and post-developmental state that governs societal affairs in a democratic and caring way" (Keyman, Koyuncu, 2005, p.124). Turkey needed to pass beyond the developmental stage. The government had to become more accountable and transparent to the Turkish public. The strong state tradition had to be woven into the fabric of current times. And it was understood that "without focusing on the production side of the economy and recognizing its culturally based institutional structure that contains in it different identity claims and citizenship rights, it (was) not possible to create a democratic and economically advanced Turkey" (Keyman, Koyuncu, 2005, p.124). A more inclusive institutional structure had to be embraced. Economic strategies had to take into account the diversity of labor in addition to capital. Cultural differences and identity claims could no longer be ignored. Unless they were incorporated into the economic and democratic advancement, it would not be possible to speak of a post-developmental, competition state. This was the moment for the 'Anatolian Tigers' who had previously been excluded from the benefits of state mechanism as Kutlay argues to go and "invest

abroad... the Turkish business elite ha(d) begun to explore economic and financial opportunities in neighboring countries, and ha(d) backed the state in its efforts to stabilize the region for the sake of their interests, *inter alia*” (Kutlay, 2011, p.77).

Therefore, as Onis remarks “the post-2001 era – the third phase of Turkish neoliberal experiment – marks a dramatic point of departure from the earlier phase. The new phase is associated with the emergence of a regulatory state with significant political and distributional consequences” (Onis, 2009, p.410). With 2002, a distinct period in Turkish politics had started to the avail as well as the despair of many. A brand-new party, the AKP, came onto the scene out of the blue and stayed to reshape Turkey’s political arena, not to mention its economic and social life, culminating in consecutive election victories. Altunisik claims that AKP which became the new embodiment of Turkey’s Islamist movement has thrived a new vision Turkish foreign policy in general and Middle East in particular. “In fostering ties with its neighbors, this perspective has also emphasized economic ties and interdependence. Such an approach also suits a major constituency of the party, namely the burgeoning Anatolian businesses, very much in tune with globalization, very highly conservative in their social outlook” (Altunisik, 2009, p.189).

As far as Turkish Foreign Policy is concerned, Keyman divides the implementation of TFP by the AKP into three parts, the first between 2002-2010 being a period “in which the environment was framed by the September 11 attacks and American neoconservative global war on terror. Turkish foreign policy was shaped by soft power and active globalization. In this period, the environment was suitable for Turkey’s proactivity – insofar as its ability to balance Islam, democracy and secularism had given rise to an upsurge of interest both regionally and globally. In this period, Ahmet Davutoglu’s concept of “strategic depth” (Davutoglu, 2008) and his civilizational, realist thinking of regional and global relations, coupled with the EU anchor, determined the basic parameters of foreign policy” (Keyman, 2017, p.58).

The AKP won four elections in 2002, 2007, 2011 and 2015 (November) with an unprecedented resistance to governmental fatigue, even though as of 2017, a major restructuring of the party appears to have started at the municipal level, headed by President Erdogan under the heading “Metal Fatigue”. Onis comments that even though “(c)enter-right, conservative parties have dominated Turkish politics in the post-1950

era” (Onis, 2012, p.135), the AKP seems to have outshone them all, with the closest runner-up being the Menderes Administration’s Democratic Party, (DP), in the 1950s. In 2018, Turkey went through a change in her governance, resorting to a presidential system, in which AKP still won 295 of the 600 seats in the parliament (NTV, 2018). While the AKP’s success in the 2001 elections bewildered the establishment, as the electorate punished the fragmented parties which had been unable to manage Turkey’s potential at the ballot box, its success over the three consecutive elections with rising electoral votes from 34% in 2002 to 47% in 2007 and 50% in 2011 was a result of many carefully planned factors, among which strong economic performance and redistributive policies seem to have mattered a great deal. When evaluated “in the context of ‘regulatory neoliberalism’ helped by a favorable global liquidity environment in the early parts of the decade... (and) an international environment conducive to the practice of ‘social neoliberalism’” (Onis, 2012, p.137) in the background of an emerging “post-Washington Consensus”, it could be argued that the AKP had both the domestic as well as the international context working in its favor.

The AKP’s initial success was evidently a reaction to the turmoil of the 1990s, the lost decade with weak coalition governments and the devastating 1994, 2000 and 2001 economic breakdowns that eroded the legitimacy of the administrations in power. Fukuyama in his work on the origins of political order maintains that “developments in economics and politics affect the kinds of ideas that people regard as legitimate... Economic growth can also create legitimacy for the governments that succeed in fostering it... Conversely, the reversal of economic growth through economic crises or mismanagement can be destabilizing... Legitimacy also rests on the distribution of the benefits of growth” (Fukuyama, 2011, p.473). Arguably, therefore, the new player in Turkish politics, regardless of its Islamic connotations, kicked off in blissfully favorable circumstances inherited from the previous secular governments, by way of an electorate thirsty for a new ruling party with a clean legitimacy record. It meticulously, capitalized on the regulatory reforms and austerity measures, initiated by Kemal Dervis, the newly appointed Minister of State for the Economy in 2001, which were put in force through a “strong economy” program “under the strong pressure of external actors such as the IMF and the European Union (EU)” (Onis, 2012, p.138). Due to both Kemal Dervis, an esteemed veteran, a “transnational policy entrepreneur” in Onis’ terms, from the World

Bank, who was brought in to implement reforms before and during the crisis, and due to the US-EU-IMF trilogy acting in favor of a quick recovery for Turkey, the AKP found itself with an amazing wind in its sails. The international system had its arms wide open in welcoming the AKP. Moreover, what “was also crucial was that economic actors, both domestic and foreign, recognized the importance of the EU as a kind of long-term and permanent external anchor” (Onis, Bakir, 2007, p.155). The AKP, paradoxically, regardless of its Islamic orientation, also appeared to be pro-European. If we follow Turkey’s application in 1959 evaluated in neo-Gramscian terms; “for associate membership of the EC, and the post-dictatorship enquiry about full membership, (being) attempts by the socio-economic classes that benefitted from modernization to consolidate that direction for the economy” (Bache, George, Bulmer, 2011, p.544-5), we can relocate AKP’s new stance as a consent by the socio-economic classes of its electorate, for the modernization that European Union membership entailed, in order to consolidate the economy in their preferred direction.

On the other side, for our understanding of EU’s reluctance and protracted approach to Turkey’s membership, Buzan and Wæver’s argument on European security landscape can prove a useful background; “The total European security landscape is extremely complicated, exhibiting almost all imaginable forms of insecurity except the classical military one... Economic security is mostly articulated at the regional and global level – for Europe or in relation to the principles of the liberal international economic order. Because European states have accepted far-reaching integration, they have to accept de-securitization of specific vulnerabilities’ (Buzan, Wæver, 2003, p.357), which they may find hard to do when it comes to Turkey. Yet, having finally announced Turkey’s candidacy, the EU must have accepted risks of a similar de-securitization on vulnerabilities that Turkey’s membership would have entailed, such as a large Muslim population, an economy under austerity and a government advocating political Islam.

Surprisingly, the new elites of the AKP seem to have embraced the EU orientation and Westernization of Turkey, with a radical departure from the policies of Necmettin Erbakan, under whose patronage they had been brought up for political life. While critical secular circles were wary of the AKP’s intentions, internalizing and opting for the EU anchor seemed to be cleverly serving them well. AKP’s stance was historical as Turan

suggests that since the application to the Community in 1963, “Turkish skepticism became manifest in the expression often pronounced among government circles in the 1970's that ‘They are the community and we are the market.’ As the EEC has moved through stages to become the European Union it became more challenging to navigate the tension between retaining sovereignty and keeping the eternal world from constraining Turkish politics while maintaining links with Western Europe at the same time. Yet, under the initial influence of security considerations and subsequent questions of economic prosperity, Turkey (perhaps reluctantly) signed a Customs Union Agreement in 1996 and implemented after 2005, domestic political and economic reforms that were intended to meet EU’s conditionality for advancement toward full membership” (Turan, 2016, p.10-11). The AKP, after disillusionment with a decade of coalition governments in the 1990s, seemed to be able to go ahead with the enacted reforms thanks to its majority in parliament. In its first term, it engaged in economic and political reforms, in line with a modified neoliberal paradigm. AKP elites seemed to have “recognized the regulatory and social failures of free-market liberalism based on the logic of Washington consensus” (Onis, 2012, p.141), as they set out to conduct a neo-populist, a kind of communitarian response to the neoliberalism of the 1980s and 1990s.

The 1999 Helsinki announcement of Turkey’s candidacy at the EU Council meeting, and the consequent decision to start Accession Negotiations in December 2004, and finally the October 2005 decision to start the negotiations, helped tie Turkey to the EU anchor ever more visibly and tightly than before. This was a novelty: ever since the longstanding Ankara Agreement was put in place in 1963, Turkey’s European dream had taken many blows. The promise of EU membership changed many things in terms of Turkey’s economic prospects. We can conclude then that “a combination of powerful external pressures and a display of political leadership and will at home helped to produce an economic environment that by late 2005 already sharply differed from the situation in February 2001” (Onis, Bakir, 2007, p.156). It is as if just as the January 24 Decisions had facilitated Ozal’s take off in the 1980s, Kemal Dervis, acting in concert with the international actors, had prepared the way for the AKP’s success in implementing tight fiscal reforms. Luckily, on the domestic front, there were no mass protests from the labor unions, similar to the Latin American examples of the era. Otherwise “huge public sector

deficits and the associated chronic rates of inflation... ha(d) been costly not only in terms of their negative effects on domestic and foreign investment but also in terms of their income distributional consequences with weak and underprivileged segments of society emerging as clear losers in an environment of high inflation” (Onis, 2009, p.420). The AKP, in executing these reforms, had the support of not only low-income conservative groups of its constituency, but also of small and medium-sized business circles of the center right opting for a healthier democracy and rule-based economy. Just as Ozal was bestowed within an authoritative *coup d'état* context, welcomed after years of civil unrest by the majority of the population, enabling him to carry on the austerity package, the AKP benefitted from a captivated public tired of the crisis and instability of the 1990s.

The EU on the horizon was a major game changer in this compliance by the Turkish public and the conservative business world, since in the 1990s, without institutionalized rules and norms, a healthy democracy and rule base economy, not even a Competition Board, the so-called Anatolian Tigers had lived through at least two decades where “economic success largely depended on clientelistic political ties and easy access to state favors” (Onis, 2009, p.419), which obviously bypassed them and favored secular interest groups. While the domestic business scene was approving the new government and the actions taken in line with the austerity package, the prospects of joining the EU were also instrumental in restoring the transnational financial community’s confidence such that a “real breakthrough in the Turkish economy in terms of foreign direct investment (FDI) flows and large-scale privatization occurred in the course of 2005, once the opening up of accession negotiations emerged as a concrete possibility” (Onis, 2009, p.418). Gilpin argues that the increase foreign direct investment brings about an internationalization of production which in turn causes “the creation of a complex web of interlocking relationships among nation-states and the world’s giant corporations” (Gilpin, 1987 p.261). If this is so, the post-crisis trajectory of the Turkish political economy looked very promising indeed, in economic and democratic terms as Turkey was to bond with the developed world through foreign direct investment, and prospects of EU membership.

What made this third phase unique, as compared to the two earlier neoliberalization phases, was also the capacity of the state to “re-regulate” and “deregulate”. A shift in power was happening within the state apparatus itself. New actors such as the Bank

Regulatory and Supervisory Authority had been introduced with serious regulatory powers, while the Central Bank's autonomy was re-established as a cardinal pillar in the stabilization of the economy. External players in the form of MNCs were also eager to gain access to the scene, as foreign investors found it both attractive and legally safe to invest in Turkey. With new incentives such as a decrease in corporate tax and ease of administrative processes, the FDI reached its peak through the second wave of a massive privatization scheme. Privatization revenues amounted to "\$8.5 billion in 2005, which is very close to revenues collected from privatization over the 1986–2004 period as a whole" (Onis, 2009, p.423). Finally, an opposite trend was emerging. Turkish conglomerates, most of whom were members of DEIK, were starting to grow stronger and invest outside Turkey, becoming less dependent on the dynamics of the domestic markets alone. Onis draws our attention to this consequential new evolution, since it is "pointing towards a new stage in Turkey's globalization process with potentially serious economic and political ramifications" (Onis, 2009, p.424).

There is a caveat: the fact that during the first bright term of the AKP government corresponding to the interval between the 2002-2007 period, not everything was picture perfect. While medium to large business actors such as those in the membership profile of DEIK who had strengthened their international connections seem to have become more autonomous, the dependence on imports in intermediate and capital goods for export production still stood as a remarkable area of vulnerability for the Turkish economy. As for the government, the significance of sustaining high-level growth rates to correct the asymmetries in income distribution and unemployment was colossal. International capital inflows and outflows still constituted major setbacks that affected the stock market daily, where Turkish businesses were valued and devalued every day.

To topple that, the EU process had also abruptly come to a halt after the Cyprus referendum in 2004 and the full membership of the Republic of Cyprus in 2005. Turkey refused to open its ports to Cyprus as per its new status as a European Union Member State, since it did not recognize it, while Cyprus vetoed the opening of the new chapters in Turkey's accession negotiations. The already protracted EU process had once again turned into a stalemate. Since Helsinki "almost every EU accession document on Turkey (i.e. accession partnerships, regular reports and presidency conclusions) put forward

specific aspects of the Cyprus issue, such as the adoption/implementation of the ‘Additional Protocol’ including clauses on the opening of Turkish ports to Cypriot vessels and the normalization of relations with the Republic of Cyprus – as conditions for accession. Even though the eventual resolution of the Cyprus issue is not stipulated as an explicit criterion for Turkey’s accession anywhere in the EU’s legally binding texts, it is widely acknowledged in academic and political circles that Turkey’s EU membership is inextricably linked with this issue” (Akgul Acikmese, Triantaphyllou, 2012, 555-6). If Turkey had read the discourse of the European elite more diligently earlier on, however, the degree of disappointment arguably could have been lower, and a more realistic strategy could have been assumed to strengthen Turkey’s hand since Cyprus problem appeared visibly to be a pretext; “When the former French President Valery Giscard d’Estaing said in an interview with the *Le Monde* in November 2002 that allowing Turkey into the EU would mean ‘the end of the European Union’, he was widely seen as articulating a belief that was held by politicians in most of the EU’s member states” (Bache, George, Bulmer, 2011, p.547). It seemed while AKP’s first interval was a magical era, the years that followed would not be painless or as favorable.

***There is a new girl in town: TUSKON***

It is also in this new epoch that DEIK found competition from counterparts such as TUSKON that started to reputedly duplicate DEIK’s mission. In a mirroring of DEIK’s establishment on grounds of eradicating such duplication in the first place, the creation of TUSKON, in 2005, was hardly a deliberation to either bring about operational efficiency or effectiveness. If DEIK had failed operationally in the 1990s, rather than creating a substitute, attempts could be aimed towards making it function better. There had to be other justifications from among which ideological differences posed as runner ups. After all, businesses which had not become DEIK members to date, apparently may have not done so because they did not want to become members in the first place, due to a lack of compatibility with DEIK’s ideology.

Identities may have stood in the way of membership. DEIK, seen as the child of TUSIAD, may have appeared to belong to the secular world. Or was it that if they joined DEIK, they would not be able to do the things they wanted to do under its umbrella? If MUSIAD

was a surrogate to TUSIAD, TUSKON could be the one to replace DEIK. In a new organization, they would be able to be among like-minded businesses. Their ideological affiliation would help them work better towards their shared goals. Last but not least, through their ideological inclination, they could have allegedly had better access to funds from the government or supporting charities. As Atli argues for the crucial point here being that, TUSKON appears in full conformity with AKP adopting a pro-government stance and is distinguished to “always support rather than challenge the government’s position” (Atli, 2011, p.124), which is expected to help it obtain such a privileged position with the government in the first place. Some of these reasons or all of them could have played a role in the institution of TUSKON. Today, 14 years after its inauguration, TUSKON has been closed for being a part of FETO’s business structuring with a long list of lingering indictments on its members. The failed *coup* attempt of July 15, 2016 led to a *state of emergency* in Turkey during which FETO emerged as the main suspect. “From the beginning, President Recep Tayyip Erdogan assiduously claimed that followers of the Pennsylvania-based cleric Fethullah Gulen, a former close ally of his, had mounted the coup attempt” (Barkey, 2017). FETO’s related affiliations have been closed, or taken over, and many members arrested. By the same token, in the TUSKON court case, whose details are revealed to the public after each hearing, there were as of 7 December 2017, 86 defendants, 21 of whom had been imprisoned (Kırkeser, 2017).

### ***The AKP’s assistant foreman years (2008-2011)***

The AKP elites define their first term in office as their “*Ciraklik*” or “*Apprentice*” years, with a claim of lack of experience but of being on a fast-learning track to statecraft. Their second term is, instead, their “*Assistant Foreman*” or “*Kalfa*” years. This time they appeared even more eager to carry on their “case”, (*dava*) with more confidence. The second term, however, involved a less favorable internal and external environment. In the international context, the 2008 global financial crisis that started in the US on the verge of the presidential elections came as a shock to everyone around the world. Financial institutions like Lehman Brothers started to fall one after another like dominos. With the forces of *Globalization* at large, everyone was asking if the United States coughed would Europe catch a cold? The Western world felt the financial earthquake and its aftershocks

in magnitudes that many compared to the *Great Depression* of the 1930s. In 2014, Ben Bernanke, the former head of the Federal Reserve, when evaluating the damage, said “September and October 2008 was the worst financial crisis in global history, including the Great Depression” (Egan, 2014). It seemed no one was immune but Turkey. The then Prime Minister Erdogan had his own viewpoint. His remarks resonated in the national and international circles as follows: “Ankara, has greeted the current global crisis with a bizarre self-confidence, maintaining a sense of optimism despite fires all around the world. Prime Minister Erdogan went so far as to suggest a few months ago that the global fever would ‘pass Turkey by’” (Aydintasbas, 2009).

It was true that Turkey had already had its financial crisis *a la* Wall Street in 2001, and it had already paid a heavy price yet, while no currency collapse, rocketing overnight interest rates, or stock market crash seemed to have occurred this time around, still the 2008 crisis surely indicated major drawbacks with imploding industrial production and soaring unemployment. Nevertheless, this crisis was unique in the sense that the earlier crises the Turkish economy had experienced, “were the outcome of gross domestic mismanagement leading to large fiscal deficits, chronically high rates of inflation, an unsustainable balance of payments situation, falling international reserves and the inevitable encounter with the IMF” (Onis, 2012, p.143). However, this time around, much was beyond the control of the AKP administration; the crisis was an externally generated phenomenon of the global center, the industrialized world. For the purposes of our hypothesis however, given the interdependence of trading nations and the interconnectedness of globalized economies, it is unrealistic to expect the tangential passage of any crisis. Hence, we should not be surprised to learn that, contrary to the government’s official view, the “Turkish economy was inevitably affected by the downturn in the capital inflows and falling demand, notably in the euro zone area, for Turkish exports” (Onis, 2012, p.143). On a more general prospective, however, Bayne and Woolcock, in their analysis on the relative weight of emerging powers in the world economy, which in some respects might include Turkey as a middle power, being revealed during the 2007-2008 crisis, contend that the “financial systems of most western economies, through excessive and imprudent lending came to the brink of disaster. But

the emerging powers, which had followed more cautious policies, mostly survived unscathed” (Bayne, Woolcock, 2011, p.361).

Regardless of the outcome of the economic downturn, the AKP had a consolidated electoral victory giving it stronger political power at the center of Turkish politics, and regarding relations with international actors such as the IMF, it was able to choose to act more autonomously compared both to precedent parties and to its own first term; refusing to make a deal for an IMF package of 20 billion US Dollars. Onis and Guven evaluate the AKP’s protracted and delayed management of the crisis and its major drawbacks as follows: “The relations with the IMF, along with the AKP’s activist foreign economic policy, certainly contributed to the party’s effective political management of the crisis. But this short-term political effectiveness does not imply that the response was “optimal” considering Turkey’s long-standing developmental challenges such as assuring equitable patterns of income distribution and a fast growth path with long-term sustainability” (Onis, Guven, 2010, p.24-5). Even so, it is not hard to empathize with AKP’s skeptical stance to IMF from a historical angle as Stiglitz opines “we have seen, all too often the IMF forged policies which, in addition to exacerbating the very problems they sought to address, allowed these problems to play out over and over again” (Stiglitz, 2002, p.197).

Onis claims that, consequently, there was a major domestic shift in the balance of power in the Turkish political economy. The AKP was not only breaking away from the international austerity measures of the IMF, but it was also starting to act “quite independent of the demands of major conglomerates represented under the umbrella of TUSIAD. Indeed, the AKP’s approach in 2008–2009 was much more in line with the demands of its core constituencies, notably the rising Anatolian business elites represented by institutions like Independent Industrialists and Businessmen’s Association, which have traditionally maintained a more critical stance toward the IMF” (Onis, 2012, p.144). It appears that the divergence with TUSIAD and, by the same analogy, DEIK seems to have surfaced during the 2008–2009 period, with the AKP turning towards its own core constituencies represented in MUSIAD and TUSKON, which were getting stronger as institutions and pressure groups in Turkish business life. It is remarkable that the institution of TUSKON in 2005, and its unstoppable ascent in

the next decade, amidst criticisms of duplication in areas falling in DEIK's mission territory, and its reason for existence as an entity, coincides with the very period of the AKP's consolidation of its reign. Following the 2008 crisis that shook the industrialized world to its financial foundations, TUSKON appears to have found its chance to excel and penetrate into the underdeveloped world, supposedly uncovered efficiently by either DEIK or the industrialized West. In fact, while Onis includes a certain criticism in the AKP's reluctance and passive reaction to the 2008 crises, he cites that the "only proactive element in the armory of Turkish policymakers appeared to be the export market diversifying strategy in line with the new and more assertive style policy-making" (Onis, 2012, p.144) which leads us to contemplate the roots of the assertive role TUSKON had acquired within the same period, out-shadowing DEIK in many aspects.

Given TUSKON's rise and amidst allegations of duplication, the fairly young organization was defended in 2011 by its then President Riza Nur Meral, who, in August 2016 fled the country under allegations of being involved in the business structuring of FETO, with the following statement: "TUSKON is not stealing the role but filling the gaps" (Economist, 2011, p.32-3). He may not have been wrong in his declaration. In fact, Onis underlines that "Turkey has been diversifying its economic relations in recent years and has been developing important trade and investment linkages with virtually all the countries in its immediate and more distant neighborhood" (Onis, 2012, p.149). The AKP's active foreign policy, with an emphasis on the "*zero problem with the neighbors*" motto of Davutoglu, who became foreign minister in 2009, intended to extend Turkey's activism especially in the Middle East and Africa where TUSKON was well-positioned. With an AKP enjoying a third consecutive win in 2011, via a success based primarily on its economic record, "diversification into fertile markets", a strategy which for one reason or another had been presumed as neglected or failed by either DEIK or TUSIAD, might as well have been attained by the AKP's electoral conglomerates embodied under the umbrella of organizations such as MUSIAD and TUSKON.

The AKP's divergence from previous establishments, namely TUSIAD and DEIK representing "Western/secular capital", could surely not be understood in its core as an isolated occurrence. It is more suggestive of being an offshoot of a grander strategy in

the context of a broader foreign policy initiative which was ironically aided by the global financial crisis in the West as well as by AKP's consolidation of political power, coupled with an economic power shift at home. Onis examines this drift and dimensional shift in the context of the BRICs with the following analysis, defining Turkey as a Rising Power in its own right. "With the Western/Northern economies in a state of stagnation, key economies from the East/South increasingly asserted themselves as vocal actors in an increasingly multi-polar global order. In the spirit of the BRICs, Turkey, as a rising power in its own right, increasingly asserted a more assertive and independent foreign policy during the later years of the 2000s" (Onis, 2012, p.144). This shift, on the one hand caused by the stalemate in its EU candidacy due to the Cyprus deadlock after a golden period of Europeanization between 2002 and 2005, without doubt also reflected cultural dimensions whereby the AKP's conservative-religious identity surfaced with more confidence to reconnect with the Middle East and Africa, carrying a belated intention to exploit their energy sources and lucrative Gulf capital. Acikmese argues that the "EU has the ability to trigger the reorientations of policies, politics and polities as well as lifestyles, informal rules, shared beliefs, and norms of member states and candidate countries towards EU's political and economic dynamics. Since its candidacy declaration in 1999, among many other issues, the security culture in Turkey has undergone a process of change as the result of EU conditionality dynamics" (Akgul Acikmese, 2013, p.318). Arguably, the AKP had instrumentalized the EU membership process fully for its own benefit easing the securitization on previously dogmatic issues.

As the EU-process stalled, and the golden period ended, the AKP did not refrain from resorting to cultural themes away from the EU such as *Muslim Solidarity*, a strategy initially defined as *Pan-Islamism* and one which would later be interpreted by scholars as *Neo-Ottomanism*. Visa requirements for instance were eased "with over two dozen Middle Eastern, Asian and African countries to facilitate trade opportunities. These energy and export market initiatives (were) actively portrayed by the AKP as evidence of its long-term vision of making Turkey a true regional superpower, and by extension evidence of its overall policy activism" (Onis, Guven, 2010, p.22). The AKP elites' worldview claimed that Turkey's foreign policy could go beyond regional aspirations towards enlarged coalitions of global governance, along with her remarkable economic performance that culminated in her inclusion in the G20. Moreover, Turkey's election to

the UN Security Council as a nonpermanent member was also a major confidence booster that resonated with the governing elites' motivation and rhetoric. These policy initiatives seemed to be a direct appeal to the AKP's domestic constituency, which embraced a greater role for Turkey; a proud nation that had been far too silent, far too long compared to the glory days of its imperial Ottoman past. Han argues that AKP's "foreign policy was conceived as a tool for domestic power transformation and progression. Accordingly, Turkey's foreign policy decisions were primarily weighed, prioritized, and made according to domestic political considerations, not according to their effect in the international stance. In other words, Turkish foreign policy was a prisoner of day-to-day domestic politics" (Han, 2015, p.3-4).

The AKP's foreign policy, especially towards Africa, while arguably instrumentalizing TUSKON as opposed to DEIK, in issues of trade, had a peculiar new dimension embracing globalism in a unique way, as opposed to the Ozal era of ventures in Africa with DEIK in the second half of the 1980s. This was a strategy based on *humanitarianism* with a mission to help the weak and the underprivileged. The vision was based on a broader understanding of nationalism; a more outward looking nationalism, appropriating a greater sense of the national interest. Onis illustrates this under the term "conservative globalism", a strategy which seems to have "appealed to the wider nationalist sentiments of the Turkish electorate by skillfully combining a progressive and integrationist approach to globalization with a different style and understanding of nationalism, which, in retrospect, helped to swing the pendulum in Turkish politics further away from the control of the old-style defensive nationalists" (Onis, 2012, p.146). Strikingly, this shift of power in the Turkish domestic economic and political arena gave the impression of fortifying the AKP's hand in the international one as well.

The AKP's power consolidation in the bureaucracy as well as the media, at the expense of the old-style defensive nationalists, among whom the status quo military elite and the secular establishment were the major losers of the day, also disturbed, on the economic front, major players of the opposite identity and affiliation. In Onis' words, "the rising economic elites from Anatolia, forming the backbone of the AKP, became increasingly more powerful, especially in a period where they enjoyed greater access to state resources" (Onis, 2012, p.146). The AKP was creating, among other things, by way of

greater access to state resources, its own conglomerate industrialists and private business groups from among its ideological supporters, in order to replace, weaken and downgrade the longstanding institutions of its ideological opponents. For the purposes of our hypothesis, this assumption helps us conclude that, given the back-up of the state apparatus, TUSKON was the winner and DEIK was hence the loser of the era.

#### *AKP's master years (2011-2014)*

Arguably, a considerable transformation had been realized in TFP during the AKP era, as compared to the policies of the 1990s. In the wake of the Arab Spring of 2011, Turkey constituted a model that the West idealized as a valuable instrument to engage the Arab world in reform and transfiguration through the changing dynamics of its political, social and economic landscape. On the domestic front, Foreign Minister and later Prime Minister Ahmet Davutoglu's "zero problems policy with the neighbors", was distinctly different from Ataturk's global "peace at home, peace in the world" strategy. Coupled with efforts to diversify and expand trading partners and energy supplies and in the context of a major collapse of Turkey-EU relations ending the path to Europeanization, debates once again pointed towards a "shift of axis" for Turkey, away from the West, towards its immediate neighborhood and the Middle East.

Kirisci argues that within the broader scope of this shift of axis considerations, trade appears to have played a prominent role in channeling transnational relations, whereby Turkey's engagement with its neighborhood produced unprecedented results. "Trade with this neighborhood, on the other hand, increased from US\$3.7 billion in 1991 to US\$64.6 billion in 2010, a 17-fold increase compared to a roughly sevenfold increase in EU-Turkish trade that in the meantime saw the establishment of a customs union between the EU and Turkey" (Kirisci, 2012, p.320). Turkey, *en route* to becoming a "trading state" in Kirisci's observations, appeared to have moved away from the "narrow elite", "national security" driven considerations in its foreign policy towards a "de-securitization" mindset. Besides the ever-deepening engagement in its transnational relations, especially with its neighbors through its civil society organizations, among whom the business world in their institutionalized structure such as TUSKON and DEIK stood as a main pillar, redefining TFP in a new fashion in contrast to the state-centric formula became not only possible but imperative. To better evaluate TFP, Kirisci's "synthetic approach"

provides an added value in combining different processes, components or systems. As Kirisci argues these “puzzlements have increasingly transformed Turkey from being cited as a ‘post-Cold War warrior’ or a ‘regional coercive power’ to a ‘benign; if not ‘soft’ power” (Kirisci, 2009, p.52) and trade was a major instrument that served Turkey’s transformation. In referring to the enabling power vacuum that emerged at the end of the Cold War in the Eastern Mediterranean, Guvenc and Egeli argue for a transformation even in the Turkish Navy that emphasized the vitality of foreign trade; “This transformation was first outlined in a pamphlet entitled, *Açık Denizlere Doğru* (Towards the Blue Waters) in 1997. The pamphlet was well ahead of its time due to its emphasis on the vitality of foreign trade for post-Cold War Turkey. In other words, during the Cold War, Turkey’s priority was on territorial security. Hence, the navy’s primary mission was defined as an extension of this priority. However, in the 1990s, the navy began to grow out of this mission by adding ‘welfare’ aspects to the definition of Turkey’s national security interests. Turkey’s dependence on global markets provided the impetus for this change” (Guvenc, Egeli, 2016, p.97). The Navy’s adjustment placing trade among the national security priorities is by itself quite telling about trade’s potential even for Turkey. Such an incidence makes us recall Britain in the 19<sup>th</sup> century; “a global empire of free trade enforced by a Royal Navy presence in all oceans and both hemispheres. To guarantee free trade, Britain provided direct rule in its formal empire and indirect rule in much of the rest of the world through gunboat diplomacy” (Windschuttle, 2012, p.20). Better late than never.

Turkey is surely surrounded not only by her Arab, Persian, Greek and Israeli neighbors in the south and east, but also by the Black Sea littoral states such as Bulgaria, Romania, Ukraine and Georgia, where a revival of rapprochement efforts were already being initiated at the time of Ozal as a part of the Black Sea Economic Cooperation Organization, BSEC. Aydin describes the conditions this time, however, as follows: “Turkey’s resurgence as a regional power coincides with Russia’s near abroad policy that includes the Black Sea, as well as the EU's various formulations of influence and the current distant yet interested approach of the USA” (Aydin, 2014, p.393). He further points to the weakness of the long neglected regional institutions as major barriers to regional cooperation, a hurdle which became crucially evident in the wake of the conflict between Russia and Georgia in 2008, and amidst United States wishes for maritime

access to the Black Sea. He maintains that wanting to preserve the status quo, especially given the challenge posed by the 1936 Montreux Convention, Turkey “aims at creating a secure ring around its borders, (however) its vision inevitably clashes with the power projections and regional policies of other interested stakeholders” (Aydin, 2014, p.393). The limitations posed by the international system and Great Power rivalry, revolving around the geopolitics of the Black Sea region in the aftermath of the Cold War, seemed to have forestalled Turkey’s aims. Newer consideration such as Russian annexation of the Crimea in 2014, and further plans in other parts of Ukraine, seem to have appeared on the scene, regardless of Turkey’s plans to extend its options in foreign policy through institutionalized projects such as the Black Sea Economic Cooperation Organization. Furthermore, the presence of EU in the region seems to have complicated such endeavors as “(o)n balance... the EU’s impact on regional cooperation in the Black Sea has been more detrimental than beneficial. This is mainly because, unlike in other regions, it has developed relations with countries bilaterally, without much regard for the implications for regional cooperation” (Aydin, Triantaphyllou, 2010, p.32).

It is sensible to underline that United States-Turkey as well as the European Union-Turkey relations have remained to play a projecting role in TFP initiatives at all times, although the first has had a bigger impact than the latter in the longer run. While the end of the Cold War raised expectations of a downgrade in Turkey’s strategic importance to the Western Alliance, in “accordance with the dynamics of the new environment, Turkey gradually retired from being a ‘flank country’ or ‘the last patrol of the Western world,’ and has tried to become a ‘safe haven’ in the middle of a ‘sea of instabilities’” (Erhan, Sivis, 2017, p.96). It is no wonder then that whatever the Turkish elites’ intentions are, allegations of breaking away from the United States and by an extension NATO seem far-fetched if not unrealistic. While economic ties have always played a secondary purpose compared to strategic issues between these two asymmetric allies, military dependence which appears to have worsened by an alarming 11-fold between 1994-2000 is bluntly obvious regardless of Turkey’s efforts “to diversify its defense capabilities by importing arms from Germany, Israel, Russia and even China, (as) the U.S. remained as the main supplier to Turkish army. Total arms purchased from the U.S. between 1994-2000 reached almost \$11 billion. While the total of amount Turkey paid to the U.S. between 1950 and 1983 was \$1,196 billion” (Erhan, Sivis, 2017, p.97). While these

relations saw a rise after 9/11 and a fall after the March 3, 2003 refusal in the Turkish parliament to allow United States' troops to use their bases in Turkey for the military intervention in Iraq, the loose "strategic partnership" notion initiated by Bill Clinton in 1999, never capable of fulfilling its true meaning, began to be transformed into "Obama's model partnership concept (which) was designed to distinguish his Administration's policies from the Bush Administration and help make a fresh start with its NATO ally" (Erhan, Sivis, 2017, p.103). Even though today the model partnership has become a cottage industry with "Turkey as the model and Arab states as partners", at the time Turkey's elites seem to have internalized this mission and seen it as an endorsement for Turkey's rise to the club of global governance.

The international context moved into a brave new world while the domestic one also took a different turn with major domestic turmoil such as the *Gezi Movement* of the end of May of 2013; "What began as a peaceful environmentalist sit-in turned into the largest anti-government movement in Turkey" (Ozdemir, 2017) and the 17-25 December, 2013 operations that followed; "The government goes on to say that these operations are political operations aimed at overthrowing the government through a 'parallel organization'. On the other hand, the opposition argues that the investigations were not followed and that the corruption of the members of the government, their families and the supporters of the government was cleared" (Hamsici, 2014). Eventually, the attempted *coup d'état* of 15 July 2016 posed major threats to both the AKP and Turkey's stability. It seemed the days of innocence were over, and nothing would ever be the same.

#### **4.6. DEIK at a Cross Roads (2014-2017)**

##### ***DEIK's Governmentalization and its aftermath - 2014***

Along with Keyman's argument that divides AKP's foreign policy into three periods, we can argue that the governmentalization of DEIK, if not occurring in a vacuum, could be reevaluated along the lines of a broader change in code of conduct and policy change by the AKP elite, who were deeply influenced by the challenges of the regional and domestic security issues that constituted existential threats to Turkey's stability. In Keyman's view, the new era, of "moral realism" was instigated by the Arab Spring that "transformed into internal wars and geopolitical power games at a time of global turmoil and the multiple

crises of globalization. Turkey was not immune from this radical change, creating a negative environment within which to operate its foreign policy. The period between 2010-2014/5 impacted proactive foreign policy immensely, giving rise to the need for its reset. Yet, this reorganization was not realized until August 2015, in which Recep Tayyip Erdogan's tenure as prime minister came to a close and he ascended to a new position of power and influence, that of the Turkish presidency" (Keyman, 2017, p.59).

One of the most striking facets of this transformation, as compared to the earlier periods as both the domestic and international environment became increasingly unstable, was arguably a culminating shift in Turkey's capabilities from soft to hard power, in order to contain unprecedented security concerns. The failing neighboring regimes in Syria and Iraq, leading to the infiltration of Turkish borders coupled with the unconditional acceptance of over 3.5 million refugees appeared to have allegedly produced ISIS attacks in Turkish cities, killing innocent people. In addition to ISIS, the PKK bombings and uprisings in the south east of Turkey that turned into "ditch fightings" seemed to have considerably securitized Turkey's domestic as well as foreign policy agenda. With the realization of the failure of Davutoglu's "zero-problems with the neighbors" strategy, following his forced resignation, a pragmatic turn of events was redirected towards regaining old friends such as Israel and Russia and making new ones expressed as "decreasing the number of our enemies". To describe the unrealistic undertakings of Davutoglu, Hansen exclaims that he had tangibly "not taken heed of international relations scholar Raymond Aron's warning: that men and women often write history without knowing what they write" (Hansen, 2018, p.166). The multilateral general activism of the earlier two periods gave way to the prioritization of a strategy to secure the national interest with bilateral engagements. This was intended to proceed without having to give up the humanitarian perspective Turkey had been pursuing as far as interventions and assistance were concerned, in order to defend humanitarian norms on a scale worthy of good global governance standards.

Keyman claims that nevertheless, "since 2010, Turkish foreign policy has lost a number of very important and valuable qualities that had previously created an upsurge of interest and attraction to Turkey both regionally and globally.... (while) it was also perceived as

a significant and successful trading state with its active globalization and multilateral institutional arrangements, as well as economic dynamism and an active, creative and entrepreneurial culture. There is now a significant degree of decline in Turkey's trading state capacity" (Keyman, 2017, p.67). Plainly, the above-mentioned troubles all put together are a longer list than what it would take many a similar country to destabilize and go rogue. The strength of Turkish government tradition, the resilience of Turkish citizens, the endurance of Turkish businesses, its entrepreneurial spirit to survive colossal crises are worthy of praise. Amidst arguments of losing its trading state character, it is critical to acknowledge that Turkey, on top of all the above existential challenges, had to deal with a failed coup attempt on the night of Friday July 15, 2016, despite which by the following Monday businesspeople were back in their offices. Having lost the European Union anchor as well as the United States support that stretched as far as a rhetorical "model partnership", Turkey's elites, with a selective priority setting and strategic alliances in lieu of the former "active globalization", seem to have concentrated on fortifying Turkey's long-aspired energy hub status and enhancing Turkey's "pivotal state" value in an ever risky and unstable region, where global geopolitics and great power rivalry are most visibly at play. Within the same lines, going back to pragmatism in Turkish foreign policy, Hansen, referring to EU Minister Omer Celik's remark that Turkey's EU Process is a necessity of "politics, not romanticism" (Yilmaz, 2017) expresses the opinion that TFP once again "captures well the focus on 'interests' rather than the once highly touted 'shared democratic values'" (Hansen, 2018, p.172) as far as relations with the EU are concerned.

Arguably, in this setting, where the short-term powerful impact of hard power ruled over the preceding soft power's qualities, that had contributed to the upsurge of interest and attraction to Turkey in the first place, elevating it to its regional power status during the AKP's first two terms, among other institutions DEIK received its fair share. There is no doubt that while DEIK today has been governmentalized *de facto* and *de jure*, as Halperin argues, "one of the truisms about bureaucracy is that it resists change" (Halperin, Clapp, Kanter, 2006, p.357). If we assume that all institutions inherently bear within themselves their own organic bureaucratic characteristics, and DEIK cannot be considered an exception to the rule, then we would not be misled in assuming that DEIK's

governmentalization would be far from a bed of roses. If bureaucracies resist change, then all attempts to challenge established rules, norms, structures and ways of doing, should expect to be met with outright as well as subtle resistance. It could also be argued that a top down challenge would also risk being overturned in time, if this resistance is strong and perseverance is enduring.

### ***What is happening to TUSKON?***

“An Istanbul court on March 30, released six suspects in an investigation targeting the financial structure of the Fethullahist Terrorist Organization (FETO)...The trial includes members of the Turkish Confederation of Businessmen and Industrialists (TUSKON), shut down for its alleged financial support of FETO, widely believed to have orchestrated the failed coup of July 15, 2016” (Hurriyet Daily News, 2018a). As far as the future of TUSKON is concerned, there is no future. Regardless of this peculiar and extreme case pertaining to TUSKON, Ozlem Madi Sisman argues that, be it the so-called “Anatolian Tigers” from the conservative sections of the Turkish business world, or the “Wild Capitalists” who make up TUSIAD (and within the same logic DEIK) as described by MUSIAD itself in an effort to differentiate themselves from TUSIAD by way of imagining variations in the tricky terrain of Capitalism which are more compatible with their view of pious Islamic morality, or MUSIAD itself by the same token, business organizations have never been and are not expected to be in the near future, independent of the State. She contends that this is because, the bourgeoisie is created and sustained by the State in the first place, therefore, for systemic reasons, the state would never allow it. When comparing the two entrepreneur classes during the 1990s, she adds “(o)n the one hand, there was Istanbul-based, secular, so far state-sponsored, big conglomerates wanting the continuation of state protection and did not want to share the market with new-comers; on the other hand, a burgeoning, Anatolian-based, competitive, economically liberal, politically and culturally Islamic, entrepreneur class. The latter one legitimized the claim for small state, lifting state protection through the use of Islamic discourse” (Madi-Sisman, 2017, p.42).

Starting with the *statism* of the 1930s, up to and including Ozal's export-promoting industrialization composed of the "secular elite" as well as the "neo-Islamic elite" that emerged during the AKP period, it is probable that the Turkish bourgeoisie, forming the backbone of the economy, has always been state-sponsored, and state-bound. That is because the "state has never wanted an autonomous class that could challenge its power. Governments always wanted to create a class that would support them politically, and in return they supported them economically. That's why we've never had, and probably never will have in the coming decades, businesspeople autonomous from the state in Turkey" (Armstrong, 2017). Could we then assume that if independent civil society in the business world is a utopia, then the governmentalization of DEIK was in reality not necessary? If inherently the bourgeoisie is created and maintained by the state anyhow, then is autonomy only at face value? Then we could conclude that DEIK has lost something which it never really had.

While currently TUSKON remains shut down, and its members are either on trial, in jail, or have fled the country for their alleged participation in the failed coup attempt, DEIK constitutes the best alternative to take over where TUSKON left off, including but not limited to areas of particular interest such as Africa, Asia and the Middle East. Murat Yetkin's interview with Mahir Unal stands to illuminate how the AKP views the current state of affairs, as it relates to the strengthening of the Gulenist movement and its affiliated organizations such as TUSKON, which appears to have occurred largely under this administration's watch: "Rejecting criticisms that it was the AK Party which let them grow under its rule since they obtained power in the November 2002 elections, Unal said, 'They did not get stronger during our time,' elaborating on the relationship as follows: 'In order to democratize the state, we opened a large space for civil society. We started to fight against the tutelage system, and we led this struggle together with the civil society. While this structure, posing as a civil organization, supported democratization, their infiltration into the state speeded up'" (Yetkin, 2017). This statement, clearly made after the rupture between Gulen and the AKP is a rather belated realization or admission of the real intent of FETO by the AKP, which today admits that they have been deceived by Gulen, now a public enemy, whose infiltration into the state, the judiciary and the military seemed perfectly all right only a few years ago as they, in their own words, once shared

the same “qibla”<sup>41</sup>. At their apogee in 2009, Fethullah Gulen appears to have had the full backing of the state; as is reconfirmed by the issuance of “a standing order by the Foreign Ministry to Turkish diplomats abroad to give full assistance to Gulenist institutions and schools opened in remote corners of the world, think tanks in influential places like the U.S. and European capitals, and institutions in world-renowned universities. Gulen’s trade network TUSKON, which was one of the network’s (now calling itself as the ‘Movement for Service’) major source of income, reached the most respected status by the government. Influential names of the AK Party government used to give statements describing Gulen as ‘a lighthouse enlightening our path,’ despite their denials today” (Yetkin, 2017). History will be the judge of these viewpoints.

With TUSKON gone, so it seems that this major source of income has also gone. TUSKON had reached levels where the membership profile possessed substantial economic power. As it stands today, TUSKON affiliated companies have been taken over and confiscated by the state, their assets placed into a fund whereby “trustees” have been appointed to see through the transition into their new owners, Turkish and foreign, such as in the case of construction companies Dumankaya and Fi Yapi which were subject to a recent bid by a German buyer. Ozgenturk reports: “Some 985 companies are currently controlled by the fund after being seized over alleged links to what the authorities call the Fethullahist Terror Organization (FETO) following the July 2016 coup attempt. These companies, which are run by trustee councils, have assets worth nearly 50 billion Turkish Liras (\$12.7 billion) and employ nearly 48,000 people” (Ozgenturk, 2018). The Saving Deposit and Insurance Fund (TMSF), which has been established as a public legal entity, has become an instrumental player in the Turkish economy, rising to its peak during the 2000-2001 banking crisis; its mission is stated on its website as to “The SDIF’s functions could be summed up under four categories as deposit insurance, bank resolution, recovery, and trusteeship operations” (TMSF, 2019). The TMSF oversees this transition, managing these companies until they are sold or liquefied. There is no doubt that this

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<sup>41</sup> Qibla is the direction of the Kaaba (the sacred building at Mecca), to which Muslims turn at prayer. Sharing the same qibla which is a loaded conservative expression means, in general, believing in the same God, mission, case, goal...

quite recognizably is a very cumbersome process if not an impossible one, that is a heavy burden on the state, the economy and taxpayers. Meanwhile, with 985 companies wiped out in TUSKON, whose membership had reached 55,000 members prior to the 17-25 December allegations in 2013, DEIK members are expected to be back in business. Some TUSKON members also are recorded to have left TUSKON after the events of 17-25 December 2013, having gone to MUSIAD. “The proximity of politics and business is not a novelty in Turkey. As the powers or conjuncture change, the seats reserved for protocol for the business world are also changing” (Ozgenturk, 2016). Choosing MUSIAD instead of DEIK, on the other hand, is noteworthy in understanding the drift between the membership profiles, implying the incompatibility of the DEIK of the day with the TUSKON membership profiles.

#### ***DEIK vs the Ministry of Economy. What went wrong?***

With TUSKON gone, tying DEIK to the Ministry of Economy could have been envisaged as the quickest and most pragmatic way to bring DEIK under more government control. However, it appears this was easier said than done; creating a process with its own chaos and chain of events that would make life harder for those who assumed the job. The unrest in the summer of 2017, for instance, signaled friction not only between the Ministry of Economy and the Head of DEIK, but also between the Ministry of Economy and President Erdogan himself. In late July 2017, we learned that the Economy Minister, Mr. Nihat Zeybekci, had called for a meeting of DEIK’s Board under the code “urgent”, in order to enact a change in its leadership. Allegations implied “that the Minister did no longer want to continue to work with Omer Cihad Vardan and had proposed his replacement by another former MUSIAD President Mr. Nail Olpak. However, it is suggested that due to both Mr. Vardan and some other ‘respected peoples’ efforts, President Erdogan has said the last words so that the decision to continue with Mr. Vardan until the General Assembly in December was taken” (Aydinlik, 2017). Such is an almost perfect illustration of the cobweb of intertwining relations among holders of responsibility and authority.

On the one hand, this is also arguably the epitome of bureaucratic politics at work; how to incapacitate a minister who is the official authority of the new quasi-government organization, brought under his ministry by an overnight government decree, from making his own choice pertaining to whom to work with as the head of the above-mentioned organization. On the other hand, it is also indicative of the attentiveness and attention to detail of the real holders of power and authority in the government, who have the last word. More importantly, however, and above all for our area of concern, it pertains to the degree of importance that DEIK represents in the eyes of the government. As an instrument of foreign policy, an organization whose mission is the development of international trade and investment in Turkey, an organization which is institutionally quite strong and well-established internationally, gets to be personally surveilled, and protected to the point of supervision by the very head of the government who makes the final decision on its very fate.

As a result of her study of business attitudes in Turkey's political context in relation, to studies on the dichotomy between the market and the state, Ayse Bugra acknowledges that, while state intervention per se is regarded as a disruption in the spontaneous order resulting from the free play of market interests, "(w)hat is virtually excluded is the possibility that the intervention itself may actually play a role in helping the establishment of the market and/or in enlarging the scope of the market activity" (Bugra, 1991, p.151). If we follow her assumptions and presume that just as in the era of the ANAP, government intervention in the market is not uncommon in the era of the AKP, we can assume that government intervention cannot be considered good or bad at face value. Equally, we cannot assume that any market and/or economic activity is purely self-regulated and free from outside control. Nor can we disregard the possibility that government intervention, a deliberate state action can, in fact, help constitute and/or institute the market and effect a restructuring thereof. The true benefit analysis can only be made in time, when the second and third tier consequences of any intervention come to the surface, which dictates further research for our inquiry.

The newest DEIK president Nail Olpak, recently exclaimed that "DEIK's operations would be more effective through a number of reorganizations and revisions'... DEIK has

become the sole organizer of foreign travels, which are made by the government with the participation of businesspeople. Since then, the economy minister has become the authority who appoints the president of the board. Some of these changes had created a debate in circles then, citing ‘a rise in state intervention over free trade’.... ‘We have no direct or organic links with Ankara other than the assignment of the DEIK president by the Economy Ministry’” (Komurculer, 2017). This statement has several underlying messages, which are crucial for our understanding of today's DEIK. The fact that Mr. Olpak is positive that the reorganization of DEIK will bring more effectiveness is an acknowledgment that DEIK was less effective prior to it all, and the only way to make it effective was this new status. Moreover, DEIK reclaims its birthright to be the sole organizer of business trips made by the government. This is also the acceptance that DEIK was not the sole organizer beforehand. The rise in state intervention over free trade is a myth, and it is only a line of thought in certain circles. Having no direct links or organic links with Ankara is suggestive of a complete denial of any influence from the government, which is an argument that is destructive in itself. Even if only the president is appointed by the ministry, he is the president. He is first of all appointed and not elected, therefore he is directly accountable to the government. Since the changes in DEIK’s regulation passed as part of an omnibus law on September 10, 2014, which endowed the Ministry of Economy with considerable authority to nominate and remove the DEIK chairman, as well as to dictate the founding institutions, much appears to have changed in DEIK, with its founding institutions reaching today over 100 as compared to the previous nine. The above outright denial is hardly convincing. Despite all efforts, public opinion reflected in the press reads as follows: “The new law has been perceived as an open attempt to hand the foreign trade ropes over to the ministry, and the regulation confirmed the level of government intervention into an organization that was being controlled by the private sector... The regulation has also created controversy as jurists argue that an article that orders the transfer of all assets and properties of the former DEIK to the new one is ‘unconstitutional’... The regulation also obligates Turkey’s largest business organizations, TOBB, the Turkish Industry and Business Association (TUSIAD), the Independent Industrialists and Businessmen’s Association (MUSIAD), the Turkish Exporters’ Assembly (TIM) and the Union of Con-tractors to give 1 percent of their annual income to DEIK. The new arrangements regarding the asset transfer and

the financial structure of DEIK were not included in the law and introduced with the regulation. Union of Turkish Bar Associations (TBB) head Metin Feyzioglu also told Cumhuriyet that ‘no regulation has the powers of law’” (Hurriyet Daily News, 2014).

How this will change the effectiveness of DEIK *vis à vis* its founding principles is yet to be seen. In the meantime, the new DEIK appears to be in a state of soul-searching for its new mission, one that probably still needs to be redefined. With the then head of DEIK, Rifat Hisarciklioglu, submitting his resignation before DEIK’s first board meeting on September 28, 2014, and TUSIAD asking for its removal from the founding institutions soon afterwards, as well as the resignation of Omer Cihad Vardan, the former head of MUSIAD, only 3 years later, after his personal rupture with the Ministry of Economy, Nihat Zeybekci, in September 2017, and the transformation of the Ministry of Economy into the Ministry of Trade as of July 2018 with a new head Ruhsar Pekcan, it is discernible that it will take some time for the dust to settle as far as DEIK’s new structure and alleged and refuted organic or direct links to the government are concerned.

It would not be an exaggeration to surmise that DEIK’s management as well as the Economy Ministry/Trade, ever since the change, has noticeably been on the defensive, trying to explain and convince both DEIK members and their counterparts that this revision was not only necessary but also imperative for a more efficient and effective DEIK, and that it was enacted with no political strings attached. In Zeybekci’s declaration, we hear his justification as follows: “Instead of staying as a Board operating in a limited area of foreign trade; DEIK has been transformed into an institution that plays an active role in bilateral and multilateral relations in a much larger area such as trade of goods and services, mutual investments, foreign contracting services by being given the possibility to enhance the importance and role of the private sector in foreign economic relations. DEIK's private sector identity has been strengthened by the decision of democratic selection instead of appointment procedure of its organic structure as well as the expansion of its founding base consisting of only private sector organizations” (Simsek, 2018). His remarks are plausible.

These cautious remarks are indicative of the need to ground the “revolutionary evolution” that has been imposed on the old DEIK, and yet the rhetoric arguably falls short in building the case for DEIK’s governmentalization. Was DEIK not already playing an active role in bilateral and multilateral international relations all these years and in the above-mentioned areas? How realistic is it to propose that the role and importance of the private sector has been enhanced when a direct government body, the Ministry of Economy/Trade, is the new top authority? Zeybekci substantiates his argument quantitatively, however, with figures: in the private sector founding institutions have increased to 94 from 42 while the total of 114 Business Councils has been raised to 143. The sum of 1,637 events was organized by DEIK in 2017, while the number was 998 in 2014, and this was made possible with “one million TL annual contribution from the state between 2015 and 2017” (Simsek, 2018). The state contribution of three million TL per se is a rather large amount for a private sector NGO. DEIK is assumed to be held accountable for every penny spent of taxpayers’ money, and it is no wonder that justifications are needed while constant monitoring of DEIK’s activities is essential for return on investment.

Much remains to be seen on the effectiveness of this seismic change. More than four years have passed since September 2014. While DEIK is continuing to evolve, performing its mission and playing its due role in TFP, instrumentalizing trade, much remains to be seen regarding its future. Next is a section based on a brief overview of the past four years. Four and a half years is both a short and a long time to evaluate the implications of DEIK’s governmentalization. We will attempt to gather as much information as possible from the literature before we turn in the last section to the findings from our in-depth interviews.

#### **4.7. 2018 and Beyond.... Case Unclosed**

Not long after this clash of titans between DEIK and the Ministry of Economy concerning who runs DEIK had taken place, however, on a broader scale, Turkey was to go through

a new set of changes which might as well be defined as a “paradigm shift”.<sup>42</sup> With the implementation of the system change as stipulated by article 18 of the constitutional amendment to the referendum of April 16, 2017 and the Presidential elections of 24 June, 2018, a new style of government was being designed for the Turkish political system which would revolutionize the way Turkey had been governed more or less since 1923. The shift involved a major reconstruction of the former “Parliamentary System” in a transition to an executive “Presidential System”, under the leadership of the sitting President Tayyip Erdogan. In Reuters’ headlines before the elections, this was defined as follows: “Turkey’s president will acquire sweeping new executive powers after snap presidential and parliamentary elections on Sunday” (Gumrukcu, Solaker, 2018). While concerns were raised from the West about the concentration of power, and lack of checks and balances between the executive, legislative and the judiciary in Turkey, the EU seems to have adopted a somewhat pleased and expectant attitude towards the new system, contingent on the lifting of the ongoing “state of emergency”; “Turkey’s leadership should show real commitment to the accession process. Following the lifting of the state of emergency after two years in place, the government needs to move from symbolic gestures to real actions” (Batalla, Joppien, 2018). With no one, either domestic or foreign, really fully aware of what this presidential republican system<sup>43</sup> would bring to Turkey’s good governance potential, only two weeks after the elections on July 9, the sweeping changes were announced by the President who announced his intentions for drawing up this new model for Turkey as follows: ““We make a promise once more to strengthen our nation’s unity and brotherhood and to continue making our country great and glorifying our state,”” (Shaheen, 2018) as he quite symbolically visited Ataturk’s Mausoleum in Ankara.

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<sup>42</sup> Paradigm is term coined by Thomas Kuhn. In his definition paradigms are “universally recognized scientific achievements that for a time provide model problems and solutions to a community of practitioners” (Kuhn, 1996, p.x).

<sup>43</sup> For an analysis of the new presidential system see Gulener, S., Mis, N., 2017, Analysis; ‘Cumhurbaskanligi Sistemi’ *Seta*, February 2017, No: 190. Viewed on 3 May, 2019 <https://setav.org/assets/uploads/2017/02/AnalizCumhurbaskanligiSistemi.pdf> .

For further information and updates on the presidential system and the cabinet please see Presidency of the Republic of Turkey’s website: viewed on 3 May 2019, <https://www.tccb.gov.tr/en/cabinet/>

The system change brought along with it a colossal reshuffling of the prior ministries and the creation of new offices with new responsibilities. Our point of concern being the Ministry of Economy, DEIK now had a new patron under the newly formed Ministry of Trade, whose head was announced as Ms. Ruhsar Pekcan, a former DEIK Business Council Head for Syria and Jordan. “With the changes, the Labor, Social Services and Family Ministry, Industry and Technology Ministry, Commerce Ministry, Agriculture and Forest Ministry, Youth and Sports Ministry, and Treasury and Finance Ministry were formed, while the EU Affairs Ministry and Foreign Ministry have merged under the Foreign Ministry... In a speech that he started with a prayer, Erdogan stressed that he was elected as president, ‘this time with all the power of the executive branch... We are now adopting a model that is way beyond our 150-year-old pursuit of democracy and our 95-year-long experience of a republic,’ Erdogan said, vowing to ‘leave behind a system that cost the country heavily because of the political, social and economic chaos it caused in the past.’ Promising to ‘reinforce the social state’ in the new era, Erdogan also vowed to ‘leave behind the days that people were externalized and alienated for whatever reason’ in Turkey.”<sup>44</sup> (Hurriyet Daily News, 2018b). While Turkey moves onto new horizons on a drastically general dimension, it seems as far as our DEIK is concerned, with Turkey’s ever-changing headlines, not long after Cihad Vardan’s resignation, it was now time for

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<sup>44</sup> The article provides a summary of what the new system brings, which signals that it is quite a remolding of the bureaucracy as we know it. Needless to say, it will come to function with a learning curve for both its users and implementers. A brief summary is included in the article as follows; “With the new system, there will be a number of offices that will work under the president and will implement the presidency’s projects. A total of 65 existing boards, commissions and committees established with laws and other regulations are merged under nine entities, namely Social Policies Council, Law Policies, Security and Foreign Policies, Local Governments, Health and Food, Economy, Education and Science/Technology/Innovation. The president will chair the boards, but there will be an acting chair for each of them. The boards will propose policies, oversee the implementation of the policies and take macro decisions that are beyond the responsibilities of the ministers. The eight directorates will include the Directorate of General Staff, Directorate of National Intelligence, and Directorate of Religious Affairs. The Directorate of Strategy and Budgeting will be launched for the first time. It will be in charge of preparing the budget and will be overseen by the president. The Directorate of Communication will organize all media and communication activities. All undersecretary offices will be abolished and some of them will be named as directorates.” (Hurriyet Daily News, 2018b), viewed on 30 January 2019, <http://www.hurriyetdailynews.com/new-government-system-begins-in-turkey-after-erdogan-swears-in-134364>

Nihat Zeybekci to exit the scene as well. “Part Two “appears to have begun before the plot in the last scene of the play had a chance to develop. For our concerns, the appointment of someone from the private sector and from DEIK itself is quite reassuring as far as our hypothesis on the role of DEIK is concerned. It would not be an overzealous, overextended claim to look for, in such an appointment, the value of institutionalization and the interlinkages between international trade and high politics.

This time round, however, contrary to the previous disengagement between the Head of DEIK and Ministry of Economy, the change appears to have been welcomed by DEIK’s Management as per Nail Olpak’s statement where he publicly declared the happiness they felt about Ruhsar Pekcan’s former membership of DEIK, after an official visit only days after the new cabinet’s appointment. Referring also to gender, Mr. Olpak went on to claim the following: ““Our Commerce Minister Ms. Ruhsar Pekcan, is a valuable member of DEIK, which highly values the representation of women in the business world and she knows DEIK’s work very closely. We as DEIK, who is Turkish business people’s platform for opening up to the world, will continue with even a higher degree of motivation, our current commercial diplomacy operations under the coordination of our Minister in order to increase both the foreign investment (in Turkey) and the investment of our business world abroad”” (DEIK, 2018b). In addition to this positive appraisal Mr. Olpak gives of the appointment of the new woman boss, we hear DEIK’s president embrace the concept “commercial diplomacy” and acclaim it as the sole institution in charge of it; a position, role and responsibility granted by the government. Mr. Olpak’s earlier statement in “From the President” letter on DEIK’s website is suggestive of this appreciation. ““I have taken over the DEIK’s President Office from Omer Cihad Vardan as of September 22nd, 2017, an institution I had been serving as the Board Member for 5 years and as the Deputy Board President for 3 years. On this occasion, first and foremost, I would like to express my gratitude and extend my deepest appreciation to Mr. Nihat Zeybekci, Turkish Minister of Economy and to Mr. Binali Yıldırım, Prime Minister of Turkey; and to President of the Republic of Turkey, Mr. Recep Tayyip Erdogan for lending countenance to this decision”” (DEIK, 2017).

During DEIK's Financial General Assembly, on December 23, 2018, President Erdogan gave very decisive messages that shed light on our inquiry about why this change in DEIK had come about and what DEIK actually meant for the government: "With this General Assembly, I say to all participants, may your path be open. We see that, in a process where the world is going through serious changes, DEIK has become the locomotive of our business world with its new structure. We evaluate the 5,000 different events DEIK has organized since January 2016 as a positive way forward. Of course, here the quality as well as the quantity of our members are important. DEIK has realized the real change within its own body. Its recent steps have made it to achieve a structure that accommodates all differences of Turkey" (Hurriyet, 2018). The keynote speech is important to our hypothesis for various reasons, the first of which is undoubtedly the symbolic significance of the presidential inauguration of the general assembly of a business association; the president, the executive head of the government, wishes for the success of the business world. He proclaims DEIK as the locomotive of the business world in the global economy. This is a clear declaration by the top policymaker to place DEIK on a pedestal, to create a certain "umbrella/roof" function for DEIK. We know that TUSIAD with its 4,500 members, who provide "85% of Turkey's foreign trade and 80% of the corporate tax" (TUSIAD, 2018) is no longer a founding member, although certain TUSIAD members are individual members of DEIK. Would this mean that leaving TUSIAD out of the candidacy to be the locomotive of the business world, other entities like the Turkish Exporters Association (TIM), which claims to be "Roof organization of Turkey's exports" (TIM, 2018a) simply have to internalize their sub-ordinance to another institution, i.e. DEIK. More importantly, however, should we extract from the President's speech that until the recent changes, neither the quality nor the quantity of DEIK members were optimal? Outwardly so, since the President goes on to articulate that DEIK had to go through this new structuring, such as the governmentalization under the Ministry of Economy/Commerce, the resignation of TUSIAD from the founding association, the resignation of some of the members and the addition of other members as well as of new business councils, which made DEIK a more inclusive structure. DEIK now is clearly positioned as the new apparatus of commercial diplomacy, leading the business world. Its role is tailored by the top decision maker in Turkey's new executive presidency.

President Erdogan reiterates DEIK's strength also by mentioning the numbers: "The fact is that 63 of our 100 largest firms, 28 of our 46 largest international construction firms, 21 of our largest 70 exporting firms is the medal showing its success" (DEIK, 2018c). These figures are quite significant. They are symbols of the "power of association" in the business world. They are, however, yet to prove DEIK's candidacy for the locomotion of the economy and foreign trade and investment. It is arguable that DEIK's governmentalization was meant to prepare it for this locomotive role. Without its official attachment to the Ministry of Commerce, it was not foreseen for DEIK to assume this inclusive role, at least according to the government elite. Moreover, from the same speech we can deduce further conclusions as to the perceptions and intentions of the Turkish political elite about the interlinkages between foreign relations and trade/investment; deductions which reinforce our hypothesis of trade being an instrument of foreign policy and foreign policy being an instrument of trade. Referring to DEIK's rates of success, the President adds: "Today Turkey is present with our businessmen, our civil society organizations and our products in countries where Turkey had fallen off the map until 15-20 years ago. We have made Turkey visible with our culture in the entire world... Turkey is making herself be the subject of attention also in Commercial Diplomacy... These levels are not only related to the progress made in exports, investment, economy but also the progress in politics and international relations." (Hurriyet, 2018). The President is arguably comparing the DEIK of pre-AKP years with the DEIK of today. By referring to countries where Turkey had fallen off the map, he mentions countries like Senegal, South Africa, Ghana, Lebanon, Pakistan, Indonesia, and Iran. There has to be a caveat: we had seen a similar argument earlier in our research on TUSKON. The President also refers to the "power of culture", the "soft power" that Turkey derives from trade. Finally, he specifically refers to "Commercial/Economic Diplomacy" as Turkey's growing strength.

These are consequential examples of rhetoric supporting our subject matter. The fact that they have been uttered, even at a time when the Turkish economy is undergoing one of its deepest crises, makes them even more remarkable. Unfortunately, contrary to the rhetoric, a recent study observes the following conclusions for the economy; "Based on the World Bank Enterprise Survey data of 28 countries, Seker and Correa (2010) find that the SMEs in Turkey grow slower than those in the Eastern Europe and Central Asia. Our

findings suggest that, among other reasons, the credit constraints these firms face are likely to be responsible from their slow growth performance. Despite the abundance of finance in the mid-2000s and claims that liberalized finance would contribute to easier financing conditions, policies addressing the barriers to SMEs' access to credit have not achieved the desired outcomes" (Gezici, Orhangazi, Yalcin, 2019, p.1413).

Regardless of the economic atmosphere prevailing over Turkey in dark clouds, having noted DEIK's coronation by Turkey's Head of State, we may conclude that DEIK seems to have been assured of all the support it needs to fulfill this worldwide role of commercial diplomacy, representing a greater portion of Turkey's business world with a more inclusive and effective restructuring, regardless of the absence of TUSIAD. Whether DEIK will be able to fulfill this locomotive responsibility, or other associations that also wish to have a place of their own in commercial diplomacy will surrender to DEIK, remains to be seen. The period since DEIK's governmentalization has seen many ups and downs and while the dust does not seem to have settled, things at least appear to be moving ahead, with DEIK fulfilling its mission. While the case is unclosed, the following years promise to provide us with an ample opportunity to follow DEIK's evolution, through further research. For now, we turn to the findings from our in-depth interviews, where we will explore the opinions of the interviewees on the indispensability of trade in international relations and vice versa, with a specific focus on DEIK's governmentalization.

## 5. DATA ANALYSIS - RESEARCH FINDINGS

As stated earlier, we could infer that DEIK's governmentalization could, in effect, be caused by numerous factors, agency of individuals or their groups, the State or the system. Therefore, an inquiry on all three "levels of analysis" is presumed to shed light on our quest for a better explanation and understanding of what has happened to DEIK, not only why but also how it has happened. On the agency side, we could consider the causality of AKP elites' worldview and aspirations, the President's evaluations, DEIK's own institutional value and its relation to Turkish Foreign Economic Policy, DEIK's president's contemplations, TUSKON's conjectural as well as contextual rise and its fall, the internal state organization and bureaucratic politics between TOBB, the Ministry of Economy, and the government as a whole, the friction between the AKP and FETO, the ideological drift between secular and Islamic capital, the fear of loss of trading state status, and so on. When looking for imprints, it is accommodating to assume that the "state-as-actor has meaning only when we look within the state to the decision-makers themselves and examine how they are influenced by domestic factors and how they relate to their decision-making counterparts in other states. Material and ideational factors intersect not at the abstract level of the state, but rather at the decision-making level... Both situational and biographical factors influence foreign policy choices" (Viotti, Kauppi, 2012, p.157). For our theoretical endeavor, the assumption, therefore, that decisions are made by real people has validity.

Similarly on the structural side, we could be referring to such factors as international constraints resulting from the Arab Spring, hegemonic forces that dictate the rules of the game in the world economic order, the 2008-2009 global economic crisis, the attention DEIK received from world leaders that raised its status in the foreign affairs, Turkey's middle power aspirations and trading state implications, Turkey's trajectory in its search for a new governance system. Or there is potentially enough room for our subject for a combination of agency of the individual, the State and the structure on all three levels of analysis and their interpretation and conceptions of one another. Soobramanien in attributing it a "Byzantine Complexity" argues that "economic diplomacy is becoming more and more complex. There is an increasing number of issues to address, a multitude

of states to interact with and a variety of regional and multilateral forums” (Soo Bramanian 2011, p.189). DEIK’s governmentalization could also be read within these lines having a “Byzantine Complexity” in the very lands of former Empire.

In order to locate these possible causes, as per the methodology undertaken by the theses, “*in-debt elite interviews*” have been carried out. The data collected during the interviews is found in the form of full transcripts in Appendix A. The questions asked are regrouped under subject areas in Appendix B. Their analysis is made in the following section, whereby inferences collected are jointly evaluated according to the interviewees’ connection with and relation to DEIK. Before we start, Waltz’s quote seems in order for our evaluation of agent behavior in DEIK’s governmentalization in an analogy of great power deployment of unnecessary and foolish force by the State, a condition which could also prevail in middle powers like Turkey; “One cannot assume that the leaders of a nation superior in power will always define policies with wisdom, devise tactics with fine calculation, and apply force with forbearance. The possession of great power has often tempted nations to the unnecessary and foolish employment of force, vices to which we are not immune” (Waltz, 2010, p.201). To reiterate, DEIK’s governmentalization could, in effect, be caused by numerous factors, agency of individuals or their groups, the State or the system and one cannot assume that this or any policy per se is necessarily devised with wisdom, fine calculation and forbearance. Just as great powers, middle powers are not immune to allegedly unnecessary and foolish employment of force. Reconsidering acts and notions of “governmentalization”, “state intervention”, “statism”, “state capitalism” under such employment of “force” against liberal markets in line with “protectionist” and “mercantilist” strategies prevailing within the global political economy, could be a convenient starting point for our analysis of what has really happened to a civil society institution such as DEIK, whose role is “economic diplomacy” effective September, 2014.

## 5.1 What do DEIK Elites Think of DEIK'S New Status?

The following section is an analysis of the interview findings. In-depth, one-to-one interviews were conducted whereby questions listed in Appendix B have been asked to the interviewees. Full transcripts are included in Appendix A. Questions were asked on:

- The link between international trade and foreign policy
- Opinions on the rise of protectionism
- The place of DEIK in institutionalized trade; inner workings of DEIK
- DEIK versus TUSKON and MUSIAD-TUSIAD in the business environment
- Evaluation of the new status of DEIK; the reasons why
- Evaluation of the new status of DEIK and how this is perceived
- Country specific relations with Turkey

Data have been clustered into DEIK's former and DEIK's current management and also DEIK's foreign mission counterparts. They constitute three different groups based on the identity of the interviewees. The categorization is expected to shed light on our hypothesis with varying viewpoints derived from their positioning with regards to the current and former DEIK.

In the referencing, the following abbreviation as per the Interview Number i.e. Int.2., Int.3 etc. will be used for simplification purposes.

### 5.1.1 DEIK's former management

With DEIK's former management, the interviews were conducted in Turkish. References made will therefore be made as translated by the author. The interviews took place as follows:

**Interview 4; Date:** 20.11.2018; **Interviewee:** Aykut Eken

**Position:** Former Turkey-The Central America and the Caribbean Business Council President; and the Americas Regional Coordinator President of DEIK

**Interview 5; Date:** 27.11.2018; **Interviewee:** Nuri Colakoglu

**Position:** DEIK Turkish-American Business Council (TAIK); Executive Board Member

**Interview 7; Date:** 17.12.2018 ; **Interviewee:** Dr. Yılmaz Argüden

**Position:** DEIK-Founding Chairman of Turkey-Canada Business Council and President;  
Former President of Turkish-American Business Council (TAIK)

When they were asked about the relationship between foreign affairs and trade, the interviewees reiterated the existence of a strong link: “If there were no International Relations there would not be any Trade.... In my opinion there would be no trade without a relationship. Would there be a relationship without trade? There can be. There could be other types of relationships such as diplomatic, social and cultural. However, trade does not induce a relationship, relationship induces trade.... This is how diplomacy started” (Int. 4). The instrumentality of trade is cited as most evident in the European Union that started with the *Monnet Plan* and it is quoted as most relevant for Greece and Turkey; “in order to establish a lasting peace first with the Europe Coal and Steel Community, then a trade union and then free movement of people....It is the same thing today with Greece and Turkey. While they were in a state of fighting almost today or tomorrow, tourism that started with Greeks coming to Turkey and Turks going to Greece, with bilateral economic relations, the tensions in the Aegean have suddenly dropped. Once in a while still some people make a pandemonium, a commotion, but in essence Turkey and Greece have come to a stage where they can no longer go to war because their economic relations are evolving in that direction... As per your initial hypothesis, there are countless examples in the world which show that economic relations are in essence a phenomenon that shapes political relations, diplomatic relations” (Int.5). The relevance of foreign trade and international relations is restated as not only valid for the government and civil society but “for everybody” (Int.7).

When asked about DEIK’s role in trade and foreign affairs, there is a positive reference to the nostalgic early days. Referring to Professor Celik who headed DEIK at the time, DEIK’s first days are described as a sort of “patinage/skating on ice” with Professor Celik relentlessly visiting countries and trying to establish business council counterparts in

respective countries. This is indicative of the difficulties of establishing institutions and also what makes their duplication hard if not impossible. It is also relevant for the strong leader factor, as after Professor Celik's departure and with Ozal gone, the second half of the 1990s appeared to be static for DEIK with the assumption of a new vigorous role in the 2000s. DEIK was described as a very special institution. What made it special was the way it was set up as initially: "it was set up to answer for the needs of businessmen, by the businessmen, a model where the government is not in the game" (Int.5). Such civil society ingenuities are valuable due to "the fact that the private sector engages in activities to defend its interests collectively through a civil society organization, to engage in lobbying and publicity activities is an aspect that brings benefits to a country. Therefore, the fact [is] that the establishment of such an institution as DEIK is a visionary step of honorable Turgut Ozal and I think it has been benign" (Int.7).

DEIK is very valuable because it is a rare organization in global terms, since it has spread worldwide. "It has dealings with almost 150 plus countries, Business Councils. For some 30-40 countries, with which our economic relations are at the core very strong; it is a very stable, very pertinent instrument. With some countries it is an initiator and developer of relations. In that respect once such a relation starts, the appointment of an ambassador comes up in the agenda" (Int.5). This statement restates DEIK's instrumentality in opening up the way for diplomatic relations. So, it is possible that economic relations come before diplomatic ones in the case of bilateral relations with certain countries. Markets may, therefore, be assumed to dictate the direction in which foreign affairs resources are directed. DEIK is another outlet for building relationships with foreign states and peoples. It is stated that the desirability of advancing relations between societies and institutions in as many aspects as possible cannot be overstated. For instance: "if the relations between governments are only executed through formal channels, there could be bottlenecks time and time again. On the other hand, the presence of operative, alternative channels can be effective by way of bringing different viewpoints to the solution of problems" (Int.7). Different perspectives and interests create new arteries for the blood to flow even if some veins are clotted.

DEIK is closely associated with Turgut Ozal's legacy. Ozal took the initiative to set up the Turkish-American Business Council after boldly asking Ronald Reagan to give Turkey the opportunity to trade rather than to receive aid. The trade between Turkey and the United States was intended to mainly pay for the guns Turkey bought from the United States by selling goods to the United States. Once the Turkish-American Business Council was established, it is claimed that clever businessmen got together with their respective associations to create in a similar pattern "a completely ad-hoc institution, DEIK, that did not even have any laws, regulations or a charter at the time" (Int.5) which functioned in parallel to the Turkish-American Business Council. DEIK's independence is underscored with a special mention of Turgut Ozal: "DEIK, through the entrepreneurial approach of Turgut Özal at its initial stage was established not under any organization but as independent thereof" (Int.7)

This model then picked up very fast and spread to other regions and countries, by becoming more structured. "Only the Germans lagged behind because they did not have a familiarity with such a body and this, in a rather brilliant way, became very instrumental in international relations in such a way that supports your thesis" (Int.5) Here we again see how each relationship is different in terms of the business world's approach to bilateral relations with differing cultures and markets. Germans lacking the inclination to work with a business council formed by various associations, appear to have lagged behind when compared to the United States at the establishment stage of structured business relations between Germany and Turkey, in the embodiment of DEIK. Along similar lines, we can also exhort that Germany's response at the beginning of DEIK's formation by lagging behind the United States and also at DEIK's governmentalization in 2014, by refusing to agree to deal with the new status, reflect the country specific requirements that do not conform to a "one-size fits all" new restructuring.

DEIK in its first decade professedly brought such a kick start to bilateral relations with at least two to three conferences a year "that in the end things came to such an interesting stage whereby each and every state president coming to Turkey started to form an association with the Business Councils under DEIK" (Int.5) At the core of it all, this prominence DEIK achieved and the attention it garnered from the heads of state are cited

as the main reasons why TOBB came to be the umbrella organization, the patron of DEIK. On TOBB's website, the following description is utilized to describe itself, as far as its legal status is concerned: “The Union of Chambers and Commodity Exchanges of Turkey (TOBB) is the highest legal entity in Turkey representing the private sector”<sup>45</sup> (TOBB, 2019a). It is estimated also within the same reasoning that the Ministry of Economy came to take DEIK off the hands of TOBB and tie it to the government. We can, therefore, argue that what has happened to DEIK could as well be a “power struggle” between the business world headed by TUSIAD and TOBB in its initial years and between TOBB and the government later in 2014. We find further ground in Finkel’s following proposition which opens a deeper perspective with an ideological dimension; “Islamist party politics in Turkey did not start in the mosque but in rivalry for control of the Union of Chambers and Commodity Exchanges, which in the 1960s had the all-important function of allocating foreign-exchange for imports” (Finkel, 2012, p.119-20). An issue that had come up earlier in our analysis.

The struggle for power may have become necessary given the pillar position DEIK came to hold in international relations with three decades of institutionalization established through an extensive range of networks, not only in the business world but also among government elites worldwide. In the initial stages, “TOBB said: ‘hey there is such an organization, they are working very well... We will pay them money’ and they convinced the government to bring it under TOBB. But then as TOBB started to make the most political use of this, the President of TOBB started dealing with Heads of State” (Int.5) This naturally started to enhance TOBB’s role in public diplomacy. On TOBB’s website, TOBB’s president under “TOBB in Brief”<sup>46</sup>, Rifat Hisarciklioglu sets out TOBB’s role and their goal in international relations quite significantly, among others. “As one of Turkey’s largest non-governmental organizations, we invest in the future of our country

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<sup>45</sup> On TOBB’s website the legal status of TOBB is stated as follows; “The Law #5590 on the Chambers, Commodity Exchanges and Union was promulgated on 8 March 1950 and entered into force upon its publication in the Official Gazette #7457 of 15 March 1950. Recently The Law #5174 replaced Law #5590 and has been effective as of 1 June 2004’. [www.tobb.org.tr](http://www.tobb.org.tr)

<sup>46</sup> The document is in a pdf format on TOBB’s website, as viewed on 3 May 2019, <https://www.tobb.org.tr/ozetleTOBB/ozetletobb-en.pdf>

not only in the business world but also in the fields of education and social responsibility. In addition to all these, we represent the Turkish business world in the best possible way in the international arena and we become their voice and protect their rights. We are the spokesman for the Turkish entrepreneur by taking part in the boards of nearly all the global business world organizations” (TOBB, 2019b, p.2). TOBB is an ambitious and a wide-ranging organization, and while it describes itself as a non-governmental body, it is still regarded as an NGO with muscular links to the government. The above statement speaks for itself when positioning TOBB as the voice of Turkish business in the international arena. Its prominent position on the boards of nearly all global business world organizations reiterates TOBB’s strength and agency in the international system. It seems that as TOBB continued to strengthen these international links along with its instrumentalization of DEIK, the Ministry of Economy appears to have come into the picture with the notion that DEIK brought “a lot of prestige to whoever controls it”. (Int.5) This is cited during the interviews as a major rationale as to why it was tied to the Ministry. It is a case of the government reclaiming this power from the very institution, TOBB, it had gladly handed DEIK to in the first place, amidst objections.

When asked about the role of the government elite as facilitators for the establishment of business councils with their counterparts, a reference is made both to former Foreign Affairs Minister Ismail Cem and former President Abdullah Gul, in the case of South America starting with Brazil. “Ismail Cem had made a declaration to open up to Latin America at the end of the 1990s. And he even opened the way commercially...Before that there were no significant relations. During the Ottoman times, there were exchanges of some medallions. After Ismail Cem, Abdullah Bey’s visit was the climax of our entry” (Int.4) It is quite intriguing to find the lack of interest in Turkey’s foreign relations when it comes to distant regions until the 1990s. It is as if Turkey’s foreign affairs were only too busy with major allies on the Western front. It seems that South America, Africa and the Far East of Asia were secondary for the foreign policy elite, probably both due to determinants of the policy but precisely also due to perceived capabilities. Following Ozal’s instruction to turn Turkey’s focus towards new markets such as Africa, during the early years of DEIK, Ismail Cem, the former Foreign Affairs Minister, appears to be a prominent visionary figure in targeting new horizons which were seized upon

enthusiastically by the business world for the opportunities they presented. While foreign affairs may pose as a catalyzer for trade relations, trade can also be a motivator for the government elite to start or enhance relations. However, while intentions were there, it seems capabilities have posed as more of an impediment from the beginning of the 1990s, as seen from the experiences with the former Turkish Republics of the Soviet Union. “I think we have lost the former Turkic countries, the former Russian countries and regions like Azerbaijan. They have gone very soon and all of a sudden. They could not keep the promises they made, I think” (Int.4) We are reminded of Lewis here; “Turkey sees itself as a nation-state, its identity defined by language, culture, institutions, and most basic of all, by country. It does not offer itself as model or example to others, nor - apart from some help to the Turkic republics of Central Asia - does it provide material or moral aid to supporters elsewhere. Yet the Turkish model is not without impact. Twice before the Turks have offered leadership to the region - under the Ottoman sultans in Islamic *jihad*, under Kemal Ataturk in national self-liberation. They may do so again” (Lewis, 1999, p.139). To reiterate, Turkey has lost its chance at the Balkans and the Turkic republics due to lack of capabilities after the dissolution of the Soviet Union. However, as Lewis predicted, with Turkey’s aspirations as a *Middle Power*, be it under the ideology of “Pan-Islamism” or “Neo-Ottomanism”, Turkey during the period of AKP administration has tried once again to make impact in the international system.

Returning to DEIK, which is a perfect tool for the government to instrumentalize for such a cause, at the beginning, DEIK was playing alone until TUSKON emerged. It seems it was apparent how TUSKON had come into being. Although not many people talked about it openly at the time. Today, as TUSKON’s real intention and its association with FETO is exposed, much seems to be out in the open. “TUSKON was made by Fethullah Hoca.... but TUSKON was an attempt to do what the government could not or the businessmen could not do; to sit on the achievements they had made, to generate funding from the government to spread their organization worldwide, to use it as a stepping stone to arrive at certain positions” (Int.5) TUSKON with its association to FETO, was able to spread easily in countries and regions where FETO schools were present, such as in Africa, China, the Turkic Republics and South America. While TUSKON was criticized by DEIK for duplication of DEIK’s efforts and the wasting of resources, “TUSKON’s

line of defense was ‘the audience represented by DEIK are Turkey's large companies. We represent smaller companies.’ I do not know to what extent this was right or wrong. Time is telling currently anyway.... There is no limitation since the beginning on the size of membership in DEIK” (Int.7).

TUSKON’s defense was not, therefore, correct. There had to be reasons other than size as to why businesspeople joined TUSKON. Duplication was clearly discernible. They were on air on prime time and they aimed straight for DEIK’s throne. TUSKON’s evasion to openly declare this intention only delayed but did not eliminate the outcome: “Then a time came when DEIK was sidelined to a secondary position. TUSKON had come to assume a primary role” (Int.4). They came into being as a competitor to DEIK with strength, due to the fact that they had money while DEIK did not. “They had money. We did not have money. As DEIK, we tried to survive on membership fees. They would invite (business people) ...We could not invite anybody. They would take businessmen on trips. We would say to businessmen ‘pay your costs and we will go together. You would remember these things.’”<sup>47</sup> (Int.4)

It is important to note that it is vital to emphasize the relevance of resources to a civil society organization. Without resources and without comparable resources in the case of two civil society organizations working for the same objective, it is predictable that one will diminish while the other takes precedence given all things being equal. Hence had TUSKON not been funded by FETO in or outside the government and had FETO not been exposed through the attempted coup to topple the government, we could have ended up having to bury DEIK already. The reason why TUSKON was established and the sizeable resources put into it comprehensibly point towards the possibility of the intention to sideline DEIK and eventually replace it. “In those days, we were in quite a state of... let’s not say competition. But we went on our way, signing (MOUs and Business Councils) with countries” (Int.4).

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<sup>47</sup> (Int. 4) The author was also a member of DEIK and worked in the Mexican, Brazilian and Canadian Business Councils as an elected Member as well as an Executive Board Member. She was also a witness to the rise of TUSKON and its effects within DEIK.

TUSKON's efforts to rise to DEIK's status were not uncomplicated, however. The duality and the confusion this brought both inside Turkey and externally in counterpart countries was remarkable, and to the detriment of not only DEIK but Turkey's very economic interests. Resources were wasted and DEIK's endeavors were counterattacked in parallel organizations: "while we as DEIK were holding council meetings in Washington as the Turkish American Business Council, TUSKON was creating serious organizations targeting us. It was organizing events, forming associations. Now we are more back to normal. They have given themselves away and they are no longer effective. But TUSKON's appearance was another arm of the Fethullah Gulen project. That arm has not survived or cannot survive, therefore, DEIK has come back dressed in its old clothes, but coming back it has dressed up more in the shape of a government" (Int.5).

It is also consequently quite remarkable that DEIK kept on going against all odds. Institutionalization is accordingly an unbeatable strength. Even if there is competition and lack of funds, years of established relations, networks, norms, and rules cannot be so skillfully reproduced. A well-founded organization is a candidate for survival, even when faced with an existential threat, should members continue to do what they have been doing well until then. From then on, DEIK went on establishing new councils. In the case of South America, "there are now 13 Business councils. The latest is Trinidad and Tobago. These are all relations. In fact, our Foreign Affairs is quite strong (compared to these countries). But in some countries, Foreign Affairs and Trade are run together" (Int.4). Looking at DEIK's case and efforts made for its continuation as an organization in the public sphere, a special mention for Hanna Arendt's public vs private interests in relation to politics appears in order "(t)he task, the end purpose, of politics is to safeguard life in the broadest sense... and it makes no difference what those spheres of life are" (Arendt, 2005, p.115).<sup>48</sup> DEIK must have presented a goal beyond private self-interest that its members held onto, even though the external environment presented rather dim prospects for its continuance. Politics is, hence, supposed to safeguard, not captivate it.

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<sup>48</sup> Also see in Stanford Encyclopedia of Philosophy, 2019, 'Hannah Arendt 6. Arendt's Conception of Citizenship.6.1 Citizenship and the Public Sphere', <https://plato.stanford.edu/entries/arendt/>

When asked about how DEIK's new status under the Ministry of Trade was perceived by the business world, the answer is mostly "in crisis" for some councils such as the Turkish-American Council: "We fell apart and then reconnected. We have gone through a very shaky period. Today still not all issues have been resolved because DEIK's attractive quality with its old version is its ability to open new channels; its ability to open alternative channels to already existing relations between governments, channels which could verify, validate and check the existing ones" (Int.5) The problem also stems from the way the decision was made. The decision was a top down decree applied to a huge civil society organization overnight. It seems no one expected this to happen. No one really knew that such a change was coming. No one saw it coming. No one predicted it, not even the business council heads. "No, I did not know it" (Int.7). No prior consultation was made. The answers reflect the surprise, and while interviewees claim that the government elite "surely thought that this change would be beneficial. People would not make decisions which they think of as useless" (Int.7), the mere fact that the members of the organization were not necessarily consulted, and the possibility that differing opinions were not listened to, reflects the potential one-sidedness of this status change. If this is so, could this change not have been made together with the members of civil society? Would not taking such a decision after a thorough consultative process have helped, taking DEIK to a stronger position than it is in today, without the need for an intermittent crisis? Would that not have been more inclusive? Furthermore, what would such a move have signaled about the future of Turkey's civil society?

Returning to DEIK's former days, a certain problem concerning bureaucracy is also pointed to in the embodiment of TOBB, another reason that could have paved the way for this change of status. This could be understood as it relates to DEIK's sidelining and slowdown during the last decade; this time however, not due to TUSKON, but due to its internal dynamics: "Here TOBB and DEIK were too intertwined. And in DEIK, you should remember that decisions could hardly, they could not be taken. For instance, in order to employ a secretary to Latin America or an assistant or an agent, we would have to wait for a year or two. You should remember that" (Int.4). What we see in old DEIK could be interpreted as a bureaucracy gone badly. Stiglitz argues that "(d)evelopment is about transforming societies... This sort of development won't happen if only a few

people dictate the policies a country must follow... It is not easy to change how things are done. Bureaucracies like people, fall into bad habits, and adapting to change can be painful” (Stiglitz, 2002, p.252). The solution if prescribed for the remedy of TOBB’s bureaucracy, however, appears to be the introduction of a whole new bureaucracy, this time a full governmental version. DEIK’s development if considered in line with Turkey’s development will not happen in a societal transformative model if it is dictated by only a few people. While such development is painful in any way, it cannot be expected to transform society since it lacks the legitimacy of a majoritarian policy.

If we go back to the history and the founding of DEIK, could we correlate Sakip Sabanci’s abstention from his own proposal to establish DEIK after Ozal’s counter proposal to establish it under TOBB? Had he foreseen the complications that might be associated with the bureaucracy? Was he concerned about the precedence that strong figures heading TOBB could draw to themselves with their private interests at the expense of DEIK as an institution? Was Turgut Ozal not concerned about this? Did Turgut Ozal still want to tie DEIK to TOBB, a quasi-government organization, in order to better control it? Did Rifat Hisarciklioglu’s leadership style and prominence in the Turkish business world have any effect on this change for DEIK in 2014, given the fact that Mr. Hisarciklioglu had been elected to lead TOBB in 2002, being re-elected five consecutive times until 2018? Would this new association with the Ministry of Trade solve bureaucratic problems related to decision-making and budget concerns? We can only assume time will tell.

It is compelling to note that, while DEIK went on its way in a struggle for supremacy with TUSKON, at the same time TUSIAD had also established a new department called TUSIAD International. Was this then not a duplication? Was TUSIAD not happy to join DEIK on business trips? Why did they feel the need to create this new department and devote new resources to it, while DEIK was available for this purpose? Had DEIK diverged from the first intended purpose with regard to TUSIAD? A justification for TUSIAD International comes in the following lines: “DEIK was trying to include the public sector and take ministers on visits. We (TUSIAD International) were more for taking businesspeople” (Int.4). Ostensibly, when DEIK was brought under TOBB’s

embodiment, so as to justify its infrastructure and legality, already TUSIAD “in an effort to differentiate itself started to open foreign representation offices... When DEIK became fully dependent on the public sector, TUSIAD moved completely away from membership. That’s the essence of the subject” (Int.7). Needless to say, TUSIAD had always been uneasy about any association with the public sector, which might have hurt its independent status. They incontestably could not avoid it at the start, when TOBB was bought into the picture, but ties to the Ministry of Trade in 2014 must have been the last straw that made TUSIAD act towards ending its association with DEIK completely.

When asked about what changes the new status of DEIK has brought, the answers are both nothing and a lot of things: “Nothing has changed as far as I was able to see.... The presidents have changed. I was in the board for some time. New management came, the founding members have increased... Now more ministers pay attention to DEIK. Of course, these have effects. Wherever you go there is a high-level representation” (Int.4). The answers also point to “DEIK’s new status’ potential of providing various positives as well as negatives depending on the different parts of the world” (Int.7). Some will evidently welcome this reconstruction while others not so. The difference lies in the governance system of the country concerned and its legitimacy. “The lapsing of DEIK more towards the nature of a public institution may bring an added-value in the development of private sector relations especially in countries where the central public authority is determinant” (Int.7). While the opposite is true for others: “However, the fact that it is not an independent Civil Society Organization<sup>49</sup> (CSO) could decrease its weight in countries where the central public authority is not the sole determinant, in countries where civil society is developed, where the liberal market economy is widely spread” (Int.7). We again see the particularities of each governance system and the need for a tailor-made approach, “a two-tier one”. Compared to democracy “legitimacy is a broader concept that can be understood as the public acceptability of the exercise of power... Democracy is an important source of legitimacy, but not the only source”

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<sup>49</sup> CSOs are non-State, non-profit, voluntary entities constructed by people in the public/social sphere that have no connection to the State. CSOs stand for a wide range of interests and connections. They can be community-based organizations as well as non-governmental organizations.

(Bache, George, Bulmer, 2011, p.67-8). DEIK's governmentalization first and foremost an upright exercise of power by the Leviathan, needs to be acknowledged as legitimate by both the domestic and the foreign audience in order to fulfill its assigned potential.

It implies that DEIK acquired some new blood, even though TUSIAD as a founding association, certain member companies and some of the management had left. It is also striking that ministers started devoting more attention to DEIK now that it was part of a prominent ministry of the government. High level attention from the public sphere raises the effectiveness of business trips, as counterparts are expected to also respond with a similar high-level protocol. A top-down facilitation on bottlenecked issue areas becomes likely. However, losing a founding association such as TUSIAD is not a desired outcome. It appears that TUSIAD drifted, "since it becomes difficult to be credible as a civil society organization especially in the West when you become a part of a government institution" (Int.7). With the absence of TUSIAD, DEIK would need to reinvent itself. TUSIAD's approach towards the new DEIK would quite possibly not signal a positive image for the latter in the international arena.

Touching upon the type of advantages which the new status as a public organization may have brought to DEIK, the access to resources comes up: "This is an important factor. In voluntary organizations, it could be more difficult to produce resources, however, this in return may increase the embrace of the private sector. This, in effect, carries the potential for making businessmen to businessmen relations stronger" (Int.7). From the above, we could deduce that while the resource problem is resolved when you have the government behind or above you when compared to being a civil society with no strings attached, the embrace, the appropriation by the private sector, by members of the organization who initially came to build such a collective body to defend their interests, has the potential to weaken. Since the ownership is not totally theirs anymore, members could lose interest and devote less energy to the organization. TUSIAD's rupture is one such example: it is assumed that "when compared to the government, it becomes difficult to contribute with limited resources and have a say in decision making mechanisms. Members could think 'We are already paying taxes, if our membership fees will go to a public institution why should we pay fees?' TUSIAD in this respect is in a different position than TOBB which

is a semi-public organization” (Int.7). Since the government assumes the bulk of the costs, the effect of a private sector member association becomes minuscule, rendering the continuation of membership insignificant and rather pointless.

When asked about how foreign missions have reacted to DEIK’s new status, the change in business councils and their management, the answer varies again. It seems some, like the Latin American desks have not given any reaction at all: “In my South America, we have not had such a problem. Nobody even asked. The important point is that the business world should not enter politics. For this reason, our objective is to go our way, to make Turkey known abroad and plus to be able to sell something” (Int.4). Here we observe the difference in culture, the relationship between government and the business world and the stage capitalism is at in different parts of the world, which conveys us to the proposition that there is no one best model when it comes to dealing with different markets and governments. The interlinkage between trade and foreign affairs and the instrumentalization of one by the other finds its course in the embodiment of different institutional models. The problem at hand for the future seems to be having to accommodate for different markets and governments with one single model, i.e. the new DEIK under the Ministry of Trade. Meanwhile in the Canadian Business Council, the president also changed; this is viewed as a natural course by the former president: “I do not find it correct for those in the management of civil society organizations to execute that mission for more than a couple of terms. Osman Okyar’s relations with Canada are at as high a level as mine. Therefore, I have confidently transferred the Council Presidency to him.... I do not think that this change of status has had a negative effect on Canada” (Int.7). The reaction from the counterparts varies, not only in terms of their position in the development cycle, and the structure of their markets, but it is also noticeably dependent upon the agency i.e. who the successor is in the business councils. So, there is room for agency. Even though structure may dictate, in principle, the independence of the civil society, the acceptance and adaptation to a structural change is facilitated by the agency factor, i.e. if the successor is a trustworthy, experienced and credible replacement then relationships progress, even though they are deemed to be under new dynamics and calculations.

DEIK's new status is likened to Britain's reign in the 19th century, when the British government regulated trade directly through various establishments such as the 'East India Company'. "In Is Bank Publications for instance, there is a book on Britain's Ambassador Sir Stratford Channing's memoirs during the "Tanzimat Reforms" era. There he says, "If we can convince the Turks to use the sugar cane we grow in South America for their Turkish coffee, England's sugar exports can rise 5 folds." This for instance is a very apparent example of the connection between the economy and international relations" (Int.5). Reverting to historical explanations cited earlier in the thesis, we remember that Britain was indeed a major game setter of her time. *Pax Britannica* was established with the rules and norms that enabled trade to prosper. Little, when referring to the neutrality laws, for instance, maturing in the 17th and 18th centuries exclaims that the "aim of the rules was to ensure that peaceful trade continued during the course of a war and that non-belligerent states did not inadvertently get drawn into a conflict. But although the rules were designed to protect the rights of both neutrals and belligerents, there was an inevitable tension between these two sets of rights. For example, neutrals wished to trade without any restrictions, whereas belligerents wanted to be able to maximize their authority to regulate trade to an enemy" (Little, 2007, p.77). Hence, we can deduce that historical explanations reinforce DEIK's new status tied the Ministry of Trade. Many governments that have prominence in the capitalist world today may have established and used companies, entities to enhance their government's position. Toynbee further argues that 'Pax Britannica, was "based partly on naval power and partly on money power, which Great Britain maintained unaided, out of her own national resources, during the hundred years ending in 1914. This Pax Britannica, in its turn, was a very imperfect and belated substitute for a mediaeval *Respublica Christiana* which was founded in the eleventh century by Pope Gregory VII and which went to pieces between the death of Pope Innocent III and the outbreak of the Reformation" (Toynbee, 1939, p.319). Whether such direct interventions are a thing of the past for the developed world or not will be DEIK's challenge in today's world when it comes to gaining acceptance and legitimacy from its counterparts and the business world, and that will depend on the nature of the counterparts and their outlook on liberalism.

When it comes to the reasons as to why the governmentalization was done, it is evaluated that a government engages in such a direct intervention possibly just to control everything: “It is reasonable along the following lines: ‘If there is such an opportunity (to enhance international relations) I have to use it.’ It does not want to miss anything. It finds itself in a state of ‘nothing happens without my knowledge’” (Int.5). So, we could assume that having DEIK under its wings, through the Ministry of Economy, the government intended to have stronger control over DEIK. By having stronger control, it would have a greater grasp of DEIK’s reach and effectiveness in international relations. It craves for the leverage economic relations/commercial diplomacy can bring. After all, it is a very valuable asset and duplicating and/or sidelining it through the creation of a similar organization has not been possible given TUSKON’s current fate.

#### 5.1.2 DEIK’s current management

With DEIK’s current management, the interviews were also conducted in Turkish. References made are therefore referred to “as translated by the author”. The interviews took place as follows:

**Interview 8; Date:** 25.12.2018; **Interviewee:** Mehmet Bahadir Balkir

**Position:** DEIK Chile Council President; DEIK, The America Region Coordinating President; TUSIAD Board Member

**Interview 9; Date:** 08.01.2019; **Interviewee:** Rona Yircali

**Position:** DEIK Lebanon Business Council President; Head of the Middle East and Gulf Region; DEIK Board Member and Executive Board Member; Former Head of TOBB; and Former Head of the Executive Board of DEIK.

The representatives of DEIK’s current management start by agreeing to the inference of strong links between foreign affairs and trade. The two in fact resonate with the *chicken and egg* analogy: “I think foreign affairs and trade are brothers. Who affects who? Exports is only a branch of it. When you go there, to make investment in a foreign country, to attract investment to your own country, to develop commercial relations

between two countries is a bigger concept” (Int.8). We should read this with caution, however, as Woolcock points out: “Investment is more deeply imbedded in domestic policy. There is a greater risk of conflict between international economic benefits and domestic political anxieties” (Woolcock, 2011, p.147-8) as we see today in the rise of protectionism and attempts to limit MNC’s relocation of production in global value chains outside their state of origin. Since the Ozal era, Turkey has entered into the idea of exports within a protectionist economy and “over the past 30-40 years, economic relations have taken a substantial role in international relations. I wonder whether to say that they have surpassed international relations would be too far-fetched” (Int.9). While protectionism is on the rise, as we see in the examples of the United States versus Europe and the United States versus China and NAFTA, “countries in order not to lose their bilateral economic relations, give up a lot of their political rights or advantages... Therefore, I think that economic relations have a greater weight in political relations when compared to political-political or political-economic relations” (Int.9). This is the first-time economic relations over political ones have been cited as having more importance and the future trend seems to be the same. Were we to interview more foreign affairs subjects, we might find arguments to the contrary; a case for further research.

When asked about DEIK, there is a decisive opinion as to DEIK’s current position: “Today the most predominant foundation in foreign trade is DEIK” (Int.9). Ozal is again mentioned for having been visionary, for having imported a model similar to South Korea and Japan.<sup>50</sup> However, they also speak with astonishment as to how such a body is non-existent in many of the countries with which Turkey has or wants to develop bilateral relations today. They value DEIK’s unique attributes and its contribution to developing international relations. “When you go to a country where your foreign relations are good, then your ability to trade increases. As you do business you increase the chances of your country’s recognition. Then your country’s recognition in turn develops your foreign relations” (Int.8). Apparently, some question the presence and continuity of DEIK, given that it is unique and not many countries have such an institution to start with. The United

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<sup>50</sup> Other interviewees had expressed this as a model imported from the United States earlier on. Both cases are included as relevant.

States is an exception and seems to have set the model for DEIK: “I personally think that it is a plus for our benefit... In its roots, there is TUSIAD. It is an organization that has been triggered by TUSIAD” (Int.8).

DEIK’s role as a central organization for coordinating foreign economic relations is reiterated in order to stress the need for coordination, as until the formation of DEIK “Everybody was stepping on each other’s foot and there was no organization...It was not a foundation for exports only. Our mission then was to work on all issues relating to foreign economic affairs. Business Councils collect data about countries, convey information about us to them, the financing of the economy, lobbying activities, attraction of investors, introduction of Turkish investors to foreign countries, development of commercial relations, and facilitation of joint venture not only in our country and theirs but also in third countries. There is logistics, organization of customs in this. What DEIK does is to organize foreign economic relations in a ‘cure’<sup>51</sup> and present it to the knowledge and attention of those concerned” (Int.9). We observe DEIK as a full package, a *one-stop-shop* organization that can provide its members with turn-key packages to advance their business interests in the international arena. The words as expressed by the former Head of the Executive Board of DEIK are quite impressive and make us see DEIK as an omnipotent organization for foreign economic relations; at least we understand that is what it was intended to be. We see in the early assumed role of DEIK a perfect illustration of an interdependent situation which Milner defines as “one where an extensive division of labor exists so that each party performs a different role and thus has complementary interests. Everyone gains from such a situation; it is a positive-sum game” (Milner, 1991, p.83). DEIK knew its role and responsibility. Everyone else who had transferred their rights was happy about DEIK doing it for them. It was a *win-win*.

Coming to the competition that attempted to lessen this prominence, TUSKON’s sudden rise is attributed to the support it received from the people in charge: “We used to organize trips and it took us around 15 days of preparation as you also know, this was necessary especially for large countries. However, one or two days before, we would get

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<sup>51</sup> The Turkish expression is “kür” which is like a special medicine formula used to treat illness.

a letter from the Ministry saying... 'TUSKON has been assigned to this trip'.... Or if that would not happen, they would penetrate into our organization, take part, seize roles" (Int.9). These overtly point out TUSKON's artificial rise with the support it got from the authorities. However, what it tells us about DEIK's independence is more revealing. It seems DEIK had lost its grip on control of the organization of events involving the government. TUSKON not only stole DEIK's organizational powers, it also penetrated and them even if it could not take it all away. TUSKON's defense about not duplicating DEIK is not found credible because "in a place where you have 130-140 Business Councils, all councils are included. Therefore, it is a totally political organization" (Int.9). TUSKON's politicized nature should not come as a surprise as Stiglitz claims even the IMF is one as such; "The IMF is a political institution... Political judgements as much as economics (lie) behind the stances of the people at the Treasury" (Stiglitz, 2002, p.166-7). TUSKON's maneuvering to duplicate and eradicate DEIK is crystal clear. Its political connections signal that its underlying mission in disguise, was quite distinctly political, bearing ideological motivations which were separate from its secondary economic goals.

TUSKON's role in sidelining DEIK and hurting it seriously is reiterated in the case of Chile for instance: "When we first went there with the president at the beginning of 2016, while we were visiting government institutions, they asked us what DEIK is saying that 'Oh, (we don't know you) but we know TUSKON. TUSKON used to come here.' Therefore, there has been a serious drift during that period" (Int.8). TUSKON appears to have also gone places where DEIK was either non-existent or weak. While business councils in the American continent such as TAIK, or those in Europe have always been very strong, places such as South America, Africa, the Middle East and the Far East were where TUSKON rose to prominence. "There were many countries where DEIK was not so strong. Africa came at the top of these regions. Obviously one of the places where TUSKON had more weight was Africa" (Int.8). In the case of Chile, and in parallel in countries where DEIK has not been as active, one of the problems appears to be the lack of such an institution as a counterpart to start with. It takes time and effort to convince the counterparts to build bilateral councils. The value of such institutionalization is conspicuous once it becomes established. "Its foundation was very useful. Today, if there is any issue that concerns the business world, immediately we, on this wing, they on the

other wing come into the picture, connect all people concerned from the government into the system, arrange meetings and have them talk. In fact, this is such a model that could work perfectly well. But if the counterparts are not used to such an institution, we have to make double the effort” (Int.8).

The visions and character of the government elite also dictate the success of these institutions with respect to foreign relations. Just as the then Prime Minister and President Ozal started the dialogue between the business world and the bureaucracy, President Erdogan also acts equivalently and spontaneously to engage the business world as a facilitator and catalyzer. “DEIK prepares the whole infrastructure. For instance, the President has a specific trait: until today in general when we go on official country visits, there are usually separate talks on the government and business side. But Tayyip Erdogan, also pertaining to his character, coalesces government issues with the private sector” (Int.8). In Chile’s case, President Erdogan, in choosing to appear on stage at the business forum organized by the DEIK-Chile Business Council in February 2016, which was not planned manifestly “changed the whole atmosphere. He brought together the whole government and the private sector. This brought about an incredible influence. There was enormous press coverage. And we see their effects immediately” (Int.8). The involvement of the government elite unhesitatingly draws much attention from the press with front page news content, hence the effect it creates and amplifies on an organization is indisputable. When such an organization’s strengths are combined with a government elite that is willing to act to build bridges between two countries then “there is not a better model that will create such synergy and have a faster impact” (Int.8).

When questioned about why DEIK has been brought under the Ministry of Economy, one of the most remarkable answers received was the following: “I have seen all the stages of DEIK. The real reason why this has happened was that DEIK had become, contrary to all our founding members’ objections, a branch of TOBB. I have said countless times that this would create a reaction among politicians, other institutions<sup>52</sup> etc. however, no firm stand has been taken to the contrary. Now of course TOBB was

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<sup>52</sup> Referring to other institutional members of DEIK such as TUSIAD, TURSAB etc.

providing most of the financing. You would remember those years and it would see it as within its own rights to do so. In the regulations, the presidency has been given to TOBB anyway. It also has a privilege in nominating the Board of Directors. This went on and on. And yet these reactions piled up and piled up and piled up. Finally, what you mentioned happened” (Int.9). From the above, we understand that the predominant problem area was perceived to be TOBB. Arguably TOBB’s overwhelming instrumentalization of DEIK was the reason behind this takeover. TOBB had been the head of DEIK ever since the beginning, but lately, the TOBB connection had reached levels that drew negative attention from both inside and outside circles. The founding associations undoubtedly thought of TOBB’s monopolization of DEIK’s management disturbing, while on the outside the government’s regard was not dissimilar.

When asked about how the current status of DEIK was perceived, certain reactions come over as criticisms: “From time to time there is such a reaction: ‘OK. But DEIK is too much attached to the government, which is the public sector. Will the business world act to such an extent under government control?’ Yes. This is where TUSIAD’s drift has occurred anyway” (Int.8). There is no denying that the public and the private sector/civil society acting harmoniously create dynamism and synergy, but there is a concern that once foreign missions and foreign counterparts start seeing you as a government body rather than a civil society one then things get confused. “This should not to be perceived as the conversion of a system into a government system. Now, this creates a substantial synergy to a great extent. After a certain point, however, it becomes ‘One minute, this is not a civil society organization. We are, in fact, face to face with the government.’ Therefore, establishing that balance very carefully is a necessity” (Int.8). The thinking processes behind the government elite’s governmentalization of DEIK is extrapolated as “‘Now, if I put forward the power of the government, take the whole business world behind me and proceed as one voice, I would be doing a very correct and proper thing.’ This is the idea behind it. It has its strengths. But we have to open a parenthesis: this does not hold the same for every country” (Int.8). It is remarked that it may work for Africa or South America but not necessarily for the West. When accounting for the weight Western opinion has on Turkey’s elite, it is not cumbersome to evaluate their thought processes on DEIK’s governmentalization given their strong view on civil society. More

importantly, when considering the place of the West and the EU in particular as Turkey's major trading partner, one should evaluate it in terms of the following assumption; "The more dependent a state is on others, and the less its leverage over them, the more it must focus on how its decisions affect its access to supplies and markets on which its welfare or survival may depend" (Waltz, 2010, p.153). Considering the distribution of Turkey's trading relations, one should not be surprised when evaluating the weight of the Western opinion. "We should, therefore, not consider this as 'black or white'. I think this has to be open to evolution. However, there is a need for it to be better explained and told to those concerned. Today, Turkey's biggest grievance is this: polarization" (Int.8). One such polarization could be underpinned in the never-ending arguments of "shift of axis" for Turkey's orientation which without doubt carries with it, elaborations on a major principle "Secularism". Lewis argues that "(s)ecularism, as interpreted in the Turkish republic, did not mean the abandonment, still less the suppression of their ancestral faith. It did mean a clear separation between religion and politics, between the Islamic clergy and the apparatus of government, and a shift of primary identity from community and religion to country and nation" (Lewis, 1999, p.136). Huntington's "clash of civilizations" within the domestic context especially with the notion of political Islam in Turkey reminds us that opposition to secularism in Turkey does not agree with Lewis' statement nor the founding father's interpretations. Secularism is seen allegedly by many as the *mother of all evil*. As the Chair of the Turkish Parliament proposed "Secularism should not be in the new Constitution;" (BBC, 2016)

Back to DEIK, we find another line of thought however, which is that even for the West, even though there might have been some concern, it is business as usual: "At the last meeting we had in London nobody came up and said 'DEIK is now such and such. We do not want to be in a relationship with it.' I don't think the argument that there can be such a reaction has much weight. It has been over 4 years, and nobody said 'we do not want to be in a relationship with you. We can only work with TUSIAD or MUSIAD.' In all our meetings, our relationships continue as before even in the West. In other countries there is no such thing anyway" (Int.9). It could be argued that the reaction of the West is predominantly determinant in DEIK's future. The contradiction is evident especially when Turkey and her European Union membership aspirations are taken into account

since Europeanization is defined as “the reorientation or reshaping of politics in the domestic arena in ways that reflect policies, practices and preferences advanced through the EU system of governance” (Bache, George, Bulmer, 2011, p.63) where the civil society's independence and its strength are part of the *acquis Communautaire*<sup>53</sup>. It is where Turkey does much of its current business. It is arguably a concern, however, as national interests come before anything else. It looks like counterparts, having seen effective delegations that attend the council meetings with certain faces from the former management structure, such as DEIK’s former president, have been compliant with the new status. Should they have refused to deal with DEIK, what other choice would they have, if they wanted to keep the institutional links? Some like Germany have reacted but not to the point of burning bridges: “Because they see the benefits too. I would like to express the fact that there are certain benefits of being with the government” (Int.9).

There is also a line of thought which, even if a minority view, does not conform with the statement that DEIK has become a government organization. But their counterargument is from a new perspective: “I do not agree. Why don’t I agree? Even though this is a minority opinion, I say this as person who knows how DEIK operated then and how it operates today; we were not an NGO in its complete sense in all cases before. Why? We received most of our money from TOBB. What is TOBB? TOBB is an official organization. It is not an NGO. It has been enacted through law. They have earnings through certain regulations and membership is mandatory” (Int.9). The argument does not evaluate DEIK’s new status as good or bad, but it sheds a new light on our understanding of DEIK’s former status. It states that DEIK’s TOBB connection had already *de facto* ended DEIK’s independent NGO position at the very beginning, a reasoning we had seen in Sakip Sabanci’s abstention at DEIK’s formation. The latest regulation has apparently only brought DEIK more directly under the government and it was simply done to get TOBB out of the picture.

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<sup>53</sup> For a detailed explanation and content of “Acquis” please see European Commission, European Neighborhood Policy And Enlargement Negotiations - Acquis, viewed on 23 May, 2019  
[https://ec.europa.eu/neighbourhood-enlargement/policy/glossary/terms/acquis\\_en](https://ec.europa.eu/neighbourhood-enlargement/policy/glossary/terms/acquis_en),

Consequently, the current status is evaluated as “better than before”, since “before DEIK had seven founding associations. Today it is close to 100. Is this better or not? The ministry only has the authority to appoint the president. It is of course a very important authority, but it has attempted no more than that. Of course, DEIK works very closely with them. But before, as I have mentioned, if the Ministry of Economy said ‘TUSKON will do this or MUSIAD will take over from here’ then they would be doing it” (Int.9). Certainly, DEIK’s late years appear to have been spent in agony; in a state of limbo. The organization was incapacitated. It simply appears to have waited anxiously until the last moment to do what it is intended to do. Such an organization is bound to lose its effectiveness, its members, its prestige *vis à vis* its counterparts. It was transparently a governance that could not be sustained. Whether bringing it under the ministry was the best solution is hard to tell, but one thing is for sure, that DEIK, in order to stay alive, needed to go through a major alteration had this current enactment not come about.

How to solve the current dilemma, and how to go forward with such a valuable institution as DEIK, lies in finding a middle way and refusing to go to extremes in either accepting or rejecting DEIK’s current status totally. “There is a line of thought on the one dimension: ‘The President and Ankara have turned DEIK into a government organization. This cannot be done. It has to be rejected.’ One should stop there. One should not reject everything across the board. And then there is a second line of thought on the opposite side: ‘DEIK should represent Turkey by itself. Nobody else should ...’ One should stop there also; one should not be that strict. A middle ground should be sorted out” (Int.8). Apparently, now that DEIK is under the government, there is an extremist view: to make DEIK the only point of contact for Turkey’s business world as opposed to DEIK being the voice of the member businesses it represents. It does not currently represent TUSIAD for instance. “TUSIAD is a value of Turkey. These values and the government should meet at a common denominator. You may agree or disagree it is something else. But they have to meet at a common denominator” (Int.8). TUSIAD has had, since the 1970s, numerous contacts, relationships, memberships and networks all around the world. It is a prestigious organization, with an undeniable international reputation. “If DEIK approaches foreign counterparts with a totally public, government mentality, when it comes as a government organization, a resistance develops on the side

of the counterparts. They are asking TUSIAD for instance ‘why can we not meet with you?’ It is imperative not to create such a duality” (Int.8).

The solution and the way forward lies in some common sense, and good management and tailored approaches. Some are second tier while others are on *grande vitesse*. It is seen not as the fault of TUSIAD, TOBB or anybody else. “It is Turkey's fault. We cannot resolve this inside ourselves. Because the same application should not be made for each country. For instance, there is a TAIK model. TAIK has a very special status within DEIK and there are so many people from TUSIAD in TAIK. The Management in TAIK should be able to constitute a balance between DEIK and TUSIAD. You cannot expect this from the business council of say an African country, or from Paraguay or Uruguay” (Int.8). An alternative solution is provided through using the new DEIK ‘as it is” in certain cases but not in others. “In some places, we should look at how we could act together with other organizations. How could we create synergy?” (Int.8). In order not to face such problems as TUSKON had, it is also propounded that “the activities of these organizations should be envisioned under DEIK. This is one of the reasons why DEIK has been thought of as an umbrella organization” (Int.8). Today a certain regret is mentioned about TUSIAD’s departure, but “other than that DEIK is an organization that impedes concessions and privileges. TUSKON's adventure was as such” (Int.9).

On the other hand, it is believed that “today, DEIK works much better. There is no such thing as the last minute ‘we decided that, we decided this’. Joint projects are done for instance with MUSIAD and TOBB now. There is for instance a Kenya trip, a Vienna trip with Ruhsar Hanim. If they have supporting personnel in these places, it is possible to make use of them, like in Brussels, in Washington. New York. I think it is going in a very healthy direction. I hope it will not break down” (Int.9). The new status of DEIK has evidently become more agreeable to formerly distant organizations like MUSIAD. The departure of TUSIAD manifestly left a void and incoming institutions like MUSIAD now seem to embrace DEIK more, while they may not have preferred to join it before. Going up to almost 100 founding organizations puts forward a more pluralist, inclusive structure. The new members represent new blood and the enthusiasm of the newcomers

to contribute to DEIK's success should be expected. It is interesting to wait and see if a competition for prominence between TOBB and these new organizations will take shape.

On a side issue, there is also a feeling or a wish that this change had not happened. It is not apt to work in the developed world. It could work in other less developed markets but not in established ones. But now that it has taken place, a middle ground substitute solutions need to be sought. One size does not fit all. "It may be wishful thinking that institutions like DEIK should be private and not tied to the government. They should still have a relationship with the government, should act with the government but should have independence. When they ask, 'What are you tied to?', it is as if the Ministry has arrived. As I said this works in many countries in the world also... But there is no need to push it in more civilized countries. There is no need" (Int.8) There is also a line of thought that "some people are trying to undo this. They want to go back to the old version. 'But I don't think this is correct. For instance, today there is DTIK, 'DEIK's World Turkish Business Council.' It has become much more proactive. There has been a void because of TOBB's absence for three years. Now it is back... It is an area long neglected by Turkey and it is crucial. The fact that we have the government behind us means we can activate these links more easily. This I think is one of the advantages of having the government association" (Int.9). It seems those who are still part of DEIK, holding prominent positions in it, quite like the new status. They have certain lines of argument that suggest that today's DEIK is better than the DEIK of the last decade and there are advantages to be gained from being with the government.

However, from another angle, it is also expressed that there is another trend in the world whereby voluntary association rather than mandatory memberships, even in chambers of commerce, are sought after. "There is such a trend. We have to accept this. Italy is an example. This was the case in Anglo-Saxon countries anyway. Spain turned towards this due to economic problems. Kenya also. Therefore, there is such a trend" (Int.9). If the world is turning in that direction, then can we assume that the same will be true for Turkey? Will DEIK go back to being an NGO, this time totally free of any links either to TOBB or the government? It is posed that if becoming an NGO is the trend, "even before DEIK, the same should be considered for organizations like TOBB and TIM. We have

been paying dues to TIM for instance for many years and have not benefitted from the membership. It does not give us anything” (Int.9). It seems accountability comes first, and mandatory memberships are becoming a thing of the past.

### 5.1.3 DEIK’s foreign counterparts

The interviews took place as follows:

**Interview 1; Date:** 11.07.2018; **Interviewee:** Pascal LeCamp,  
**Position:** Director of Business France

**Interview 2; Date:** 12.07.2018; **Interviewee:** Christopher Wimmer  
**Position:** Canada Trade Commissioner in Istanbul

**Interview 3; Date:** 04.10.2018; **Interviewee:** Jeffie Kaine  
**Position:** Australian Consul General in Istanbul

**Interview 6/e-mail; Date:** 13.06.2018; **Interviewee:** Véronique van Haaften  
**Position:** Dutch Business Association in Istanbul

DEIK Business Councils are intended to be bilateral. There needs to be a counterpart on the other side of the table; be it a national chamber of commerce, or an association of businesspeople for the relations to be fruitful and effective. When geographically categorized, they are named after the countries they represent. Within DEIK, they are found under the Turkey-Canada Business Council, Turkey-France Business Council, Turkey-Australia Business Council, etc., while their counterparts are named, if they exist, with their own country’ names coming up first, such as Canada-Turkey, France-Turkey and the like. The coordination of meetings, visits and collaboration with the business council is orchestrated by the diplomatic missions in Istanbul and Ankara. Ambassadors, consul generals and trade attaches take part in these relations. Therefore, we may not be wrong if we assume them to be the first point of contact for DEIK in initiating a

relationship, a project and/or a major event with the country in question, unless a top down initiative from the government is foreseen.

The interviews for our case study were conducted with the French, Canadian and Australian missions in Istanbul, while the Dutch mission declined to give an interview and referred us to DEIK Holland Business Council's Turkish Head instead. This refusal was notable. Turkey and Holland went through a difficult diplomatic crisis in 2017, when the Netherlands refused to allow Turkish ministers to appear at rallies with the Turkish diaspora in Holland in the run up of the 2017 constitutional referendum, which ended in a major crisis between the two NATO Allies that resulted in the Netherlands formally withdrawing "its ambassador to Turkey and... (saying) no new Turkish ambassador will be accepted in The Hague" (BBC, 2018a). The Dutch Ambassador had gone back to Holland earlier on holiday and was not allowed to enter Turkey from March 2017. This move to reciprocate the banning of ministers into Holland is quite remarkable because given Holland is the biggest foreign investor in Turkey, a diplomatic crisis of this scale is not sustainable in business terms. In view of the fact that only in 2012, Turkey and Holland had celebrated 400 years of diplomatic relations in a series of events all year round, the Clausewitz "fog of war" seemed to be resonating, making us refer to the presence of a sort of "fog of peace" prevalent in fragile times in international relations.

The Government of Netherlands website reads: "In 1612, the Dutch envoy Cornelis Haga presented his letters of credence on behalf of the Republic of the United Provinces to the Sultan of the Ottoman Empire, marking the start of a relationship focused on trade. Bilateral economic cooperation remains important to this day. The anniversary aims to boost the cultural and social as well as the economic ties between Turkey and the Netherlands" (The Government of Netherlands, 2012). The fact that the diplomatic relationship started based on trade is another piece of supporting evidence for our hypothesis for the pedestal, that trade may be situated as part of international relations. On 20 July 2018, more than a year after the crisis, and symbolically after the presidential elections of 24 June, as well as after the lifting of the *state of emergency* only a day earlier on 19 July, the crisis was resolved. Gallón reports on the chronology of the lifting of the state of emergency and the recent elections in Turkey; "Erdogan was reelected last month,

seeing off the most serious challenge yet to his political dominance in a vote which granted him unprecedented power to shape the future of Turkey” (Gallón, 2018). ““It is good that Turkey and the Netherlands turn the page together and restore our relations’, Blok said on Friday. ‘That is necessary to speak freely about matters that bind us, but also about subjects on which we disagree’” (Pieters, 2018). At the time the interview was requested, the crisis was still acute, and it is assumed that the Dutch Business Association did not want to give any opinion that might involve criticism of a presumably vital government organization even for academic purposes, contrary to what Minister of Foreign Affairs Steff Blok had declared about “speaking freely”.

On the other hand, one important detail requires unique contemplation before we start analyzing the insight we can get from the interviews with foreign missions in general, and that is the “term period” the interviewees have served in Turkey. Unfortunately, all of the interviewees were posted to Turkey after 2014 and had, therefore, had no personal experience with DEIK prior to September 2014. They, hence, had only seen the DEIK that was organically tied to the Ministry of Economy/Trade. But this, in itself, makes a valuable contribution to our thesis pertaining to the perception of the new DEIK. Even though continuity is the norm in institutions, it is apparent that “DEIK's status” is perceived more as that of an outright “government entity” than as a “civil society organization” to begin with. There is not much recollection of it being a civil society organization in the first place. Unhesitatingly, they see DEIK as a *de facto* and *de jure* government body. They express concern that they were a little “scared” when they heard about the Ministry of Economy and DEIK’s being appropriated by the government, and now that it “had been re-centered to represent the State” (Int.1). Yet currently they seem to have no issues with DEIK’s new status: “Well DEIK is our official link with the State” (Int.1). They have simply shifted their interpretation of DEIK from being a civil society organization to an official institution that ties it to the government. It is viewed as an extension of democratic politics: “an elected president decides for its own organization” (Int.1). They appear to have formed and accepted a new status for DEIK and are somewhat indifferent to it: “I don’t think it is bad or good. It is different. I think it is no longer a civil society organization. So that’s just different” (Int.2).

While they see DEIK by default as “a government established entity” and not a “voluntary one”, even in Australia where Trade and Foreign Affairs are configured under the same Ministry, they are somewhat confused in designating how to engage with DEIK. They are perplexed simply because they do not have an equivalent organization in their respective countries: “we don’t have a match for DEIK in Australia so there is no ‘government institutionalized chamber of commerce system’ in Australia. There is no equivalent organization. We have voluntary chambers of commerce that are set up by businesspeople who have a link with that country and want to promote those relationships but we don’t have a government system of establishing those sorts of things” (Int.3).

Furthermore, there is also a certain ambiguity concerning DEIK’s relationship with the government. It is acknowledged that it is directed by the government, but the effectiveness of this direction in specific issues is still debatable: “But I don’t understand the relationship between DEIK and the Government in the sense that how well they are directed by the Government to do certain things so I could be wrong... You need a foreign relations board to work in the direction the government wants it to work” (Int.2). Yet, DEIK is interpreted as a natural extension of government with a considerable budget. DEIK, being tied to the government, is now perceived as having lavish budgets which allows it to organize events that cannot be reciprocated, a pivotal factor which makes extending an equal association on the other side even more strenuous: “DEIK Turkey, they’ll often organize very lavish events and put on excellent hospitality and really go out of their way to make sure that there is a good program that’s funded by the government. So, I think without that match it is hard to develop those relationships” (Int.3). However, while some counterparts accept this as a natural outcome, others like Germany have apparently refused to continue the relationship as the *status quo* after the change in September 2014, stating that the counterpart in Germany is not a government entity. Even though the foreign missions cannot compare the pre/post DEIK with total clarity, they question the necessity of the need to tie DEIK to the government, since in their case, private companies do not need to be part of a sub-governmental organization to express their views: “our companies, private companies which are not linked to the government and they freely express what they think” (Int.1). In fact, not being tied to the government is directly associated with pursuing their interests freely.

On the other hand, it seems as if it all comes down to numbers. If the figures are good, regardless of what body DEIK is under, does not appear to really matter. If we look at the figures in the case of France: “Five years ago, we did 10 billion trade between our two countries and we are going to break 20 billion trade... Everything which will be done to reduce this exchange is bad for us. Everything which will be done to increase will be good” (Int.1). In the case of Canada, Turkey has moved up from being the 34th largest partner to 24th and it seems to be headed towards the 20th position, with a target of 4 billion (dollars): “There has been a great progress in Canada-Turkey relations from 2016-2017, we saw a 25% growth in trade from 2.5 billion to 3.1-3.2 billion” (Int.2). The Canadian mission aspires to increase trade relations with Turkey further to a similar position with Spain, which is its 15th largest trading partner, or to that of Netherlands with 6 billion in trade, which is an achievable position given the GDPs of Canada and Turkey. In order to do this, however, they stress the importance of institutionalization through *Free Trade Agreements*: “If you look even at countries in the top 25 trading partners, there’s only four of them we do not have FTA’s (Free Trade Agreements) with. When you look at NAFTA, the SEED agreement with Europe, the TPP which we have with Vietnam and Singapore, there is not many being left in the top 25. Indonesia, UAE, Saudi Arabia and Turkey” (Int.2).

We have reiterated that relationships are built over time and institutionalization takes a huge strain, hence the value of organizations like DEIK in building these relationships over three decades. Arguably, if institutionalization continues with FTAs and constant communication, progress is possible. The Canadian mission’s statement reinforces this point of view: “Obviously, Canada and Turkey have had a more longstanding relationship with the Netherlands, but the potential is there” (Int.2). The Australian Consul General views DEIK as a government institutionalized body, a certain governmental chamber of commerce, and links her evaluation of DEIK’s new status to the degree of “buy-in” from the local business: “I think as long as the Chambers of Commerce, however, they are constructed as long as they have buy-in from local businesses and they are effective in the way they work and they are run, they are good no matter whether they are the government or private” (Int.3). Therefore, to the extent DEIK is internalized by the member businesses, and as long as there are counterparts who are willing to work with

and through DEIK, DEIK's appropriation, whether by the government or the civil society is not relevant; here there must be the caveat that there is a risk if the government insists on seeing a similar official body as a counterpart: "I fear that with a government organization, they are made to say that every country has to have one and perhaps there are not the business linkages there yet to really have substantive agenda with some of the countries, so I think that's a risk you run"(Int.3).

There is a certain feeling or wish for DEIK being more distant from the government, but it is also expressed that rather than not existing at all, its existence is still the first priority:" it should be more distant to the government but at least it should still exist as a body in which we can, we as foreign countries, tell what we want for a better business" (Int.1). They see that there is now a lack of a civil society organization as in the case of Canada, since the Canada-Turkey Business Council is totally independent of the Canadian Government. So, the question becomes: "Is that void going to be filled by TUSIAD or is that void going to be filled by MUSIAD? When it comes to TOBB, we find the relationship with TOBB quite useful" (Int.2). The Foreign Missions are already confused about who does what, and it seems that DEIK's governmentalization does not appear to have simplified this separation of responsibilities, especially when it came into being with a single point of contact - the mission DEIK was intended to assume when it was first enacted. Referring to MUSIAD, TUSIAD, and the Chambers of Commerce which have come into contact with the Canadian Mission, the Commissioner explains: "You've got a lot of players who do not necessarily play nice together in the same role in the sense sort of trying to maneuver for power" (Int.2).

The power struggle between differing organizations is striking and is observed objectively from the side of the counterparts. DEIK is evidently not the only point of contact for foreign missions; MUSIAD and TUSIAD are also important, should the companies need to contact them, regardless of who they are, or which philosophies they uphold, since as expressed firsthand: "our first mandate is to work for French companies" (Int.1). Even though balanced trade is the ultimate goal, the foreign missions' natural aim is a tilt towards incoming investment and exports. Yet when the trade is balanced and there is a win-win situation, the collaboration/cooperation appears to work more

efficiently. There is a greater urge for more institutionalization through bilateral and multilateral agreements, to enhance the value of international relations. “Turkey exports lots to Canada as well and they are always knocking on our door to do an FTA, to do a JETCO, (Joined Economic Trade Commission) to drive the relationship forward” (Int.2).

A strong leader is still important, be it a Business Council Head, DEIK’s Head or a political figure. As the former Head of DEIK and the Head of TOBB, Rifat Hisarciklioglu played an important role in DEIK’s relationship building. Now the fact that he is no longer Head of DEIK may shift the balance in TOBB’s favor to fill this void. The Canada Mission alludes to the help they received from Mr. Hisarciklioglu as follows: “We had Rifat Bey come to Canada last summer and it actually helped us move some things forward that we were lacking” (Int.2). In the case of Australia, even though not many interactions with DEIK as an institution have been undertaken by the Consul General during her eight months in Istanbul, the chairman of the business council seems to be an effective point of contact: “The chairman of our council within DEIK, the area focus on Australia is Fatih Yildiz and he is excellent, so we interact quite a bit but in terms of DEIK, as a body, I have not actually had a lot of interactions with them” (Int.3) Whether this lack of interaction is due to a lack of resources allocated to the Australian Desk, compared to the Canadian Desk, or whether it has to do with DEIK’s new organizational weakness, should be a concern for DEIK’s new management. In France’s case, Sami Sener of TAV was also expressly cited as being very good for France, as he had made huge investments in the “*Aéroport de Paris*”. It is understood that if the Council Heads have investments in their related countries, they constitute more valuable relationships.

There is, accordingly, an intricate context in terms of the interpretation and perception of DEIK’s current status. The rise of an expectation for another body to assume DEIK’s former responsibilities is observed. Currently, as DEIK is perceived as a government organization, there is also an anxiety that it will not be able to follow market rules and go where the market dictates: “It is driven by the want of the Government. That’s worrisome in a sense because it is not what makes commercial sense anymore. It is what makes the government happy” (Int.2). That is seen as a handicap of being on a tight leash that comes from the bureaucracy. However, there is a feeling that this sort of impediment cannot be

expected to function properly since “without the interest there from business to do business in new locations, the government can't force them” (Int.3).

On the other hand, while the invisible hand of the market is the rule, exceptions can be made, and are deemed quite instrumental, especially during the initial stages of the relationship: “business will go where the profits go. But sometimes you need to help them a little bit to see the value and seize the opportunities. And I think having institutionalized chambers of commerce and other government agencies that help do that and promote those relationships can be really useful particularly if you are trying to build a trading relationship” (Int.3). Therefore, we could assume that DEIK’s current status might be fit for new markets, where the formation of the relationship is better left to or enhanced by the state, while for others where the relationship is already substantial, the private sector’s independence is something that should be indispensable, as it is sought by the counterparts. “But some of the best versions of them, we have, are like the Australian-American Association which is entirely privately funded by business.... So, I think as I said before, no one model is the best model. I think it depends on the circumstances and the existing relationship” (Int.3). In Australia’s case, it appears that the bilateral relationship between the two business worlds is still at a preliminary stage. The Consul’s mission is expressed as “the need to raise Australia’s profile” in Turkey. Any help to achieve that, such as an active and engaged DEIK, seems to be welcome, as it is a means to an end: “there is South East Asia and the Pacific, so we offer an entry point into all of that. So that’s our objective, to raise that profile. And to that extent I think having an active and engaged DEIK Chamber of Commerce will be really useful” (Int.3).

The counterparts agree that trade is a valuable instrument of foreign policy and vice versa. Their reasoning starts with an understanding that the role foreign affairs assumes in terms of providing for the interests of one’s citizens abroad, in addition to making one’s country safer: “What is foreign relations about? It is about making sure that your country prospers and is safe” (Int.3). They state that “trade and free trade is a key for peace worldwide” (Int.1). The answers reverberate with Doyle’s proposition of cosmopolitan sources of liberal peace whereby he denotes “international market’s removal of difficult decisions of production and distribution from the direct sphere of state policy... The

interdependence of commerce and the international contacts of state officials help create cross cutting transnational ties that serve as lobbies for mutual accommodation” (Doyle, 1986, p.1161). The instrumentality of trade in world peace, as well as in international security, is defined in the interviews as a way of helping the neighbors develop; helping them prosper through trade is a preferred way of assuring a region’s stability and security; “assisting our neighboring states to develop more because that makes our region and the world safer and more prosperous and provides markets for trade” (Int.3). They claim that trade was connecting people even before the formation of nation states, the industrial revolution and globalization, and that “we’ve got a good example of it in modern times even, with China trying to reinvest in the Silk Road. People trying to connect once again historical linkages which were largely based on trade” (Int.2). This statement is enhanced, and so is our hypothesis, with the following proposition from Lawson who argues that John Hobson, in his study of the eastern origins of sovereignty, “makes the proactively counter-intuitive claim that Westphalian sovereignty came to Europe from East Asia, by way of trade routes that straddled the Middle East” (Lawson, 2016, p.29). Hobson is not alone. Fukuyama’s proposition is quite parallel; “European state builders embarked on the identical project as their Chinese and Turkish counterparts - to build a powerful, centralized state that would homogenize administration over their whole territory... Theories of state sovereignty emerged from the pens of writers such as Hugo Grotius and Thomas Hobbes, who argued that it was not God but the king who was truly sovereign” (Fukuyama, 2011, p.322). Arguably trade assumed a role in the formation of not only foreign affairs and diplomacy but sovereignty itself leading to a drift between God and the sovereign king!

In our findings, we see that interconnectedness is crucial in prospering relations and trading systems are not an exception to the rule: “the more interconnected our trading systems are, the better for everyone” (Int.3). The exchange of goods, and the knowledge and expertise achieved through trade, were instrumental in foreign relations as they seem to have “shaped in a sense people’s views and the way you approach certain governments” (Int.2). Some governments, such as in the case of Australia, appear to value trade’s prevalence so much that they have even come up with the idea of instituting a new department combining the foreign affairs and trade ministries. The interlinkages between

trade and foreign affairs may have outwardly become so strong, and commercial/economic diplomacy having become a core part of the job, so that moving forward with one instead of separate departments was deemed necessary. Equally, trade without its foreign affairs component may have become limiting and limited. Combining it with foreign affairs promised a better route; “trade is possibly the most important element of foreign relations or at least intrinsically linked. You can’t separate one from the other. And I think you see that in Australia, we have for the last 30 years, we’ve had a combination of the Department of Foreign Affairs and Trade because we see the two as being intrinsically interlinked” (Int.3).

Trade is so pivotal that even if two countries do not have much in common, they continue to deal with each other, and foreign affairs per se takes place more so through trade. As in the case of Canada, “Would we really deal that much with Turkmenistan if it was not for something to do with commercial (issues) because we are not particularly like minded in a lot of areas?” (Int.23). Trade, allegedly, becomes much easier to accomplish if two countries have similar ideologies as a path to increased trade and free trade. Australia is the world’s 13th biggest economy, with continued growth in GDP over the last 25 years and having with Turkey the historical linkage via Gallipoli is a huge catalyzer of relations. With only 2.3 billion (dollars) of trade between the two countries for 2017, the potential needs to be realized quickly, as “there is definitely room for improvement and there is a commonality of interests between various sectors. There is a natural fit in terms of culture and friendliness” (Int.3), while there are no “political issues” that may hinder this move. For Canada, a similar case seems to be on the drawing board: “To a degree we are much more likeminded with Turkey than say we are with China or India” (Int.2). It seems Canadian companies have realized Turkish companies’ advantage in terms of their reach to certain markets and have started partnering with them thinking that “they can be more competitive with the Canadian technology and the penetration of Turkish companies and their comparative advantages. They are less risk adverse than the Canadians. Perhaps they can more endeavor upon international tenders in Africa and these emerging markets” (Int.2). Given our knowledge of institutional bodies like TUSKON and DEIK’s reach in Africa, we can attribute their success to their ability to open up avenues for Turkish companies in international tenders and FDI.

Trade takes precedence in foreign policy, especially when, in international institutions such as the UN, diplomats have to take positions regarding a difficult resolution concerning a specific country. One has to ask: “if I engage in this war, if I engage in this activity, if I raise my hand and say this at the UN, how is that going to affect our trade relations because it is going to have an effect and certainly with the leaders we see today” (Int.2). Referring to “Trump next door” and his emotional approach to NAFTA, a concern is raised as to the rationality of decisions made whenever trade and investment are concerned, as “things are not necessarily rationalized on the basis of what is logical or what is driving the economy and obviously it's more emotional decisions” (-Int.2). Similarly, Friedman argues “that Ricardo is still right, and that more American individuals will be better off if we don't erect barriers to outsourcing, supply-chaining, and offshoring than if we do” (Friedman, 2006, p.264). Whether Trump's approach to rip up NAFTA is mere rhetoric or not, it lucidly seems to have influenced Canada's foreign policy that is reputedly demanding a further move towards a “diversification” of trading partners. During the 1980's, 83% of Canada's trade was with the United States; the Mission expresses the opinion that they have “diversified but not enough” (Int.2). A closing down of borders, hence, would leave Canada's economy in quite a bit of distress.

Given the rise in protectionism and isolationism, whilst it is agreed that tariffs and quotas make the markets inefficient, realism rules out “a world where there is zero tariffs even in free trade agreements, you see that service sectors are special” (Int.2). To the detriment of the liberal world, protectionism is on the rise, not only in terms of the movement of goods but also of people because, if we look at the “direction... these governments in Europe have moved in, (they) have used that capital of fear and .... the flooding of immigration” (Int.2). Hoffmann, in arguing for the success of the European Union attributes it questioningly to “the lessons of two disastrous world wars and because of the convergence of particular interests, especially in matters of trade and production” (Hoffmann, 1963, p.332). Now that protectionism is on the rise again, these trends should be taken with a grain of salt and measures to contain and reverse them for damage control should be applied. The world is changing, and new models are developing in world politics that produce surprise developments concerning trade. While right-wing

governments are pushing for more protectionism, contrary to their legacy, left-wing politicians, such as in the case of China, are doing the opposite. “Nobody would predict 25-30 years ago that China would be such an open market and still be communist. So, there are new models developing as well. You can have a sort of a communist politics and market economy” (Int.2). Protectionism is articulated as a phase. It is believed to have started after the 2007-2008 crisis, and the markets have not really gone back to normal ever since. It cannot be expected to last; however, it will probably affect the world adversely and it will discernably hurt the ones advocating it. In the case of Australia, we see the role international institutions like the WTO play in assuring the coordination for freer trade and the indispensability of being involved in them so as to champion freer markets: “We have been involved in the WTO from the very beginning and quite actively so. And we firmly believe that free trade is the best way for everyone to benefit worldwide. Increasing protectionism, increasing isolation, it does not help the country to raise those tariff levels, it only hurts them” (Int.3). These quotes from the interviewees resonate with liberalism’s major assumption; “The age of independent, self-sufficient state is over... It also makes little sense for a state to threaten its commercial partners, whose markets and capital investment are essential for its own economic growth” (Burchill, 2005, p.66). One can only hope that the wave of protectionism in the liberal world is a short cycle that will not leave deep scars when the world finally returns to “factory settings” that entail a more enlightened free trade and a “win-win”, “positive sum game” for everyone.

Interviewees agree that even if relations were tense between two countries, institutional bodies such as DEIK are “the security of a constant communication between countries” (Int.1). These bodies are important because they keep open a practical day to day channel between the two countries: “It is important that we have daily conversation and we can find a specific point of common agreement or a compromise” (Int.1). Asked specifically about DEIK’s role in bilateral trade relations, the Canadian Mission’s response reiterates DEIK’s contribution in terms of relationship building, even if measurement of the absolute effect in terms of trade figures per se may not be an option: “I think to speak in absolute terms would be very difficult so I can’t say DEIK never existing we would have done the same. I think they have helped a lot.... They were more about building the

relations” (Int.2). DEIK’s effectiveness seems to be also connected to the resources allocated to each business council, especially when compared to other countries that are of direct comparison. This seems to be the case in North America, in the embodiment of the Canadian versus United States Business Councils; the Canadian Mission thinks that the United States always takes precedence and that Canada’s potential is underestimated: “I think the issue with DEIK is that they are sort of under-resourced for Canada” (Int.2).

However, the consideration given to a business council by DEIK does not seem to follow a fixed pattern and appears to be contingent on the international political atmosphere. Given the timing when the interview was conducted, in the summer of 2018, as Turkish-United States relations were on the verge of break up due to Pastor Brunson’s continuing imprisonment based on allegations of his involvement in FETO and the United States’ support given to YPG militants in Syria. Canada seemed to be getting more attention from DEIK. At least that is how the increased attention was perceived by Canada: “But now some say that the relationship is not great between Turkey and United States at the moment, I think we are getting more attention towards Canada” (Int.2). Apparently, the worsening of bilateral political relations on any issue appears to take a direct toll on trade. If relations on any other front are worsening, an immediate effect on trade is foreseeable.

## 6. CONCLUSIONS

The dissertation is based on the proposition that international trade is an indispensable instrument of foreign policy. It necessitated that the opposite proposition, foreign policy being an instrument of trade had to be investigated, to see if that was the case; equally, since the quest involved a dialectic inference. The findings in historical and theoretical explanations based on assumptions of three major theories, namely neo-liberal institutionalism, global political economy and economic diplomacy as well as the case study of DEIK's governmentalization for an agency-structure lens, to the point of certainty, suggest the high relevance of both statements in all three levels of analysis. We can confidently state that trade is an indispensable instrument of foreign policy and likewise foreign policy is also an indispensable instrument of trade in both benign and malign ways, regardless of the effectiveness and efficiency of each implication. While the weight each one has over the other may vary from case to case and time to time, the two can be said to be intermittently, yet quite strongly linked, and it is almost irrelevant to consider one without the other, in order to thoroughly evaluate each instance of this instrumentalization. The value and instrumentality of these two concepts have even been officially embraced in some governance systems, whereby trade and foreign affairs have been merged at ministerial level. Such is the state of affairs for instance in Australia<sup>54</sup> and New Zealand, which should clearly not come as a novelty, considering the Anglo-Saxon tradition's historically high emphasis on both trade and foreign affairs. Such governance could, in effect, be perceived as the embodiment of our proposition, the instrumentality of trade in foreign affairs and vice versa.

While, during the course of our research, trade has been investigated from the perspective of its relevance to foreign affairs, it is reiterated that, in line with neo-liberalism's proposition, it is the institutionalized, rather than individual and ad-hoc versions of trade which is the real matter. Institutionalization immensely matters as "(w)orldviews,

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<sup>54</sup> Please see Australian Department of Foreign Affairs and Trade website for more details, <https://dfat.gov.au>. Please also see that of New Zealand, <https://www.mfat.govt.nz>, both viewed on 4 May 2019

principled beliefs and casual beliefs are ideas that become embedded in institutions and impact the making of policy by acting as cognitive road maps.... When ideas become institutionalized, they assume a life of their own as socially embedded norms. Ideas linked to interests do influence the making of foreign policy choices” (Viotti, Kauppi, 2012, p.149). The momentousness of institutionalized trade becomes more evident as the grand rules of the worldwide game among nations are established. Its role appears crucial in the continuity and sustainability of complex multilateral relations, both in times of peace and times of war. The need thereof cannot be overstated. The institutionalization of trade, which, with its norms, rules, regulations and organizations it culminates over decades of iteration, experience, know-how and learning, is what makes it unique and hard to duplicate if not nonviable. Organizations established with such profound ideals concerning trade, through years of accumulated knowledge, are deeply rooted in the world of trade and foreign affairs among developed nations. Expanding their reach to developing countries seems to be the aspiration for a worldwide emancipation and balanced progress. In today’s world, institutions created in the area of trade have even assumed roles in the instigation of new diplomatic relations for latecomers; they tend to be established before formal diplomatic relations have been formulated as theorized by our findings of DEIK’s endeavors in Africa, Latin America as well as the former Eastern Bloc countries and Turkic republics after the dissolution of the USSR. Not surprisingly, this was also historically the case between Venice and the Ottoman Empire; a case which constitutes a perfect example of instrumentalization, suggestively giving birth to the modern day “métier of diplomacy” itself in the embodiment of the Venetian *baiulo*.

Today, in addition, it appears that the notorious forces of globalization are trying relentlessly to make sure that man-made boundaries and barriers are broken down, so that liberal trade is freely exercised in all its glory for the benefit of the global village. Ironically, globalization may not be something new as one might be misled. Waltz claims that “(o)ld-fashioned liberals, those whose beliefs were rooted politically in John Locke and economically in Adam Smith, thought in global terms... If economic adjustments were left to the market worldwide, everyone’s interests would be best served in the long run. In the economists’ view, the uneven distribution of capabilities across nations could be ignored” (Waltz, 2010 p.141). Nevertheless, while counter efforts equally barge in as

renegades of liberalization disguised as protectors of the national interest, blossoming in protectionist and isolationist strategies around the world, time and time again, today, it is to the astonishment of believers in liberalism, that such is the trend to act as a shepherd by the very developed world instead of the developing one as one might expect. Gilpin in his assumptions of global political economy's "mercantilist" lens purports that the "essence of the mercantilistic perspective, whether it is labelled economic nationalism, protectionism, or the doctrine of the German Historical School, is the subservience of the economy to the state and its interests-interests that range from matters of domestic welfare to those of international security" (Gilpin, 2014, p.525-6). The paradox is that history is witness to the countless arguments against protectionism, given its role in endangering world peace. Given the argument that the "collapse of the world economy in the Great Depression and the political turmoil it produced contributed to the retreat of democracy and liberalism in the 1930s, the rise of fascist and imperialist states, the emergence of rival economic blocs, and ultimately the second World War" (Deudney, Ikenberry, 1999, p.192), it appears history, nevertheless, seems to have a peculiar way of repeating itself regardless of all it has tried to teach the humankind.

Yet, once again the point of adherence to ensuring the survival of the liberal world through these turbulent but ephemeral times is expected to be found in the strength of institutionalism itself. Through the congruent analogy, institutionalized trade is pinpointed as the key to the *barrier-free* trajectory of international relations. Institutions are likened to enduring castles. They are deemed to be hard to permeate and duplicate. This is dramatically illustrated in the fact that they can only be conquered from inside like a "Trojan horse" or when left to disintegrate if deserted by the inhabitants. But if the flag is raised again, institutions exhibit phoenix-like characteristics, rising from their ashes. For instance, when arguing about institutionalization of the European Union, from a social institutionalist perspective, scholars liken it to the strength it derives from the notion of its "legitimacy"; "institutions are often created and developed because they contribute to social legitimacy rather than efficiency... Here a distinction is made between the rationalist 'logic of instrumentality' with the sociological 'logic of appropriateness'" (Bache, George, Bulmer, 2011, p.26-7). Similarly, while the WTO is such an institution covering world trade on an international scale, DEIK, the Foreign

Economic Relations Board of Turkey, the subject matter of the thesis' case study, is another, even if on a micro level, aiming to achieve both legitimacy and instrumentality. DEIK is arguably such an invaluable instrument for Turkey's foreign and trade relations that the thesis argues for the case of DEIK's governmentalization being the epitome of this instrumentalization. It goes without saying that manifestly, such institutions are not without fault. Either their effectiveness and legitimacy may depend on their flexibility as well as capability to adapt to changing preferences of states and non-state actors alike. If they lag behind the patron's expectations, attempts should first be made to reform rather than governmentalize them. As Stiglitz argues even for a giant like the World Bank, reform is an option "(p)art of the reason that I remain hopeful about the possibility of reforming the international economic institutions is that I have seen change occur at the World Bank" (Stiglitz, 2002, p.241).

Turkey has instrumentalized trade in its foreign relations ever since the formation of the republic. Trade has been used as a leverage both during peace and war. The use of trade as an instrument of foreign policy in a historical analysis, undertaken by the thesis, shows some startling parallels to the determinants of Turkish Foreign Policy, (TFP). While during the early years, the late Ottoman debts and vicious cycle of dependency leading to the demise of the Empire came to haunt the founding fathers, restricting liberalization and urging for self-sufficiency, its scope appears to have been enlarged, especially starting with the multi-party era of the late 1940s. The founding fathers can hardly be blamed since the related experience inherited from the Ottoman Empire was catastrophic; "(t)he empire entered international capital markets in the 1850s to fund military expenditures associated with the Crimean War. By 1875, after receiving more than a dozen new loans, the empire was unable to serve its foreign debt. To again secure access to international capital markets, the Ottomans agreed in 1881 to create through government decree, the Council of Public Debt" (Krasner, 2014, p.235) which had exclusive control over revenue of the empire. Economic sovereignty was, therefore, a matter of life or death during the early years for Ataturk and Inonu.

Having preserved her neutrality during the Second World War, with the start of the Cold War, Turkey had to enter the multi-party era under the prerogatives of the Western

Alliance she aspired to join. The era was witness, however, to the liberalization experimentation by the Menderes Administration. While the room for maneuver was granted by the international system, courtesy of the “Truman Doctrine” and the “Marshall Plan”, the intermingling of trade and foreign policy continued through the 1960s and 1970s, with abrupt disturbances in both areas in the latter decade due to systemic constraints such as the “OPEC crisis”, the abandonment of the “US Dollar gold standard” and Turkey’s particularities such as the “opium ban” and the “arms embargo” related to the “Cyprus conflict”. It was not until the 1980s however, in a *post-coup d’état* Turkey, that trade assumed its leading role in foreign policy. Embracing the “Washington Consensus” championed by the United States and the United Kingdom enthusiastically, Turkey opened up its economy which had been based up until then on “import-substituting-industrialization” to the world, in the hope of achieving a jump-start growth through the promotion of exports. Looking back, one is led to think that Turkey may have had a little too fast embraced this so called consensus as Stiglitz argues that “(m)uch to the embarrassment of the Reagan and Bush administrations, (even) the United States was far behind in the sweepstakes on privatization in the 1980s. Margaret Thatcher had privatized billions, while the United States had privatized only a USD 2 million helium plant in Texas” (Stiglitz, 2002, p.177). A more cautious, gradual program could have helped the economy cope and instrumentalize globalization with better prepared infrastructural regulatory reforms which could have helped the economy avoid and/or absorb a major systemic shock such as the First Gulf War that followed shortly after. “The ultimate irony is that many of the countries that have taken a more gradualist policy have succeeded in making deeper reforms more rapidly” (Stiglitz, 2002, p.185).

Nevertheless, under the leadership of Turgut Ozal, the then Turkey’s Prime Minister, Turkey and her institutionalization went through an imperative revision. DEIK’s birth coincides with these times. It was meant as a model imported after close examination of similar institutions in the United States, Japan and Korea. DEIK was envisaged at a crucial moment when trade was rising to its prime position, as Turkey mobilized for global business and DEIK became a pedestal of her “economic diplomacy” initiative. Economic diplomacy is conceptualized as a pivotal “state-craft” for “national interest” and DEIK’s establishment as an institutional platform, in this regard, is extremely timely

for a small and low-income country with “middle power” aspirations like Turkey. Soobramanien reasons such attempts as follows; “(o)ne of the key factors in defending economic interests is for a country to empower and enlist the support of the private sector, by creating a platform for public-private sector dialogue” (Soobramanien, 2011, p.198).

Findings put forward that DEIK was totally unique for its time. Its main mission was to be an organization that would coordinate the activities of the totality of Turkey’s business community when it came down to dealings with the outside world to appear as a single voice and eliminate duplication of valuable and scarce resources. Even though there were other prominent organizations like TUSIAD and TOBB that were deeply rooted at the time, they appear to have come to surrender most of their individual intentions to act alone in developing Turkish business relations abroad, giving way to association in a joint organization that would do it on their behalf. As neoliberalism suggests there appears to be “harmony of interests” in this point of view. More strategically, however, as per economic diplomacy’s underlying assumptions, what we see in the pooling of resources for DEIK’s formation by the private sector, is a parallel to Soobramanien’s argument for the state; “it is important to pool resources at the national level through the combination of ministries and departments... To staff missions abroad with the right technical expertise is also important... Generalist diplomacy has gradually been transformed into specialist diplomacy, as is particularly apparent in the economic, trade and financial arena” (Soobramanien, 2011, p.199-200). To reiterate, DEIK was intended by the nine founding father associations to coordinate and harmonize Turkey’s efforts as a united body, aspiring to represent a significant portion of the Turkish business community. Crucial to all this wind in DEIK’s sails, was the fact that, not only did DEIK have the green light and consent from the government to assume such an “umbrella” role based on the proposal made by TUSIAD for its establishment, but it was actually the government and the “agency” of the “Head of State” Turgut Ozal that was the main catalyst behind the initiative of DEIK’s establishment and growth. On a side note, the fact that both the domestic and the international contexts appeared favorable, enhanced DEIK’s take off.

This was the first time that not only was the “public-private dialogue” in the area of trade and foreign relations was being formalized as well as legitimized, but also it was a first

for “public/commercial diplomacy” to assume a respected role, amongst Turkey’s foreign affairs agents; an area that had been arguably strictly confined to career diplomats until then. Today we may argue “(c)ommon to more specific definitions of governance is the view that public policy making is increasingly characterized by a wide participation of public, private and voluntary sector actors” (Bache, George, Bulmer, 2011, p.28) yet, in mid 1980s, it would not be an overstatement to contemplate that DEIK was instrumental in breaching the “sacred void” between the “bureaucracy” and the business world; a taboo that needed to be broken if Turkey were to assume her deserved place in the developed world, with her aspiring, strong economy. Notwithstanding, the fragile bonds between the “private-public” were to be woven carefully, since dismantling the long-established perceptions on both sides based on the stereo-typing like “greedy” and “corrupt” for the business world versus the “cumbersome” and “lazy” for the bureaucracy, needed to be handled with care for Turkey’s liberalization experiment.

Things appeared to have gone quite smoothly, contrary to fears, since the government elite’s involvement went beyond a supporting role. Turgut Ozal, as the prime minister, was the main agency behind this rapprochement. The inter alia dialogue between private and public sector was taking off under DEIK’s roof. Among other reasons, this could have been possible due to the fact that if and “(w)hen actors are more certain about who owns and is responsible for what (as a result of the assignment of rights and obligations), cooperation may result” (Aggarwal, Dupont, 2017, p.66). DEIK was a consensual arrangement between parties involved from both public and private sectors. There was one serious problem, however. For the sake of bringing DEIK under formal regulations and laws to officially register its status, Turgut Ozal dictated sternly that DEIK was to be formed under TOBB, which was in fact a semi-official body and not a pure “civil society organization” strictly intended for DEIK. His directorate was against the staunch position of TUSIAD, which advocated for DEIK’s civil society nature to be preserved at all costs. Consequently, TUSIAD’s president, Sakip Sabanci, being the very person who petitioned the need for the formation of DEIK to Turgut Ozal, resolutely objected to DEIK’s positioning under TOBB, and abstained from joining it. As Waltz argues “(w)e cannot hope that powerful agents will follow policies that are just right; we can hope that they will not get it all wrong” (Waltz, 2010, p.206).

There is no doubt, therefore, that DEIK, at the start, was fabricated as a voluntary organization, an NGO. Membership was to be based on self-discretion. It was premeditated as a civil society initiative. NGOs<sup>55</sup> are seen as “locus of values-voluntarism, pluralism, altruism, participation” (DiMaggio, Anheier, 1990, p.153). Acquiring its legal status under TOBB, however, be that as it may, *de jure* affected its impartiality and civil society standing, its voluntarism, pluralism, altruism and participation. TOBB is a semi-governmental organization. Its enactment is by Law<sup>56</sup> and association is mandatory. Thereby, it is ineluctably linked to the government in an organic way, regardless of arguments to the contrary. The primary objection raised by TUSIAD at the time of DEIK’s enactment, by all accounts, has become ever more pertinent and noteworthy today. This is preponderantly so, given the argument for the latest instrumentalization of DEIK by the government; i.e. its governmentalization in 2014<sup>57</sup>.

The case study of our thesis, DEIK’s governmentalization, is contended by some not to be the case at all, quite ironically contrary to the general opinion, for the above fact that DEIK has not, in its core, ever been *de jure* a civil society organization because of its TOBB association to begin with. It is germane to recapitulate that the thesis’ main concern, the case of DEIK’s governmentalization, has been problematized apropos because it exemplifies a unique incident in which a state goes so far as to appropriate a non-governmental organization whose ultimate mission is international trade. In essence,

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<sup>55</sup> DiMaggio and Anheier use the abbreviation NPO which stands for Non-Profit Organizations. For our purposes we find it appropriate to use the two terms interchangeably.

<sup>56</sup> Law #5590 in the Chambers, Commodity Exchanges and Union was promulgated on 8 March 1950 and entered into force upon its publication in the Official Gazette #7457 of 15 March 1950. Recently Law #5174 replaced Law #5590 and has been effective as of 1 June 2004 as stated in TOBB’s website. See TOBB’s website for more details. Viewed on 23 January 2019 <https://www.tobb.org.tr/Sayfalar/Eng/Tarihce.php>,

<sup>57</sup> In the World Turkish Business Council’s (DTIK) website, the change has been interpreted as a strengthening of DEIK with the following reasoning: “DEIK has acquired a new status with Law #6552 and it has been strengthened further to assume completely the execution of Turkish private sector economic relations”. DTIK, 2019 viewed on 30 January 2019, <http://www.dtik.org.tr/DEIKHakkinda.html>

the “non-governmental” status of the former DEIK is brought into question by virtue of its original foundation, in an effort to vindicate its prevailing direct connection to the Ministry of Trade. This counterargument appears to be utilized to nullify the rationale behind the withdrawal of members such as TUSIAD from the new DEIK on the grounds of DEIK’s loss of civil society character. In other words, the conclusions put forward the argument that there was no reason for TUSIAD to leave the new DEIK, as DEIK was never a purely civil society organization.

While this line of reasoning has an acute perspective, it appears to be, nevertheless, a minor outlook. The mainstream conviction, according to the findings, is of DEIK having lost its civil society character totally and become a public institution, a governmental organization. In their analysis of the sociology of nonprofit organizations and sectors, DiMaggio and Anheier contend that in reference to Kramer (Kramer, 1981) “(d)efinitions of public and private and the division of labor between the public and private sectors, are neither stable nor formalized, but rather tend to shift over time” (DiMaggio, Anheier, 1990, p.146). This final act of governmentalization, however, seems to render any such obscurity in terms of division of labor obsolete. Governmentalization makes roles very formal and stable rendering the private, public. Whether a reversal of this shift, rendering the public private again will occur or not, poses as a possible subject of inquiry for future research on DEIK’s trajectory.

The thesis contends that not only the change per se, between private/public division of labor but also the way the new status was imposed has implications for our theory as it manifestly again suggests the extremes such an instrumentalization between trade and foreign policy may slide into. Interviewees express the reticence, the amazement and despair they felt when they heard about the law that changed DEIK, in the form of an “omnibus bill” that was passed overnight without them having been consulted nor even notified at all, beforehand. To observe the defenselessness of the private sector facing the Leviathan, at having had “no say” in their organization’s future is rather salient. An initial interview conducted by a journalist in the early days of the change reconfirms our findings: “The famous names of the business world headed by Rifat Hisarciklioglu who have voluntarily taken responsibilities in DEIK are keeping their silence. Some do not

want to talk while others share their views on the condition of going ‘not on record’. Here’s is the conclusion I have drawn. The attachment of DEIK to the Ministry of Economy, through an omnibus bill, overnight, suddenly and in a ‘fait accompli’ manner has insulted the pride of the business world” (Levent, 2014).

The impression we get from the research is that the whole transformation, despite being deemed inevitable by the state could still have been done differently, in consultation with DEIK members and through a comprehensive reengineering that would have enabled a transition period. Looking back, it appears that the operation rendered the business council presidents “lame ducks”. The takeover was interpreted as a *coup*: “The destruction in one night of an institution with 27 years of accumulation has hurt us from inside” (Levent, 2014). Be that as it may, the question of whether the government having pursued a participatory transition, would have altered anything is inconclusive. Presumably, the government had ahead of time settled DEIK’s fate and it is unclear whether prolonging the process would have made the procedure any more convenient.

With this background, our research consequently intersected on the motives as to why DEIK, on its merits, was governmentalized. The hypothesis was developed to argue that if the indispensability of international trade and especially its institutionalized version as an instrument of foreign policy is true, then this extreme case of direct “state intervention” by way of appropriation of a business NGO is suggestive of the degree of importance international trade has *vis à vis* foreign policy and by the same token foreign policy *vis à vis* international trade. The underlying causes were investigated during data collection, field study and analysis. Before recapitulating the causes that surfaced during the interviews, a glance at Nihat Zeybekci’s remarks, on why such a course of action was taken to deliver DEIK under his Ministry, is an impeccable candidate to furnish us with a profound insight as to the mindset and worldviews of the decision makers, the government elite of the time: the then Minister of Economy’s short but blunt statement goes as follows ““We were not aware of its activities”” (Levent, 2014). This proclamation is remarkably indicative of the need to exert an overwhelming degree of control by the government apparatus on the civil society, on a matter of the utmost importance to Turkey’s foreign economic relations, i.e. trade. This exigency poses as the paramount

rationale and surfaces to nullify all other grounds in what concerns DEIK's governmentalization. In a nutshell, for the purpose of being fully aware of DEIK's activities in trade and foreign policy, ostensibly, the state had found, the absorption of DEIK, a prerequisite, in order to instrumentalize it at will. Herz argues that "(p)olitical and economic causes... are inextricably intertwined. Just as economic interests would induce governments to intervene on behalf of business, alleged business interests would be used by governments as a pretext for power politics, for instance for strategic aims" (Herz, 1950, p.176). Looking at DEIK, from Herz view of idealist internationalism when faced with "security dilemma", the government's intervention might as well be read as pure "power politics".

The realization that DEIK was governmentalized after three decades of existence furthermore solicits the recognition of one more important dimension: the "why now?". The timing manifests an influential variable for our assessment of the phenomenon at hand. In order to comprehend the reason for the timing, it was deemed imperative to scan through DEIK's three decades of trajectory as the designated coordination point and Turkish business' window on the outside world. The deductions propose that within its first two decades of existence, DEIK had its share of rises and falls in line with the domestic as well as the international context. In terms of its internal dynamics from the point of view of economic diplomacy, DEIK's performance can be read as any NGO "often exhibit(ing) a disorienting combination of self doubt and self congratulation" (Green, Bloomer, 2011, p.125). However, notably during the AKP period, starting specifically with the year 2005 and onwards, DEIK arguably seems to have entered into a unique new phase, given the establishment of TUSKON, allegedly the new brainchild of the so-called "conservative" business circles who presumably took the decision to construct their own surrogate to "Turkish business' window on the outside world". The new era would be witness to DEIK's sidelining and secondary positioning *vis à vis* the government and foreign affairs. TUSKON's rise, amidst criticisms of the duplication of DEIK's role and the creation of confusion in the minds of foreign counterparts was, nevertheless, unstoppable. The alleged access to abundant financial resources plainly sanctioned it to abandon DEIK in the shadows like a backstage, crowd scene cast

member. TOBB, which was the main financial backer of DEIK, could manifestly not compete with TUSKON's budget that struck one as having no limitations.

Evidently, TUSKON's targeting of DEIK could likewise be interpreted as testimony to DEIK's institutionalized power in foreign economic relations. The enigma behind the prerequisite for a totally new organization to supersede DEIK is immensely redolent of the presence of alternative motives. Green and Bloomer argue that in "practice, civil society is a complex political and social ecosystem, and alliances between dissimilar organizations are both fruitful and fraught, with turf fights and frequent accusations of co-option or of larger NGO's 'speaking in behalf of' (and claiming funds for) groups they do not represent" (Green, Bloomer, 2011, p.115). But the reasons in TUSKON's rise, fall short of rational economic modeling and turf fights. Findings suggest that they are indicative of TUSKON's ideological and political *raison d'être*. In lieu of joining forces with DEIK, with its two decades of institutionalized power, to enhance Turkey's capabilities for potential commercial diplomacy opportunities in unchartered territories, certain segments of the Turkish business world, those who were allegedly *pro-Islamic*, more conservative and arguably smaller in size, had chosen to establish and associate with a new organization, TUSKON instead. The government elite of the time appeared to not only welcome TUSKON's advance but conjointly endorsed them by taking part in their organizations and allegedly contributing to their funding.

Research indicates that day after day, DEIK was being patently debilitated, to the point whereby DEIK's entire operations and organizations, in conjunction with the government, were handed over to TUSKON by a last-minute phone call or a letter from the government a day or two before their commencement. (Int.9) In retrospect, in consideration of the degree DEIK was competent to take independent action on behalf of the private-public sector initiatives, we can adhere to the argument that DEIK's final years have been spent in agony and helplessness. Gulliver's hands were tied. The NGO qualities of DEIK in its last decade between 2005 and 2014 inevitably came under scrutiny. Findings pinpoint the unsustainability of the *status quo* of the last decade. There is, on that account, a grain of truth in the arguments that plead for the amelioration of DEIK's status today, as compared to its last years before the governmentalization. This

may, however, be further construed as the “best of a bad job scenario” on the premise that what is done is done and it cannot be undone. Such arguments advise that there is nothing left to do but to learn to live with the consequences of the governmentalization.

The governmentalization similarly, suggesting a continuity in Turkey’s strong state and *statism* tradition, brings into mind the possibility that since Ozal had ordered DEIK under TOBB back in the 1980s, he could have, in the same manner, intended to have a preeminent grip on its activities. TOBB, being a semi-public organization, gave the government the “tight leash” it mandated to instrumentalize DEIK, as the desires of the Turkish foreign policy initiatives dictated. In the interval, this may have worked in its early years. Yet as DEIK became a persistent institution authoring its own synergies and flexing muscles devised through years of connection and networking in foreign affairs and international trade, it ineluctably must have bestowed on its parent body TOBB and consequently its president more than the desired powers; powers that may have proved to be anathema to the very government that induced them. It is implied in the findings that the government became anxious as they were no longer aware of DEIK’s activities under TOBB: a case for a “Clash of the Titans”, a prospect for “bureaucratic authoritarianism”.

On that account, if controlling DEIK under a tight leash was no longer a viable option, underpinning its alternate, namely TUSKON, must have posed as an attractive strategy to the decision makers. Thun, in connection with the globalization of production argues that “(n)ational governments do not have the same degree of autonomy to shape their national economies as they did in the past” (Thun, 2017, p.186). They then must need instruments such as DEIK to make use of their capabilities and leverage them to their advantage. If they cannot succeed to instrumentalize them at will, as in the case of DEIK, they turn to breed one of their own i.e. TUSKON. Such a strategy would normally be expected to triumph given the allocation of resources behind it, but things may also go very wrong, as we have seen with TUSKON. Given the unmasking of its connection to Fethullah Gulen, the alleged organizer behind the attempted coup of 15 July 2016, TUSKON was dismantled, many of its management jailed while others have only escaped prosecution by exiling themselves. The lawsuit hanging over TUSKON, on 18 December

2018 (Diken, 2018), gave an interim decision on the remaining 86 suspects on trial, including the son-in-law of Istanbul's former major Kadir Topbas, Omer Faruk Kavurmaci, who is continuing to serve his sentence behind bars. The high-profile membership of TUSKON, the extent and nature of penetration FETO appears to have achieved, oozing into the high echelons of Turkey's main institutions, is still incomprehensible to much of the Turkish public opinion.

With TUSKON dead and buried, DEIK was once again without direct competition, especially one that had given her an existential crisis over the last decade threatening her ongoing concerns. It is presupposed that still, a DEIK under TOBB, was, despite all that, no longer a viable instrument, as far as the government was concerned. Either for reasons of ideology or power politics, the breach with DEIK had patently reached irreparable levels. Attempts to topple DEIK, by means of duplication in the embodiment of TUSKON, had seemingly been ineffectual. It is foreseeable that it was tacitly agreed that institutionalization was an arduous engagement that took years to accomplish; repeating such an endeavor was inadvisable. In other words, the chances of rebuilding another organization i.e. MUSKON, were not high. Another decade could not be lost. DEIK was most pragmatically the best bet. Moravcsik purports that in taking preferences seriously, "(c)lientalistic authoritarian regimes may distinguish those with familial, bureaucratic or, economic ties to the governing elite from those without. Even where government institutions are formally fair and open, a relatively inegalitarian distribution of property, risk, formation, organizational capabilities may create social or economic monopolies able to dominate policy" (Moravcsik, 1997, p.518). If we follow Moravcsik's line of thought, then we can predicate that the government elite must have judged if ties with DEIK were not familial, bureaucratic or economic enough, then they had to be made so, at any cost; even if by way of governmentalization.

Be this as it may, DEIK's association with TOBB, given TOBB's president Rifat Hisarciklioglu's administration between 2002 and 2014, plainly consolidating him as a strong leader in his own right, must have rendered it imperative to break the marriage if the government wanted control over DEIK. Befitting this line of thought, in addition to structural concerns, keeping in mind Waltz's reference that "(s)ystems are either

maintained or transformed” (Waltz, 2010 p.199), in the prevailing case of DEIK, we see the agency of leaders in the fate of organizations. By all accounts, to achieve this divorce, a consultative process with DEIK must have been appraised as futile, cumbersome as well as time-consuming. Therefore, the thinking process compelled that any such negotiation had to be avoided, with the chances of arguments to the contrary clearly being highly probable. Most importantly, however, the government must have seen that it was in its capacity to go it alone in a matter of a “*fait accompli*”, with the notion that the business world would sooner or later adapt. Given Bugra’s *self-image*<sup>58</sup> findings for the Turkish business world, we should not be surprised.

In the aftermath, the government’s line of defense, in line with the global “post-truth” tendencies, was premeditated to manage the operation’s perception, as if it was an action taken in order to strengthen DEIK via the addition of new associations that conveyed it as having a more “inclusive representation” capacity. The consequent public relations exercise would concentrate on DEIK’s becoming the “roof organization” for the Turkish business world’s foreign affairs as if it already was not before TUSKON’s nurturing. Hiscox argues that a lot of recent research has tried to emphasize the need to “depart from the notion that people have full or complete information about their world, examining the effects of uncertainty, asymmetry in information among actors and changes in knowledge that might be attributable to learning and the impact of new ideas” (Hiscox, 2017, p.97). It is obvious that DEIK’s members, the public or the foreign counterparts had hardly any clue of this upcoming change, why had it been done nor what it really entailed. Ironically, the same could be assumed for the government such that imperfect information and misperceptions about DEIK and its activities could have caused it to take such action.

Be that as it may, DEIK would be officially denoted as the organization responsible for “commercial diplomacy”. Apparently, the government thought of the former DEIK as weak. DEIK distinctly posed as an exclusive organization and, therefore, could not be

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<sup>58</sup> Bugra defines self-image as “complex variable comprising diverse aspects of businessmen’s evaluation of their position in society. Their perception of their rights and responsibilities as well as the sense of social power that they have” (Bugra, 1991, p.153).

positioned to merit the umbrella responsibility already assigned to it back in 1986. Gilpin in his study of the nature of global political economy argues that “economic process itself tends to redistribute power and wealth; it transforms the power relationships among groups. This in turn leads to the transformation of the political system, thereby giving rise to a new structure of economic relationships” (Gilpin, 2014, p.524). Following Gilpin’s argument, we can assume that the AKP administration had produced its own structure of economic relationships with groups that are more apt to its policies just as ANAP had bred its own *protégés*. DEIK belonged to the previous era’s *entourage*, therefore, it had been left outside the redistribution of power and wealth and yet its value as an instrument of foreign economic policy could not be ignored. Essentially, it had to be brought into the sphere of AKP’s influence expressly since the TUSKON experiment had grossly failed.

Despite all efforts at justification and management of perception via both the media and direct channels of communication, the aftershocks of the overnight omnibus bill of September 2014 came one after another. It could be opined that some were absorbed more discreetly than others. It is equally observed that some of the old members resigned while others stayed, on pledging to continue to serve. TUSIAD, as expected, refrained from being part of the new organization due to its new direct governmental association and loss of civil society status. TUSIAD’s course of reaction can be read in many ways. Green and Bloomer’s proposition is one as such; “Civil society can play a crucial role in ‘keeping the demos in democracy’. Even the cleanest and most transparent electoral systems can be undermined by undemocratic institutions - corporate lobbyists, clientelist political networks, and the like. For these practices, sunlight is the best antiseptic, in the form of civil society scrutiny and activism” (Green, Bloomer, 2011, p.116). Perceived in one way or another, rightly or wrongly, TUSIAD’s refusal to join weighed heavily on both sides and legally dismantling itself from being DEIK’s founding association was a prolonged process for TUSIAD. While new organizations took their place among the founding associations of the new DEIK as announced, TUSIAD’s absence speaks volumes about the potential of the new organization as an instrument of civil society, bringing sunlight in the form of scrutiny and activism to keep the demos!

The government's transformation of DEIK is supreme in its suggestion of the omnipotence of the governance system as the sole authority over the public and private sector, when it comes to the fate of institutionalized trade and foreign affairs. Given the likely presence of all the above causes, nevertheless, no matter what the specifics of the foundations, the resulting situation once again leads to one very essential inference: that is, this act of governmentalization of a so-called business NGO, in the unique way it was effectuated, as well as the new status created as a consequence, seems to render all underlying causes other than the importance given to institutionalized trade as an instrument of foreign policy, rather marginal. The resultant phenomenon is heavily, to a decided degree, indicative of not only a *de facto* but also a *de jure* instrumentalization by the state of a business NGO, whose main target is international trade, for the purposes of foreign policy. While NGOs are expected to have “a growing impact on the legislature, the media and the public generally as a trusted alternative source of informed opinion to that of government” (Bayne, Woolcock, 2011, p.372), this *de jure* governmentalization of DEIK, having damaged and even ripped DEIK off such an “alternative source” characteristic, could moreover be expected to affect DEIK's trustworthiness for being an “informed opinion as opposed to the government”.

The evidence gathered during our research resolutely confirms our hypothesis in the case of trade's instrumentality in foreign relations, but to go a step further and evaluate the “effectiveness” of such a move requires further deliberations. The interviewees were asked to make their evaluations, yet the results relay mixed conclusions. Those who declare today's DEIK to be a better version as compared to the immobilized DEIK of the TUSKON era, commend DEIK for having more space to maneuver since it has more budget as well as the full backing of the government. Within the same reasoning, it is further stated that rather than being *de facto* “TOBB's Istanbul branch”, being connected to the Ministry of Trade is a better ordinance from the perspective of DEIK, albeit, a struggle for power inside bureaucratic politics. The argument follows that, despite the fact that DEIK's civil society status may be blurred, it was allegedly never 100% a civil society in the first place. The findings at the other end of the spectrum, however, evoke the contrary and point to the fact that DEIK, no longer being a civil society organization, this time outward and openly, has assumed a totally new role fully surrendering to the

direction and discretion of the government. It cannot be anticipated to freely represent the demands of the market and is a major step away from liberalization by way of “state intervention”.

There is further room for middle ground perspectives. Some findings advocate that the new DEIK’s character is more compatible than before with certain parts of the world, namely the *Third World*, where the private sector, civil society and democratic instruments are not fully developed. In other testimonies that specifically pertain to the liberalized, symbolically the “Western World” however, DEIK is described as no longer being a credible civil society organization. The findings from the representatives of foreign missions that were interviewed perspicuously attribute the current condition to DEIK’s total governmentalization. DEIK is viewed as a part of the government, period! It is certainly articulated as the business world’s “official” link to the government. It was noticed that the newly appointed officials in foreign missions have almost no recollection of DEIK’s having had a civil society claim to start with. They accept DEIK as it is, and some are even at the stage of trying to grasp its role compared to other organizations such as TOBB, TUSIAD and MUSIAD. While the new DEIK is inarguably in a state of “soul-searching”, its foreign counterparts are clearer about its government orientation. It is mentioned that some counterparts in the West, such as Germany, have raised voices against DEIK’s realignment, but those categorical objections have quietened down. They have waited and seen the evolution, and today, four and half years after the enactment, it is “business as usual”. It is possible to evaluate this turn around as “compartmentalization” of interests in foreign policy, with one end of the pendulum falling onto “civil society” and another onto “economic interests”. It is evident that after initial period of disarray, meetings have restarted to be carried out routinely and there is no outright refusal to deal with DEIK just because it is part of the government now. It is simply different, and as long as there are capable people in the business councils, and there is a *buy-in* from the business world, foreign counterparts appear to be willing to proceed with their relationship with DEIK in its new guise.

When examining if this state intervention falls under the Keynesian formula whereby “the state intervened in the economy to smooth out the business cycle, provide a degree

of social equity and security and maintain full employment” (Burchill, 2005, p.71), we can hardly locate DEIK’s governmentalization under a pure Keynesian perspective. Our case of governmentalization of DEIK considering all the findings, in the extreme way it has been effectuated could be likened more to Musacchio and Lazzarini’s analysis of the reinvention “State Capitalism” where formulation of various views for the motivations behind state interventions in the economy is foreseen. The first being “the industrial policy view” is a benign one that assumes the intention to solve a host of market failures such as the need to coordinate investments. They point equally to the “social view” which entails the yearning to chase societal objectives rather than pure profit maximization. On a more negative note, they emphasize governmental failure in their “political view” conception whereby “rent-seeking” or political motivations of politicians are the causal factors. While the political view resonates with DEIK’s particularities, their final proposition “the path dependence view” poses as a candidate in our efforts to explain and understand our case; “state capitalism was born not out of economic necessity, but out of an ideological preference for state intervention in the economy. This view emphasizes that the resilience of state capitalism has been a result of complex historical processes and inherited institutional conditions that are difficult to change” (Musacchio, Lazzarini, 2014, p.57-8). Accordingly, then, the government’s historically inherited complex need for absolute control in the economy as well as foreign relations has manifested in the “ideological preference” of DEIK’s governmentalization that could hardly be classified as an economic necessity but as a path dependency.

While DEIK is now considered once again to be the sole point of coordination of Turkey’s institutionalized foreign economic relations, with a commandingly outspoken designation by top authorities, conclusions drawn indicate that inevitably other organizations like TUSIAD will have to go their own way in making connections with the old and new counterparts. The argument advocates that the world of foreign relations and civil society in today’s world is complex, it is not black or white. One cannot dictate a single channel for the totality of Turkey’s foreign economic affairs, not anymore. As Viotti and Kauppi propose; “civil society is not an undifferentiated mass but is composed of various groups unequal in resources and with competing agendas” (Viotti, Kauppi, 2012, p.161) and especially as TUSIAD is no longer complacent with DEIK’s new position, it would be

naïve to expect DEIK's "sole point of coordination badge" for economic diplomacy which is adorned to it by the government, against all odds, to fulfill its mission. Furthermore, the problem with Turkey in general now is stated as "polarization" by the interviewees. The need to allow for diverse views and means to achieve the ends is apparent. No one organization should necessarily be given the monopoly to assume the reins of commercial diplomacy single-handedly. Arguably, the government connection of DEIK, above all things, poses as both a facilitator and a hindrance in public diplomacy.

Our findings further indicate that if DEIK is to be repositioned as a "roof organization", embracing all other organizations that are involved in foreign trade, a certain tension will similarly be felt not just as in the case of TUSIAD's rupture, but additionally from within the new DEIK itself, in the acceptance of this preeminence and pledge of allegiance. One such organization is TIM, the Turkish Exporters Assembly whose members present themselves as the "real expert of export" (TIM, 2018b). A claim for expertise resonates with Peter Haas' "epistemic communities" which is defined as "a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within the domain or issue-area" (Haas, 1992, p.3). It remains to be seen if there will be such clashes for expertise and umbrella roles and how their resolutions will be implemented. In addition, as both TIM and TOBB, being quasi government organizations, mandate obligatory membership; the findings exhort that if there is a point of view arguing for the civil society nature of organizations, scrutiny should be carried out for the "civil societization" of these two organizations even before DEIK. They currently appear to collect huge sums in the form of membership fees and are found to be neither effective nor accountable to members. (Int.9)

Only time will tell whether there will be a demand for a "second tier" organization within or separate from DEIK, to address contrasting requests from members as well as counterparts, since a "one size fits all" structure is a highly contested notion in today's complicated society. One illustration that comes to mind is an internal restructuring such as "DEIK public" and "DEIK private". How much DEIK can assume the intended role of a "roof organization" is yet to be seen, but meanwhile the individual stance of TUSIAD, the powerful connections of TOBB and the aspirational motivations of TIM

strongly urge that one harmonious voice concerning Turkey's foreign economic affairs is no longer a likely scenario, at least within the foreseeable future. The prevalent endorsement from the government in the formal way that is conveyed to DEIK provides a poisoned chalice with both its advantages and disadvantages. Soobramanien argues that "(t)here is 'no one size fits all solution' to ensure effective participation... in economic diplomacy... If a country does not engage in this type of diplomacy, the consequences could be disastrous and lead to the marginalization on the international scene... But the key to success lies most of all at the domestic level" (Soobramanien, 2011, p.195-6-8). How much buy-in from the business world both, domestic and international, this will continue to obtain is a *Pandora's Box* waiting to be opened.

Kaplan contends that "Machiavelli's *The Prince* has endured partly because it is an instructional guide for those who do not accept fate and require the utmost cunning to vanquish more powerful forces" (Kaplan, 2013, p.70). In an allegory, comparing governmentalization with a conquest of a city by a prince, as per Machiavelli's analysis, in reference to how cities that lived by their own laws before they were occupied should be governed, we can predict that as far as DEIK and its future is concerned, the government i.e. the Prince may have three options at hand; "the first is to destroy them; the second is to go there in person to live; to third is to allow them to live with their own laws, forcing them to pay a tribute and creating an oligarchy there that will keep the state friendly towards you" (Machiavelli, 2005, p.19). As DEIK's governmentalization was assumed to be made for DEIK's inherent value, its destruction, i.e., the first option, must be irrelevant in our case. The second strategy, i.e., going there in person to live could be likened to nominating the Minister of Trade to head DEIK, while creating an oligarchy to keep DEIK friendly to the government, the third option, could be the appointment of affiliated managers as well as new associations and member companies, who are ideologically favorable to the government policies, to run DEIK; which is what the State seems to have done so far. The fact that government is the patron of DEIK, however, additionally entails a financial grip on DEIK and as "donors undermine the potential of NGOs by making them administrators, rather than irritants - funding often pushes NGOs towards the 'service delivery' end of the activity spectrum, and away from more confrontational areas of advocacy and campaigns" (Green, Bloomer, 2011, p.117). The

government having conquest DEIK risks downgrading it to a ‘service delivery’ apparatus ripping it off the freedom to imagine and enhance Turkey’s foreign economic capabilities.

On a nota bene, we can add a caption from Adam Smith who, in the *Wealth of Nations*, refers to the duty of the executive power as follows: “The protection of trade, in general, has always been considered as essential to the defence of the commonwealth, and upon that account, a necessary part of the duty of the executive power” (Smith, 2012, p.732). Resonating Smith’s dignified *statism*, DEIK’s governmentalization bears resemblance, on a high note, to the exercise of this duty that the executive power presumably assumed in Turkey’s case, for the defence of her commonwealth as far as her foreign relations are concerned. Apart from the whys this duty was exercised, the hows are withal worth denoting to grasp the extent of its possibility versus its probability. Not surprisingly, we can locate their origins in Ahmad’s work on Turkey as, when referring to the 12 September 2010 referendum on constitutional reform, he asserts that the “(c)ritics of the referendum said that its intention was to establish political control over the judicial branch of the government. That would pave the way for the excessive concentration of power in the executive branch, essentially doing away with the separation of powers” (Ahmad, 2014, p.206-7). Turkey’s governing elite is in search of a new identity for Turkey and the new “presidential system” has Turkey sailing in uncharted territories whose hazards are painstakingly felt in many aspects of the society. Foreign affairs and foreign trade are no exception. Turkey’s institutional molding appears to be top-down and reactionary, being based on short term projections while “learning by doing” bears the risk of damaging established norms and values. Its trajectory as it concerns Turkey’s *Europeanization* efforts in line with its “civil societization” is a candidate for future research initiatives.

Finally, we can conclude that as far as their nexus is concerned, liberal institutionalized trade such as one intended by an organization like DEIK and foreign policy are two instruments that are inherently interrelated in a cobweb ever since diplomacy as a *métier* was formally established. Their relationship today coined under *economic/commercial diplomacy* or within the broader theories of *neoliberal institutionalism*, *global political economy* is neither a one-way linear one nor is it uncomplicated. Either one may be instrumentalized by the omnipotent State and its agents or the structure of the

international system for the other if need be. In line with the scientific realism's proposition: "state and state system are real structures whose nature can be approximated through science... (t)heory reflects reality, not the other way around" (Wendt, 1999, p.47), through theory, the thesis has humbly tried to do just that; reflect reality. Each case is specific and calls for a specific inquiry in order to determine the underlying causes and effects of precise instances of such instrumentalization by the State. This does not, however, diminish the significance of either trade and or foreign policy individually. It only enhances the potential impact of their joint utility which can be beneficial or detrimental in the anarchical international system.



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## APPENDIX A

### A.1. Interview 1

**Date:** 11.07.2018; **Interviewee:** Pascal LeCamp

**Position:** Director of Business France

I.S.A.-The first question is: Do you think that trade is an indispensable instrument of foreign policy? What do you think? Do you use trade as a part of foreign policy? Or do you use foreign policy as a part of international trade? Would you agree with this statement?

P.L.-As a director of Business France, obviously I have to answer to you that trade is part of the foreign policy. First of all, because as a director of Business France, I am diplomat in this country representing my country to ease the relationship between France and Turkey on the trade side. My personal point of view “Trade and free trade is a key for peace worldwide.”

I.S.A.-Hallelujah

P.L.-Yes maybe you can say hallelujah but at this stage it is “completely indispensable” and it goes together with the work of all the diplomacy towards a world only filled with peace.

I.S.A.-Absolutely absolutely. In all of this of course there is this institutionalized version of trade not trade per se.

P.L.-ONC- WTO

I.S.A.-Exactly WTO and I will come to the local version of DEIK. So, what do you think? How important do you think the institutionalized version of trade is? Not just bilateral trade, individual trade? Do we need institutionalized bodies like Business France or DEIK?

P.L.-Just - of course I will not say we do not need it, I will not do that for here, but I think what’s even if things were bad between two countries, “those bodies are the security of a constant communication” between countries. Even when the, maybe when it is the worst period between two countries, those bodies carry the link of relationship and trade relationships. Of course, since I have been here, I go to all the meetings of DEIK and I

am part of the, not the whole DEIK but part of the French Desk of DEIK and we work on many small, different points of jobs. Very important to ease the relationship between two countries like the status of our young people working here, like all the custom problem, all the sanitary problem for the cattle for example of agricultural products. “It is important that we have daily conversation and we can find a specific point of common agreement or a compromise” to carry on improving the relationship. So of course, without those bodies it is impossible. Does not mean that we always agree.

I.S.A.- Of course it is negotiation, an ongoing negotiation. Since you already mentioned DEIK, in Turkey DEIK was established in 1986 because of Turgut Ozal, with the opening of the Turkish market to the world, the liberal, the globalization together with the Washington Consensus at the time of Thatcher and Ronald Reagan, do you think that DEIK is an important body? Because there are other bodies like TUSIAD or there was TUSKON, or MUSIAD? So how important do you think DEIK is in your bilateral relations?

P.L.- “Well DEIK is our official link with the State”. So, it is no doubt that it is very important. Obviously, I was a little bit scared when I heard the Ministry of Economy, during last month, during Ramadan, during one of the Iftar, in fact Iftar of MUSIAD, they were speaking of the fact that DEIK was questioned by the government some years ago and “now had been re-centered to represent the State”. We will not take out the fact that each country has an elected government, “an elected president decides for its own organization” but DEIK for us is the official link to the government when we want to express what we think should be done between our two countries. “And the desk of France is headed by Sami Sener, the head of TAV, which is very good for us” because it is a very strong thing with the Aeroport de Paris, so he knows a lot about France and we chat a lot about it. But just because on the one side there is DEIK, it does not mean that we do not speak with MUSIAD or TUSIAD. Of course, our job, Business France, we are link to the world, we are diplomat. Basically “our first mandate is to work for French companies”. So as soon as French companies want to link with a MUSIAD member or a TUSIAD member or get information to ease the relationship we speak with all the partners. We know who they represent, we know what their philosophy are, but have to ease; our first goal is to make sure French companies and Turkish companies can increase their relationship.

I.S.A.- DEIK was established in 1986 by Turgut Ozal as an institutionalized body in order to gather everything in one central institution, but that was separate from the governments. Although it was under the umbrella of TOBB. But in 2014, there was a decree and DEIK was pseudo governmentalized and put under the Ministry of Economy, which was not the principle of the founding fathers, so now what do you think about the new status of DEIK? And how can you compare the pre-DEIK and post-DEIK? Has it made any difference? Or are you comfortable working with a pseudo governmental civil society organization versus a civil society organization per se? Very tough question?

P.L.- I just start by answering your question. So first of all, "I can't re-compare what was there before. I was not here before." But on the organization, itself, the fact that it has become a sub-governmental organization of course make it be like I've told you before for us the official link with the government. What I see through the French Desk which I see very often and through the DEIK people that as a member of the desk, "our companies, private companies which are not linked to the government and they freely express what they think" and I think they are right to stay inside and to provide to the government what they think. They do not have to be the representative of the government; they are the representative of what they want to have to increase the relationship between two countries. The basic point of my organization, Business France, is that "5 years ago we did 10 billion trade between our two countries and we are going to break 20 billion trade" as balance and last year it was 14=7/7. We are very happy, and we want to increase this. "Everything which will be done to reduce this exchange is bad for us. Everything which will be done to increase will be good." So to get activate of course, now it is more under the state since 2014, that the DEIK I know will help us get through the civil companies, the private companies so first, what we think first should be done and to provide and as I said all the companies around the table, the ones that are big, TAIA, TAV, all those that I see when I go to these meetings, they all want, they are business focused so they kept on their mind, not on their mind but they kept the fact that they have to tell the truth what's that we need to do our business, so I think that maybe "it should be more distant to the government but at least it should still exist as a body in which we can, we as foreign countries tell what we want for a better business."

I.S.A. - Like an intermediary

P.L.- And we have the chance what's more to have Sadi Sener the Head of DEIK in Turkey of the French Desk, we have fantastic relationship

I.S.A.- Sadi is a very exceptional person

P.L.- Very exceptional. He is.



## A.2 Interview 2

**Date:** 12.07.2018; **Interviewee:** Christopher Wimmer

**Position:** Canadian Trade Commissioner in Istanbul

I.S.A.-Yes so the first question would be, the title of the thesis goes “the indispensability of trade as an instrument of foreign policy” and I am also going to ask you about “the indispensability of foreign policy for trade”, if we start with the first question: “do you think that trade is an important tool in foreign policy and if so in what ways?”

CW- OK. Yes, I mean, I have actually studied this myself being an economist and also the economic history, so you see over time the importance of trade in international relations. Actually, globalization had three or four phases. People tend to think of it as one starting in 1950s, but it actually started, the integration of markets happened around the time of the Industrial Revolution so those interlinking of markets started connecting people. So, it was those relationships that actually started formulations of almost more in the sense - why are people connecting, why are people interacting? In a lot of the times, it had to do with trade. Obviously, it started off regionally even within countries connecting markets. A lot of the countries like Italy and Germany, they only became countries in the late 18 hundred. Before that they were a series of kingdoms and towns and so on and societies were largely based on trade. I think “we’ve got a good example of it in modern times even with China trying to reinvest in the Silk Road. People trying to connect once again, historical linkages which were largely based on trade.” So, I think it always played a major role in foreign policy because it is driven, you know the connection of different nations and peoples and within a smaller community from towns to countries to greater regions so I think trade plays a great role. And it is those exchanges of goods a lot of the time and knowledge and expertise you know being very much service economy in the modern world these days that has sort of “shaped in a sense people’s views and the way you approach certain governments” that sort of thing as well. Sometimes countries become interacting more based on trade than actual formulations like if you look at the example of Canada, like we look after Turkey, Georgia, Azerbaijan and Turkmenistan. Would we really deal that much with Turkmenistan if it was not for something to do with the commercial because we are not particularly like-minded in a lot

of areas? So, by coming as a Trade Commissioner, I look at all opportunities, all ways to interact and we have Canadian involvement there so it drives me to go there. So, to a greater degree, countries that have greater commercial importance to us or Turkey, trade definitely shapes foreign policy. Because people have to constantly ask themselves “well if I engage in this war , if I engage in this activity, if I raise my hand and say this at the UN, how is that going to affect our trade relations because it is going to have an effect and certainly the leaders we see today,” I mean we have a great example of Trump next door, “things are not necessarily rationalized on the basis of what is logical or what is driving the economy and obviously it’s more emotional decisions” and they are taking that on trade. So, you see trade driving foreign policy very much and even our NAFTA agreement is presently so.

I.S.A.- Absolutely, absolutely. And it is very interesting that you also mentioned the emotional reasons why and how trade is used in foreign policy with the raising of tariffs. What do you think about the new protectionism then as a side issue?

C.W.- I think I mean we have seen this before over time, as I have said with globalization coming as waves when at the end of the First World War, at the end of the Second World War or you know the push against Capitalism in the late Eighteen Hundreds and the rise of Marxism. Always you are going to see a push against the Capitalist Markets and things become more protectionist. This is both social because you are trying to protect the rights of your community but also in a sense, there is usually, a community that may not do as well. You open up trade and perhaps they are not so efficient, they are producing a superior product and they made a miscalculation when it comes to their comparative advantage what have you and they are going to obviously take the ear of the politicians or whoever is in charge of national tariffs saying “we need to be protected from dumping of the inferior products or there is these countries using subsidies, their agricultural market is unfair so we are going to need tariffs.” Then you see the difference between tariffs and quotas. Quotas are a certain amount of goods coming versus tariffs. It has the same kind of effect but you generate a certain tax money for the government, so sometimes the government can look at tariffs as a way of making revenue because these goods are flooding into the economy but they do not know exactly how to take advantage of it so tariffs is a good way. But generally speaking of it, in the modern world, it is generally used to protect the domestic market but I mean as Canada we obviously are a

big protagonist in free trade and free trade agreements and we've negotiated many and once we go for it, we negotiated more so we are champions of free trade in a sense and being an economist myself, I have always been educated to the benefits of free trade and tariffs are just an impediment to it. You are just basically making the market inefficient in the sense. Now I suppose to have absolutely zero tariffs in a country on everything is a bit idealistic. There has to be some protection, some initiatives we have in Canada. We have our protective markets. In a sense very much like welfare payments. There has to be a redirection of wealth wherever it needs to go. I don't think we can exist in "a world where there is zero tariffs even in free trade agreements, you see that service sectors are special." Oh yes 99% it is but there is that 1% which is protected, or there is 10% protected. So there is always tariffs but in general when tariffs are too high or when the world is moving towards that direction of protectionism, it is sort of closing themselves off to the other side and that's where you, maybe in your study, where the closing of the movement of peoples in the sense of immigration but also of trade. We are sort of moving towards the closing of the economy, closing of immigration. That much again is very much driven by emotion and fear. I think very much the "direction these governments in Europe have moved in, have used that capital of fear and because of the flooding of immigration" and these sorts of things that have caused the rise of protectionism. What is interesting is generally speaking right wing politics, a lot of the times are for more free trade. You think of protectionism; you think sometimes more of left-wing politics. But you see people who you would think more open market also becoming more protectionist and it is bit of a strange phenomenon. "Nobody would predict 25-30 years ago that China would be such an open market and still be communist. So, there is new models developing as well. You can have a sort of a communist politics and market economy." In general, I could say that the rise of protectionism we see in the world is just another phase we are going through. We have seen it before. It is going to affect us adversely. The economy is going to slow down at a time that it has not really sped up since 2007 so it is a little bit worrisome. I'd like to think that people will come to their rational minds and realize that it is going to hurt everyone.

I.S.A.- When you consider Canada-Turkey relations in trade, where do you put these relations? Can you compare it to any other country, or have you seen a progress, downfall?

C.W.- “There has been a great progress in Canada-Turkey relations from 2016-2017, we saw a 25% growth in trade from 2.5 billion to 3.1-3.2 billion.” If you ask the Turks, they say more than 2.5-2.6 so even better. There has definitely been growth. When you take 2013, five years ago, Turkey actually went from our 34th largest trade partner to 24th largest trading partner. I see Turkey moving to our top 20 in fact. It is difficult. Every day it is wondering where the Turkish economy is headed next year. I think people have a very dark vision of where that will be so that’s unfortunate because up to now if you look at, from January to end of April, we have actually seen a 57% increase over last year which says to me that it might not be a 57% increase over the whole year but to some degree, at least we will be moving forwards so there is going to be a constant increase even over last year’s numbers so we head for 4 billion Dollars in bilateral trade which will be great. We should basically put our exports to Turkey equal to our exports to Spain which is our 15th largest trading partner so I think there is a lot of potential. I am trying to make that known in Canada. Turkey is the 17th largest economy. It is important. “If you look even at countries in the top 25 trading partners, there’s only four of them we do not have FDAs with. When you look at NAFTA, the SEED agreement with Europe, the TPP which we have with Vietnam and Singapore, there is not many being left in the top 25. Indonesia, UAE, Saudi Arabia and Turkey.” I believe that we should be focusing more energy on it. Particularly when our neighbor to the south is becoming more protectionist, looking to potentially rip up NAFTA. Whether that will happen or not, whether that is just a rhetoric to gain popularity no one really knows. We will see. Nonetheless, it drives more incentive to diversify our trade and if you look at where we were 15-20 years ago when our trade with the United States was 83% of our trade in the late 1970s, we have diversified, but now enough. Turkey is a good partner for us. “To a degree we are much more like minded with Turkey than say we are with China or India” If you look at some of the other big markets that we could potentially trade more with, Mexico is up there as well. It is a country that is fairly like-minded, it is close to us, we have a good long history but you know outside of that there is not, when you start going down the list, that many countries that you can, in a lot of the ways, not always we think similarly, at least with the population that we would necessarily trade with. I think that Turkey is a great option for Canada and vice versa. The nice thing about the trade with

Canada is that it is basically balanced. So, Turkey is also exporting half of that to Canada. No one is going to come say that this is a one-sided relationship. "Turkey exports lots to Canada as well and they are always knocking on our door to do an FTA, to do a JETCO, Joint Economic Trade Commission, to drive the relationship forward." There is one area right there that, even with the current administration, we are like minded that we are both advocates of free trade and free trade agreements, so I think the relationship will grow more even in investment. More Turkish companies are investing in Canada than ever before, I believe. We will see what the numbers say. That's my belief. More Canadian companies are realizing that perhaps if they partner with Turkish companies and they go at it together, "they can be more competitive with the Canadian technology and the penetration of Turkish companies and their comparative advantages. They are less risk adverse than the Canadians. Perhaps they can more endeavor upon international tenders in Africa and these emerging markets". We are actually building a conference in October on this, Canada-Turkey infrastructure energy forum, which is built upon trying to connect more Canadian and Turkish companies, Turkey and Canada to work together so, I do believe it is really a great option for Canada. And right now, I think Canada more than ever needs more open markets. Not that we did not need it before; we've been negotiating tons of free trade agreements over the last 15 years but I think now we need to start looking at even more and Turkey being, as I said 17th largest economy, you go down the top 20 and as I said a lot of them are either in North America, Europe, we already have these trade agreements, free trade agreements. We already have established relationships. If you look at the size of our economy, Canada is 1.7 trillion I think, Turkey is around 8 or 9 hundred billion. That's a similar relationship we have with the Netherlands, 8 or 9 hundred billion, so the bilateral trade between Canada and the Netherlands is about 6 billion, bilateral trade between Turkey and Netherlands is 6 billion, so ours should be at least 6 billion, right, I mean arguably. "Obviously Canada and Turkey have a had a more longstanding relationship with Netherlands, but the potential is there."

I.S.A.- True true. Now that you have also touched upon the FTAs, the institutionalized version of trade, that falls under the institutionalized version of it; you work with DEIK and DEIK is one of the first efforts of you don't count TUSIAD per se in the Turkish industrial world towards institutionalization of relations, trade relations with foreign partners over bilateral councils; What do you think about DEIK? How valuable do you

think DEIK is for these bilateral relations? Does it matter? Or would you do your trade regardless, if DEIK never existed? Would it have made a difference?

C.W.- “I think to speak in absolute terms would be very difficult so I can’t say DEIK never existing we would have done the same. I think they have helped a lot.” To the extent they have helped I am not sure. When it comes to the bilateral trade between Canada and Turkey, I don’t think they have played a pivotal role in making the trade larger but it is difficult to say because “they were more about building the relations” in the sense so some of those relations have become fruitful and some of those relations have increased trade. So, they have played a role. “I think the issue with DEIK is that they are sort of under-resourced for Canada”. We have it seems very few resources focused on Canada. DEIK obviously is going to pay much more attention on the United States being a much larger market. This is not different than many countries. Oftentimes, it is the same thing when we deal with Georgia. It is the same relationship; we tend to get loaded onto a desk that will be covering North America. So then where does Canada fit in that relationship? Oftentimes it’s like “well we first have to put all the resources into the United States” and then what’s sort of leftover we have for Canada and Mexico. It is very similar to a lot of the world how they manage. It is not just Turkey; it is not just DEIK. It is the way it goes but the issue is usually there is so much work to do for the amount of resources allocated to it. They are already so busy. Say they have a capacity of 50 hours to put into something and they think at the beginning like well we’ll put 20 into Canada, 20 into United States, or 25 into United States and 20 into Canada, 15 into wherever it is like 15 into Mexico and it kind of goes down the list. But what ends up happening is that because they are so busy, they take up 90% of their time with the United States and they end up dividing the 10% between Canada and Mexico, sort of what is left to the side. I do not know the interworking of it, obviously, I’ve never worked there but that’s the kind of sense I get that people are always fixated. Particularly with Trump coming to power during my time here, people are very much fixated on the relations with the United States here. What does that mean? What’s that going to mean for trade? These longstanding historical links to the United States of the Koc group and like. So, at times I kind of feel like Canada can be a bit of an afterthought in a sense which is unfortunate. “But now so say that the relationship is not great between Turkey and United States at the moment, I think we are getting more attention towards Canada.” And similarly, with

Turkey's relations with Germany, Turkey's relations with the UK, Turkey's relations with Holland. A lot of the traditional trading partners have complicated relationships. With Canada the relationship is less complicated. So, I feel like it is an opportunity for DEIK to focus more energy on Canada. I just do not think that's necessarily the direction they are going in. It is to some extent the direction the Turkish government is going which is nice. "But I don't understand the relationship between DEIK and the Government in the sense that how well they are directed by the Government to do certain things so I could be wrong." All I can say I think that DEIK has been very helpful in the past in building the relationship. DEIK- Canada-Turkey Business Council itself is very helpful. We have our Canada-Turkey Business Council in Canada and there is the DEIK Business Council here. Obviously, they have their annual conferences. They try to sort of advance relations. I just feel that that's dwarfed when compared to the efforts put into the United States relationships or other relationships like UK relationship. It just seems much more important given that we are in the G7. We are one the largest countries in the world. We should be taken a bit more seriously than the current.

I.S.A.-Now that you also mentioned DEIK's association with the Government, would you expect DEIK which was built as a civil society organization away from the government to be more in line with the government policies now that it is under the Ministry of Economy?

C.W.- Do I expect it to be or I think it is?

I.S.A.- Yes. Do you think it is? Would you expect it to be? Are you happy with this new status of DEIK to be more precise? Now before it was under TOBB. TOBB was also half government half not but when it was initially formed, I do not know if you know it but Sabanci, Sakip Sabanci who proposed it to Ozal refused to be part of DEIK afterwards when Ozal proposed that it to be under TOBB. Now that is completely reversed. It is placed directly under the Ministry of Economy. Before it was indirectly related to the ministry. Do you think it is a hindrance or it is an enabler? Before you had supposedly a civil society organization even though TOBB's association with the government made it not organic but indirectly so.

C.W.- "I don't think it is bad or good. It is different. I think it is no longer civil society organization. So that's just different." So, does that mean that now that the private sector should have, I think that the United States does and some other countries do, have their

own councils like Canada-Turkey business council in Turkey separate from DEIK? Like we have in Canada. Canada-Turkey Business Council is completely separate. It is not under any government. It is completely separate. It has been to some extent like DEIK has always been quasi separate not really sort of thing and now it is fully integrated in the sense. I think it is still a useful vehicle. "You need a foreign relations board to work in the direction the government wants it to work." But perhaps it should also be something else now. That civil, separate, sort of independent board does not exist in the sense so there is void for that. "Is that void going to be filled by TUSIAD or is that void going to be filled by MUSIAD? When it comes to TOBB, we find the relationship with TOBB quite useful." We had Rifat Bey come to Canada last summer and it actually helped us move some things forward that we were lacking. We had some issues with the way things were being managed in certain sectors. When he came and spoke with some of our ministers and heard it directly from high power people. He came back as a very important person and said these things and things moved. In a sense when it comes to Canada-Turkey Business relations, its improved things. If you ask me well, will it continue to improve having DEIK more integrated into the Government, who knows. If the Government really likes Canada, they'll say "well it is time for you to focus more energy on Canada and less energy on the United States". And if DEIK says "hold on. I don't think commercially that makes any sense and the government will still say "well that's what you do". It really depends at that point; it is less predictable. "It is driven by the want of the Government. That's worrisome in a sense because it is not what makes commercial sense anymore. It is what makes the government happy." It is more controlled so what I am saying is "is it good or bad? I don't know, it is more like it is different." It has just changed what the organization is. It is no longer a civil organization. They have just taken that liberty away from it. What it will mean for Canada-Turkey trade I am not sure. I hope it is a positive. But I definitely feel as though now that void of that independent sort of foreign relations chamber or chamber of commerce or whatever it is; is that going to be filled by Istanbul Chamber of Commerce or TUSIAD or MUSIAD or the others? Because it has always been complicated to me when I first got here to understand who does what? Because you've got TOBB and TUSIAD and MUSIAD and DEIK and maybe Istanbul Chamber of Commerce and Istanbul Chamber of Industry.... I somewhat understand all now what their roles are now they are into act.

“You’ve got a lot of players who do not necessarily play nice together in the same role in the sense sort of trying to maneuver for power.” When I go talk to TUSIAD, “well maybe we are not as in favor of the government as we used to be, but we make up of 85% of Turkey’s tax revenue. So, we are kind of important.” Then you’ve got other organizations like MUSIAD who are obviously closer to the current organization. They may not have the same representation of say tax revenue and commercial important but hey “we were in favor” so. Yes, it is a huge organization but that’s because every company has to pay versus in TUSIAD it is more “you want to join”. It is a complicated thing so what is the space that DEIK fills? When you’ve got all these other organizations. What was their traditional role? I do not know DEIK as well as you do so, you have to fill in the gaps so. I definitely think that they were useful before and they will continue to be useful in the future. Has Canadian-Turkish trade been affected dramatically by the existence of DEIK, I do not know? But I don’t feel it so. I don’t think DEIK was the reason why trade went from like 2.5 billion to 3.2 billion. I don’t think so. I don’t. I think that was driven by commercial factors. It was driven by opportunities. The relationships are important and there is a big role for DEIK to play and could play. I don’t feel it is fair for me to comment on without actually looking at what they have done because I don’t know. I just feel in the past year that I’ve been here, they’ve been very fixated on the United States, so I have not seen them as much. Obviously, I meet with Osman. It is fantastic. He is a great person. He helps a lot. I work with Murat sometimes. He helps where he can, but he seems to be very busy. Banu used to work with us quite a bit. She is very helpful. We work with them where we can but as lately, we have not as much as perhaps we used to in the past. But I don’t think that’s their fault. I think it is just a matter of capacity and not enough resources available allocated to DEIK to North America and to Canada. There is a trickledown effect so. There was probably a busier regular relationship with DEIK when I first arrived and probably even more before I came but I just feel like they are so busy. Every time I talk to them, they say like ‘oh we are so busy. There is so much going on’.”

I.S.A.- They are so busy you think?

C.W.- Yes, that’s all. Think what they could be doing versus what they are doing? I don’t know but there would be more resources to do so. It is a very young team looking after our relationship. They have great experience, so they should think about what they should

be doing. Are they getting directed from high up? I am not sure. How to manage the relationship? How to increase the Canada-Turkey relationship? We deal with them mostly when it comes time to their annual conference between DEIK and CTPC. So now it is coming up, so I'll do what might work with CTPC and I'll deal with DEIK. And then the side things that we could be doing like should we have a round table on what we could do. Now that these tariffs are slapped between United States and Turkey, could Canada and Turkey be willing to replace that? We are going to work together. Are they thinking about that I don't think so? I think they are too fixated on what's going on in the United States.

I.S.A.- So they definitely appear to lack resources at the moment.

C.W.- I mean it is my guess. I do not know. Maybe it is something else. My guess is lack of resources. They seem to tell me that they are very busy. I just don't see a lot of efforts in the area trying to advance the Canada-Turkey relationship as much as they probably could. And I think it has to do with lack of resources.

I.S.A.- How many times a year do you think you meet with them? Do you have regular scheduled meetings? Is it ad-hoc?

C.W.- We don't. I think we generally see them because people from Canada will come into town and they want to meet with organizations to get feedback and to ask questions. So, I just set up meetings. Whether a general director from Canada will come from whatever organization, "oh can I meet people in Istanbul obviously with DEIK?" When they go to Ankara, that's easier. All the ministries to meet with. When it comes to here, it is not on the political side, they want to meet with business more in the sense of what is the direction of Turkey? What's the commercial environment? We'll set up a meeting with DEIK. We will sit down for an hour; we'll talk and then that will be it for a couple of months.

### A.3 Interview 3

**Date:** 04.10.2018; **Interviewee:** Jeffie Kaine

**Position:** Australian Consul General in Istanbul

I.S.A.- Do you agree with the statement that international trade is an important instrument of foreign relations and vice versa i.e. foreign relations an important instrument of trade?

J.K.- So I would say that “trade is possibly the most important element of foreign relations or at least intrinsically linked. You can’t separate one from the other. And I think you see that in Australia, we have for the last 30 years, we’ve had a combination of the departments of foreign affairs and trade because we see the two as being intrinsically interlinked.”

I.S.A.- In fact you are probably the only country with it.

JK - I think New Zealand has MFAT, Ministry of Foreign Affairs and Trade. We’ve also taken a bit of an unusual move and included on top of that our Development Agency. So, we are all in the one department because it is seen as being, we all support the same objective which is “Interests of Australia and Australians overseas”. Whether it is through “assisting our neighbors to develop more because that makes our region and the world safer and more prosperous and provides markets for trade.” Whether it is trade with our neighbors which has both effects in terms of better relationships with those neighbors but also in terms of our national economic wellbeing. And foreign affairs of course is simply the house for those things. So increasingly our ministers, we have a Foreign Affairs Minister and a Trade Minister. Our minister, the head of our department is expressing to us as diplomats the central importance of commercial and economic diplomacy, as the core parts of our jobs as diplomats wherever we might be and in whatever we are doing.

I.S.A.- In fact the first diplomats were traders, those in Venetia coming to the Ottoman Empire. That’s where diplomacy started.

JK- And ultimately what is diplomacy? “What is foreign relations about? It is about making sure that your country prospers and is safe.” And I think if you have trading relationships with countries, by and large, it is more likely that you’ll have a friendly relationship with that country.

I.S.A.- Security wise as well

JK- And it is why Australia is such a firm advocate of free trade because we see free trade as a way in which everyone benefits economically but also when people are more prosperous and when their countries are more prosperous also in terms of peace and international security.

I.S.A.- And how do you view the developments towards protectionism in the world now?

J.K.- We are actually very concerned about it because very early on in the development of the process a lot of the countries went through to open their trade arms to reduce tariffs, Australia was a leader very early on. We've dropped our tariff levels very low, very early and in some ways our manufacturing industry, textiles and that sort of a bit suffered because of that. We are close to neighbors who have a competitive advantage, like their costs are lower and they can produce things at a cheaper rate than we can, and it forced us to go through a process of re-tooling, re-skilling and focusing on what our strengths were. Not just commodity trading but increasingly Australia is a center for financial and education services. So, we took that lead very early on to open up our trade and reduce our tariffs to very low levels. "We have been involved in the WTO from the very beginning and quite actively so. And we firmly believe that Free Trade is the best way for everyone to benefit worldwide. Increasing protectionism, increasing isolation, it does not help the country to raise those tariff levels, it only hurts them"

I.S.A.- Not at all, in the short and in the long term.

J.K.- Yes, Yes. On many levels. So, the "more interconnected our trading systems are, the better for everyone."

I.S.A.- I will touch upon your dealings in Turkey and in terms of institutionalizing these links with civil society organizations, the point of concern is DEIK, The Foreign Economic Relations Board. Do you know DEIK, have you heard of it? Do you work together? What do you think?

J.K.-I have had a little bit to do with DEIK, not a lot. I have been here for about eight months now. "The chairman of our council within DEIK, the area focus on Australia is Fatih Yildiz and he is excellent, so we interact quite a bit but in terms of DEIK, as a body, I have not actually had a lot of interactions with them." Partially it is because "we don't have a match for DEIK in Australia so there is no government institutionalized chamber of commerce system in Australia. There is no equivalent organization. We have voluntary

chambers of commerce that are set up by businesspeople who have a link with that country and want to promote those relationships, but we don't have a government system of establishing those sorts of things." So there is no counterpart and I think that makes it a bit difficult for DEIK because they will often organize an Australian delegation, Trade Delegations when they come here, "DEIK Turkey, they'll often organize very lavish events and put on excellent hospitality and really go out of their way to make sure that there is a good program that's funded by the government." And then when they do the same there is no equivalent body doing that so "I think without that match it is hard to develop those relationships." But I do think the chair ..... has been helpful and very proactive in helping us make introductions and supporting some of our objectives, particularly in the aviation sphere.

I.S.A.- That's interesting that you classify DEIK as a part of the government, which it is in fact. Yes, how do you see it?

J.K.- That's how I understand it to be but to be honest, as I said we do not have an equivalent in Australia. So, I am kind of trying to fit it in my understanding of how these things are. It may not be the right understanding.

I.S.A.- No, no not at all. In fact, DEIK was established in 1986, way before when Turkey started opening up the borders, changing from import substitution to export promotion during the Ozal era. You've heard of Turgut Ozal probably, the President and Prime Minister then. But he initiated this together with Sabanci - Sakip Sabanci, DEIK was intended to be a civil society organization. And in fact, under TOBB, The Chamber of Commerce, National Chamber of Commerce, which Sabanci opposed at the time but this is how it was established. Because Sabanci wanted it to be totally a civil society organization. Ozal needed a pseudo governmental one. And with a decree in 2014, September it was connected to the Ministry of Economy.

J.K.- and that's the prism through which I see it.

I.S.A.- Exactly. That's very interesting to know and to see it. Before you, the Ambassador, the previous consul general, had they talked to you about DEIK?

J.K.- No. Because I am in an unusual situation. Before me the Consul General was from AUSTRADE. AUSTRADE is separate to the department of Foreign Affairs. It is a government agency within the same portfolio. It still has to report to the Trade Minister. But it has really to work with Australian exporters to promote Australian exports to

overseas, help those companies. And also, to try to attract foreign investment to Australia. So, we are a combination of trade promotion agency and also somewhat like your **ISPAT** but without a lot of the services that ISPAT provides. So that agency was based here and was called a Trade Commission. Traditionally they work strictly with businesses, Australian business. They were still called the Consulate General, but they were headed by the AUSTRADE Consul General and they were run by AUSTRADE, so the Department of Trade and Foreign Affairs did not have much to do with the way they run things. They still exist within the mission, but we decided, AUSTRADE decided, to refresh how they manage different posts and the post here has two offices managed in Dubai. They have decided to withdraw the Australian posted officer and they said to us “Are you interested in managing the post?” And we said “Absolutely we are” because Istanbul is the trade and investment center. It is the economic powerhouse of Turkey. And our aim in trade and investment is generally and slightly at a higher level so we are more at the policy level; we are more concerned about the things like tariff barriers and non-tariff barriers. And to try and advocate for those barriers to be removed and to advocate at government level for Australian importers to come and do business here. But because I’ve taken over a post here where there is this existing workload from a trade promotion side, it has been very good for me because I have essentially become a trade commissioner as well as the *de facto* work that I do. And I think it fits really well. But the problem was that the previous trade commissioner, the previous consul general left three months before I started. So, we did not have hand-over. And in many respects the things that they did was, not in a context that they had were not like the ones I traditionally look for. Because I think as a *de facto* perspective, we generally work with government agencies like DEIK. We would generally go and see the trade ministry. We would make contact with the economic ministry. We’d make contact with ISPAT, those sorts of organizations. But what I quickly realized I can’t do my job if I do not have business connections with Turkish business and also Australian business. So, at the same time I’ve reached out to those businesses here and at home. For us this is something unusual to have that combination.

I.S.A.- It is very interesting for me to listen to how you view DEIK, what it is intended to be, how you see it. So, looking back before 2014 September and after, even though you have not had much experience, DEIK was supposedly a non-governmental

organization until then. It has become a governmental one. Do you see any pros and cons between the two? Which one suits you better? Or?

J.K.-“I think as long as the chambers of commerce, however they are constructed, as long as they have buy-in from local businesses and they are effective in the way they work and they are run, they are good no matter whether they are the government or private.” But “I fear that with a government organization, they are made to say that every country has to have one and perhaps there is not the business linkages there yet to really have substantive agenda with some of the countries, so I think that’s a risk you run” because it is a government organization, every country is going to expect that they have their chamber of commerce. And you can see where the chamber of commerce works really well. It is a fantastic asset but where you do not have those links already possibly it is not as effective for building those links. But as I said I don’t have experience previously. Just to explain the difference between a trade commission and a *de facto* run consul general. We have trade commissions in San Francisco close to Silicon Valley, Houston, close to oil and gas industry, Milan which is the economic powerhouse, but we don’t have *de facto* missions there. In one case we do have an economic office into one of those missions and I do economic reporting here, but it is macroeconomics. But by and large they are solely trade focused missions. They run a bit differently to others.

I.S.A.- Up until you, that was the case for Turkey and now it is different. Do you know why they have made this move? (Changed from trade commissioner to consul general)

JK- First of all the opportunity arose for us. AUSTRADE was reconsidering how they could manage their resources best. They still wanted to keep an office here. But they wanted the Australian officer to go and be somewhere else and cover lots of different countries. Budget cuts and rationalization. But they kept the two offices here. You need an Australian officer to run the mission. To be the consul general, and we looked at it and from a substantive perspective, the government and the department of trade said “there is a lot of work here on economics and trade that we have not been doing properly from Ankara because of staff flying backwards and forwards”, it is not the same as being in a place and developing those links. And if we want to make the most of the opportunity in Turkey for Australian businesses and Australian exporters then this is it. And we wanted to really understand what’s happening here economically and politically. We needed to

have someone based here who could get really in depth with the issues and make good contacts here. So that's why. It is an upgrade.

I.S.A.- It is important for Turkey; it is important for Istanbul for both bilateral...and Maybe one last question; of course, it is done in many different versions. Our interest as per DEIK is the institutionalized version of it. Do you think there is a value added in an institutionalized version of trade, or should we just leave it to B2B business matters? What input do you think there is? Is there a need for DEIK?

JK- I think first of all, "business will go where the profits go. But sometimes you need to help them a little bit to see the value and seize the opportunities. And I think having institutionalized chambers of commerce and other government agencies that help do that and promote those relationships can be really useful, particularly if you are trying to build a trading relationship". We have some councils, we call them; they don't work as business councils but the Australia-Japan Council or the Austria-Korea Council, where we try and promote both economic, trade and cultural and social links between the countries. We get eminent people from Australia to sit on them. They're not much funded, there are some funding for their activities. "But some of the best versions of them we have are like the Australian-American Association which is entirely privately funded by business because they wanted to promote the linkage between those countries. So, I think as I said before, no one model is the best model. I think it depends on the circumstances and the existing relationship." I think these sorts of things will emerge if there is already a strong relationship on their own. But if you are trying to build on an existing but smaller relationship or from scratch or to open new markets say for Turkey then I think something like DEIK could be quite useful. Provided you can get the buy-in from the business community. So, I think that's really key. "Without the interest there from business to do business in new locations, the government can't force them."

I.S.A.- Even though I said this was the last one. How do you see the trade relations between Australia and Turkey on a specific note?

J.K.- That one I can answer. Australia is the 13th largest economy in the world, Turkey is the 16th I believe.

I.S.A.-16th or 17th. With the latest exchange rates, we do not know.

J.K.- Let's say 6 months ago. We are two countries with a very similar size. Our two-way trading relationship is only merchandised trade not services, was 2.3 billion Australian Dollars last year so if the exchange rate is four lire to the dollar, you multiply. That's a very small trading relationship for two countries of our size and common history. What we've noticed is first of all, "there is definitely room for improvement and there is a commonality of interests between various sectors. There is a natural fit in terms of culture and friendliness", and I think that Canakkale peninsula has created a situation where both countries look very favorable towards the other. There is no tension there, there are no political issues.

I.S.A.- You are our brothers and sisters.

JK- Exactly. So, I think there is lots of opportunities and what we want to do is raise Australia's profile in business communities in both locations. What we have been finding when we go and see all the heads of big companies. We say, "lovely to meet you". Tell us a bit about yourselves and your company and do you do any business with Australia, and the answer is generally and with some exceptions "No. Ah Australia is a wonderful country' either "I have not been there" or "I went there in the 1990s" and the second thing they say is "Ah so it is a long way away" So I think we know what we have to achieve, which is to raise Australia's profile and to convince people. We have 26 years of uninterrupted economic growth. We are I think a very safe secure bet for investment and a fantastic location for the Asian-Asia-Pacific region. And I think Turkish businesses say, "We know Central Asia, we know China, we don't need help. But "there is South-East Asia and the Pacific, so we offer an entry point into all of that. So that's our objective to raise that profile. And to that extent I think having an active and engaged DEIK Chamber of Commerce will be really useful."

#### A.4 Interview 4

**Date:** 20.11.2018; **Interviewee:** Aykut Eken

**Position:** Former Turkey-Central America and the Caribbean Business Council President and the Americas Region Coordinator President in DEIK

I.S.A.-İlk sorum Uluslararası Ticaret ve Uluslararası İlişkiler. Birbiri ile ilişkili mi? İkisi birbiri içinde bir enstrüman olarak kullanılıyor mu? Neden? Ne dersiniz? Böyle bir tanımlama ile agree eder misiniz?

A.E.-Güzel. “Zaten dünyaya Uluslararası İlişkiler olmasa, Uluslararası Ticaret de yapamazsın.” Ticareti karşılıklı yapılabilecek...Ben internetten bir ara, hep karşılıklı sözlü olurdu sonra internet sistemine geçti. Herkes internetten buluyor. Ama ben gelecekte de yine, milletin, şu anda da başlamış durumda, karşılıklı gelip konuşup anlaşmalarını, ilişkilerinin daha iyi olacağını ümit ediyorum ve zannediyorum. “Benim düşüncem, ilişki olmadan ticaret olmaz.Ticaret bazlı ilişki. Ticaret olmadan ilişki olabilir mi? Olabilir.” Başka şekilde ilişkiler, diplomatik ilişkiler olabilir, sosyal ilişkiler olur, kültürel ilişkiler olabilir. “Hepsi ilişki ama ticaret ilişkiyi getirmiyor. İlişki ticareti getiriyor bence.” Zaten konsolosluk menfunun kurulmasının da sebebi bu 4.5.8. yüzyıllardaki, eski zamanda bir ülkede oturan yabancı bir kişinin, kendi doğduğu ülkedeki “marchant” ların, tüccarların, o ülkeye gelip mallarını satmalarına yardım etmesi, paralarını toplamaları, onları birbirine bağdastırması nedir? Bu da bir ilişki. “İlk diplomasi de bu şekilde doğmuş durumda.”

I.S.A.-Siz DEIK’de çok aktif rol adınız. Biraz DEIK’den bahsedebilir misiniz? DEIK’i nasıl görüyordunuz? Neden DEIK’de görev adınız? Bunun, hem ticaret hem uluslararası ilişkiler içerisinde DEIK’in rolü neydi sizce?

AE-Ben DEIK de 1980’lerin sonunda veya 90’larda, Allah rahmet eylesin, Uzeyir Garih zamanında, Belçika İs konseyine girdim. O zaman da Celik hoca genel sekreterimizdi. “Baskan yoktu, Celik hoca vardı.” Beyoğlu’nda hatta, Odakule’de bir ofisleri vardı. “O zaman daha çok patinajdaydı. Ama Celik hoca devamlı ülkeleri ziyaret etmeye çalışıyordu, ediyordu. Karşı tarafta Konsullar, Business Councillar kurdurmaya çalışıyordu.” Ondan sonra Celik hoca ayrıldı. Celik hocadan sonra biraz duralamış gibi bir zaman gordum. 90’ların ortası gibi falan. Ondan sonra 2000’lerde DEIK tekrar bir

harekete, atılımlara gecti. O zaman gene Belcika Is Konseyindeydim. 2000'lerin basında ben Karayip ve Latin Amerika Ticaret Dernegi'ni kurdum Turkiye'de. O zamanlar festivaller falan yapmistik, belki duymuşsunuzdur. Swisotel'de, ve bir suru yerde. Muzisyenler, food ve kültürel daha cok, sosyal festivaller yaptik. Festival diyeyim. Brezilya, Kolombiya, Arjantin, Kuba, Meksika. Buradan gruplar getirdik.

I.S.A.-Biz sizinle ilk Meksika'da başladık diye hatırlıyorum. Benim ilk Yürütme Kurulu üyeliğim.

AE-Meksika'dan once ben Brezilya'yi kurdum. 2006 senesinde, Biz Abdullah Bey'le beraber bir Brezilya seyahati yaptik, 2006'nin basında. Orada ilk anlaşmayı Brezilya ile yaptik. MOU imzaladık sonra burada asil imzalamayı yaptik, Izmir'de. Belki gelmissinizdir o zaman. 2006 ortalari.

I.S.A.-Ben kurulduktan sonra katıldigimi hatırlıyorum.

A.E.-Kurduk ve ondan sonra atladık; Brezilya, Meksika, Arjantin, Sili.

I.S.A.-Abdullah Bey'in olması, yani bir Cumhurbaskaninin olması bu konseylerin, kurulların kurulmasında herhangi bir facilitator rolü oynadı mi?

A.E.-Bence oynamadı, ama Abdullah Bey o zaman Güney Amerika'nin kurulmasında aktif bir rol oynadı, cunku o zaman, onun o seyahatıydı. "Daha once eski Disisleri Bakanimiz, Ismail Cem, O, Latin Amerika'ya acilalim diye 1990 larin sonunda bir deklarasyon yapmisti. Hatta ticari olarak onayak oldu. Bu da iste Dis Iliskiler. Ondan once pek birşeyimiz yoktu. Daha once Osmanlı zamanında iki ülke birbirlerine madalya vermişler falan. O fazla birşey degil. Ismail Bey'den sonra Abdullah Bey'in o seyahati bizim Güney Amerika'ya acisilimizin cikisidir." Iste demin söylediğim gibi, Brezilya, Arjantin, arkadan Meksika'yi, hepsini ben imzaladim. Sili'ye gittim Sili'yi imzaladim. Kolombiya'yı imzaladim.

I.S.A.-O zamanlar DEIK tek miydi? Yoksa TUSKON var miydi? Yani TUSKON'un cikisiyle nasıl bir paralellik? Daha dogrusu TUSKON neden cikti?

A.E.-O zaman DEIK tekti.

I.S.A.-Ilk kuruluş hikayesine baktigimizde tek bir body olsun diye DEIK kurulmuş.

A.E.-Ben TUSKON'nun nasıl ciktigini bilmiyorum. Cunku onlarla bir alakam olmadığı için. Biliyorum nasıl ciktigini onların. "Ama bir zaman geldi ki DEIK'i ikinci plana atildi. TUSKON on plana gecmisti."

I.S.A.-Aynı ülkeler de var mıydı TUSKON'da? Ya da nasıl bir strateji? Çünkü onların argümanı "DEİK'i duplike etmiyoruz. Biz başka ülkelere gidiyoruz."

A.E.- "Onların parası vardı. Bizim paramız yoktu, DEİK olarak aïdatlarla geçinmeye çalışıyorduk. Onlar davet ediyordu. Biz kimseyi davet edemiyorduk. Onlar iş adamlarını getiriyorlardı. Biz iş adamlarına 'ver parayı öyle gidelim diyorduk', hatırlarsın bunları."

I.S.A.-Tabii tabii tabii.Peki onlar bu parayı kendileri mi buluyordu yoksa devletten bir katkı var mıydı?

A.E.-Herhalde devletten bir katkıları vardı. Bilmiyorum ne şekilde bulduklarını. Hiçbir bilgim yok. "Ama biz o zaman onlarla bayağı, rekabet demiyeyim de.Biz kendi yolumuzda gittik. Ama yine biz imzalamaya, ülkelerle devam ettik."

I.S.A.-Bu 2000'lerin ikinci yarısı herhalde değil mi?

A.E.-2006 da işte, Abdullah Bey ile gittikten sonra 2010 bütün bu söylediğim ülkelerde imzaladık.

I.S.A.-Esim de Abdullah Beyle Hindistan'a gitmişti diye hatırlıyorum, bir de Japonya gezisi yapmışlardı. O Japonya ile daha çok iş yapıyordu.

A.E.-Ben Abdullah Beyin Çin seyahatinde beraberdim onunla. Çin'e gitmistik. Başka nerlerle imzaladık biz? Zaten Amerika, United States vardı. Kanada vardı eskiden. Kanada her zaman kendi yolunda gitmişti. Amerika da kendi yolunda gitmişti. Yani biz daha çok yeni yerler arayışı içindeydik. Daha çok yeni ülkeleri Türkiye'ye katmaya çalışıyorduk. Ondan sonra Orta Amerika'yi ziyaret ettik. 3-4 ülkeyi. Panama'yi ziyaret ettik. Hatta Panama ziyaretimde, ben hem FİKAK olarak hem DEİK olarak, Panama Başkan yardımcısı bir hanım, onu ziyaret ettim, aynı zamanda Dis İşleri Bakanı. Sonra da Karayipler'e acilalım dedik. İşte ilk Dominic Cumhuriyeti'ne gittik. Karayip Derneği'ni yani Business Council'ini kurduk. Ondan sonra işte Kuba çıktı..... Büyük ülkelerin Baskonsoloslukları yavaş yavaş acıldı. Biz de oralara acıldık. Orada eskiden bizim Kuba ilişkilerimiz de gene, Kuba, Arjantin, Brezilya, Sili, Meksika'da Büyükelçilimiz vardı. Başka var mı? O civarda. O kadardı. Bir de Venezuela vardı. 6 tane vardı. "Şimdi 13 tane falan olduk. En sonunda bu sene Trinidad Tobago acıldı. Bunlar hep ilişkiler. Bizim Dis İşleri. Aslında biz de tabii Dis İşleri çok büyük. Ama bazı ülkelerde Dis Ticaret ve Dis İlişkiler beraber."

I.S.A.-Cogunun adi aslında “Trade Counsellor” olarak geciyor buradaki konsolosluğun bunyesinde.

A.E.-Ama bazı ülkelerde Bakan aynı zamanda Trade’in de Bakani. Dis Isleri ve Ticaret Bakanı diye geciyor. Direkt bu da Dis Isleri, Dis Iliskiler ve Ticaret.

I.S.A.-Evet bu hem facilitator hem de spillover effect yapıyor. Dis Iliskiler’de sanırım. Bir yerde baslayan, diger yerlere de yayiliyor. Arada pozitif olabilir. Peki gelelim 2014’e. Eylul’de bir kararname cikti ve bir gecede DEIK Ekonomi Bakanligi’na bağlandı. Bu neydi? Nicin yapıldı? Neyi degistirmek istendi?

A.E.-“Burada Hisarciklioglu'nun, TOBB ve DEIK birbirine çok karismisti. Ve DEIK’de hatirlarsin, zorla, kararlar alinamiyordu. Bir sekreter alacağız mesela ben Latin Amerika kısmına veya asistan alacağız, veya bir ajan alacağız diyelim, bir sene iki sene bekliyorduk. Hatirlarsin o zamanlar.”

I.S.A.-Bu TOBB’un bürokrasisinden mi kaynaklaniyordu?

A.E.-TOBB’un bürokrasisinden, Hisarciklioglu’nun çok isi olmasından. Ben alayım diye herseyi (istememesinden). O zaman bayağı patinaj yapmaya baslamistik. Ondan sonra da Ticaret Bakanligi’na bağlandı. Yani yarı bağlandı, tam bağlanmadı zannediyorum. Ben ondan sonra iki-uc sene daha calistim ve ondan sonra da biraktim. Bana hic birsey getirmede. Ben onlara çok şey verdim. Daha da hala zaten beni Güney Amerika’nin seyi olarak goruyor arkadaşlar. Çok birşeyler vermeye calistik yani. Bu ülkeye katkılar. Onun da iste butun o katkılarının seyi iliski.....

I.S.A.-Cin.Liberalizmde Amerika’nin önüne gecti. Free Trade’den bahşediyor Cin.

A.E.-Cok önemli. Bilemiyorum. Aslında daldan dala atliyorum. TUSIAD’da o zaman bir International i kurmuştuk. TUSIAD International vardı. Bir de TUSIAD vardı. TUSIAD International tamamiyle is dünyasına, Turkiye’yi TUSIAD’i Turk Is Adamlarini yaymaya calisiyorduk. Onun icin iste Brezilya’ya goturduk, Hindistan’a goturduk, Belgrad’a goturduk. Yani bir suru ulkere dolasabildik TUSIAD International olarak. Aldo Bey di o zaman baskan. Sonra ben Baskan Yardimcisiydim orada. Ondan sonra TUSIAD International TUSIAD’i gecmis.

I.S.A.-Neden Boyle birseye ihtiyac duyuldu? Cunku TUSIAD, ilk DEIK kurulmaya karar verildiğinde “Founding Association” lardan bir tanesi ve bunu tek basımıza biz yapmayalım. TOBB yapmasın, başkaları karisik. DEIK diye ortak br seyimiz olsun. Bu

heyetleri, isadamlarini disari acma, onları getirmeyi, ortak DEIK ustunden yapalim diye cikmisti. TUSIAD sonra niye boyle birseye ihtiyac duydunuz?

A.E.-Ondan sonra benim DEIK’de oldugumu biliyordu Aldo bey. Bu ikisini birlestirelim. Devamla bir kollabore edelim dedi. Gayemiz de kollabore etmektir. Tamam TUSIAD da is adamları. Aslında beraber gidelim. “TUSIAD giderken DEIK de gidebilir. DEIK daha cok, biz bakanla falan gitmiyorduk. DEIK daha cok Bakan seviyesinde götürmeye calisiyordu. Biz daha cok is adamlarini. Yani daha cok bir yerde.”

I.S.A.-DEIK Kamuyu da katıyordu o zaman bir yerde.

A.E.-Kamuyu da katıyordu. Biz daha cok isadamlarini goturuyorduk. Oradaki yerel ticaret odaları ile gorusuyorduk. DEIK de yaptigimiz gibi ama ayni zamanda oradaki yerel devlet birimleriyle de gorusuyorduk.

I.S.A.-Peki 2014’den sonra siz bir donem daha devam ettiniz. Oncesi ile karsilastirabilir misiniz? Birsey degistigi mi Ekonomi Bakanligi’na bağlanması ile?

A.E.-“Birsey degismedi. Benim gordugum kadariyla hicbirsey degismedi.”

I.S.A.-Aslında üyeler deđiđti.Baskanlar degisti. DEIK’de ondan sonra bayađı bir.

A.E.-DEIK’de baskanlar deđiđti. Ben bir ara Yonetim Kurulundaydim. Yeni yonetim geldi. ve Kurucu Üyeler arttı.

I.S.A.-TUSIAD ayrıldı.

A.E.-TUSIAD daha sonradir. Bilmiyorum onu. Daha sonra ayrıldı TUSIAD.

I.S.A.-Hemen başvurusunu yapmış ama birinci sene Danistay’a gitmiş gelmiş. Dolayisiyla hemen ayrilamamis.

A.E.-Bilmiyorum. Ben daha cok Güney Amerika’da ne yapabiliriz? Nerelere daha fazla gidebiliriz diye.

I.S.A.-TOBB’daki bu bürokrasi uzatıyordu dediniz. Ondan sonra herhangi bir cabuklasma veya iyileşme gordunuz mu Ekonomi Bakanligina bağlanması sonrası?

A.E.- “Daha cok Bakanlar, DEIK’e onem verdiler.”

I.S.A.-Bu arada TUSKON case’i ve FETO cikti. TUSKON ortadan kalktı.

A.E.-TUSKON ortadan kalkti zaten dolayisiyla DEIK kaldı. Ondan sonra bakanlar DEIK ile. Su anda bir suru bakanımız DEIK ile bir suru seyahate gidiyorlar. “Tabii bunların etkisi oluyor. Gidilen yerde ust düzey temsil.”

I.S.A.-Baska eklemek isteyeceđiniz birsey var mi?

A.E.-Baska aklima gelen yok.

I.S.A.-Siz neden sonra ayrıldınız DEİK'den?

A.E.-Ben yoruldu. FICAC başkanı oldum. FICAC başkanı olunca benim her gün yarım günümü aliyor. Çok seyahat ediyoruz. Aynı şekilde. Butun 90 ülke bize bağlı. Tek tek ziyaret edemiyorum ama mümkün olduğu kadar etmeye çalışıyorum.

I.S.A.-2014 sonrasında muhattaplarımız karşı taraftaki misyonlardaki yabancılar bunu nasıl karşıladılar? Onlarla da interview yaptım çünkü. DEİK'in Ekonomi Bakanlığı'na bağlanması, yeni statusu, değişiklikler, karşı tarafta.

A.E.-"Benim Güney Amerika'da öyle bir problemimiz olmadı. Hiç kimse sormadı bile. Muhim olan aslında iş dünyasının politikaya girmemesi lazım. Onun için biz iş dünyasında kendi yolumuza gidip, gayemiz Türkiye'yi dışarda tanıtmak artık birşey satabilmek." Ama tabii her satışın bir de alıcısı olması lazım. Yani bir yerde exchange.

I.S.A.-Bilateral relations.

A.E.-Bilateral Relations. Onun için ben çok, hem TUSIAD'ı, hem DEİK'i, Güney Amerika devamlı gidelim. Kendimizi orada unutturmayalım. Bugün Karayiplere baktığınız zaman Taiwan mesele müthiş bir girişimde. Kendini oraya tanıtmaya çalışıyor. Çin, Afrika da Güney Amerika'da da bir sürü, Peru'da Kolombiya'da falan Brezilya'da, Jamaika'da Çin'liler de var. Amerikalılar tabii herşeyde var. Tabii bunların...

I.S.A.-Aslında Amerika'nın Monroe Doctrine'i var biliyorsunuz ve Güney Amerika'ya kimseyi dokundurtmaz.

A.E.-Gitti o. Bitti. Herkes çünkü oraya şimdi. Güney Amerika zengin. Parası olan, madenleri olan, petrolü olan. Venezuela'ya bakan. Venezuela bence çok zengin bir ülke ama zavallı durumda. Brezilya öyle, Arjantin bakıyorsun buğday, soya, hayvancılık. Brezilya otomotiv endüstrisinde; beraber başladık 1970lerde. Renault bize gelmişti onlara da başlamıştı. Ama onlar bugün ne kadar bilemiyorum ama benim bıraktığım zamanda bizim iki mislimizi üretiyorlardı. 200 Milyon kişi var gerci ama büyük bir ülke, ama yani zengin ülkeler. Bizim oralara daha fazla. Şimdi benim gözümde iki bölge var. Hepsi var aslında ama Çin çok enteresan. Oraya gitmemiz lazım, doğru durur. "Bence biz eski Türkiye ülkeleri yani eski Rus ülkelerini, Azerbaycan filan, o bölgeleri, biz onları kaybettik. Aynı oradan."

I.S.A.-Neden sizce? ( Bence biz eski Türkiye ülkeleri yani eski Rus ülkelerini Azerbaycan filan, o bölgeleri biz onları kaybettik? )

A.E.- "Çok birden bire gittiler. Verdikleri sözü yerine getiremediler. Bence."

I.S.A.-O zamanlar icin Tukiye'nin zaten boyle bir kapasitesi olmadıđından bahsediliyor.

A.E.-O bölgeyi bence... Latin Amerika cok, Afrika cok gelecegi olan.

I.S.A.-Kesfedilmemis topraklar, vadedilmis degil mi?

A.E.-Evet



## A.5 Interview 5

**Date:** 27.11.2018; **Interviewee:** Nuri Colakoglu

**Position:** DEIK Turkish-American Business Council TAIK, Executive Board Member

N.C.- “DEIK çok özel bir kuruluş çünkü ilk başlangıçta iş adamlarının ihtiyaçlarına cevap vermek üzere, iş adamları tarafından kurulan, devletin işin içinde olmadığı bir model.” Hikaye şöyle başlıyor; Turgut Ozal in Amerika’ya yaptığı ziyaret sırasında, Reagan'a diyor ki “Don’t give us aid. Give us opportunity to trade” diyor. ve onun bu işareti üzerine ilk önce Türk Amerikan İş Konseyi kuruluyor. Hemen orada bulunanlarla kuruluyor ve buradaki hikayede esas olarak Türk Amerika dış ticaretinde silah ağırlıklı alisverisi, ekonomik, Türkiye’nin ekonomisini geliştirecek diğer yatırımlarla desteklemek ve Türkiye’nin silah alırken ödediği paraları, Türkiye’den satılacak başka ürünlerle karşılamak şeklinde. Bu model son derece başarılı bir şekilde yürümeye başlayınca, bunu gören akıllı iş adamları, yedi tane yanlış hatırlamıyorsam, yedi kuruluş, yani kim; TUSIAD TOBB, MUTEAHIITLER, vesaire böyle bir grup bir araya geliyorlar “ve bunlar tamamen ad-hoc bir kuruluş olarak hiç bir yasa, yönetmeliği, tüzüğü olmadan DEIK oluşuyor.” Ben DEIK’i iyi biliyorum çünkü, ilk günden itibaren bültenlerini yapardım ve DEIK çok başarılı bir şekilde Türk-Amerikan İş Konseyinin yanında paralel bir çok benzer konsey olarak kuruluyor. “Bir tek Almanlar çok geç kalıyor bu konuda çünkü Almanların böyle bir yapıya yatkınlığı yok ve bu hızla yayılıyor büyüyor ve DEIK hızla daha structured bir yapıya geliyor.” Structured yapıya gelince işte Amerika İş Konseyleri, AB İş Konseyleri, Asya İş Konseyleri filan diye ve “bu gayet parlak bir şekilde devletlerarası ilişkilerde sizin tezinizi destekleyecek şekilde çok instrumental bir hale geliyor.” Düzenli senede iki üç tane karşılıklı counterpart’leri kuruluyor. Onlarla alisveris filan muthis bir hareket yaratıyor. “Sonunda o kadar enteresan bir hale geliyor ki, Türkiye ye gelen her devlet başkanı DEIK’in altındaki İş Konseyleri ile ilişki kuruyor.” Gidiyor onlarda konuşma yapıyor vesaire. Bunun üzerinde TOBB diyor ki, “ya böyle bir kuruluş var, bunlar çok iyi çalışıyor” ve hükümeti ikna ediyor, bunu daha yapısal bir hale getirmek için TOBB’un altına getiriyor. “TOBB diyor ki 'bundan sonra bunun parasını ben ödeyeceğim. Bunun masraflarını ben karşılayacağım ama TOBB’un altında olsun.’”

TOBB'un altına girince tabii "TOBB bundan maksimum siyasi fayda etmek isteyince bu defa TOBB Baskani bu gelip giden devlet baskanlari ile muhattap olmaya basliyor." One level up, buraya gelince Ticaret Bakanligi diyor ki" ...boyle bir mekanizma var, bu .... cok itibar getiriyor bu bizim altimiza girsin diyor" ve Ekonomi Bakanligina baglaniyor. "Ekonomi Bakanligi'na baglaninca krizler cikiyor." Niye, cunku, bu NGO olmaktan cikip, NonGovernmental olmaktan cikip, bir quasi governmental organisation haline geliyor, yani dolayli devletle baglantisi olan. "Bu yuzden Turk Amerikan Is Konseyinde bir kriz yasandi. Koptuk, baglandik fakan fesmekan cok calkantili bir donemden gectik, hala da butun meseleler cozulebilmiş degil, cunku, DEIK'in eski haliyle cazip ozelligi yeni bir kanal acmasi. Hukümetler arasinda zaten olan iliskilere alternatif destekleyecek, onu dogrulayacak, onu check edebilecek bir kanal acmasiydi." Dolayisiyla o acidan cok faydali bir enstruman olarak ortaya cikti ve butun cazibesi oydu. Simdi cok hukümet organi haline gelince biraz ..... Oysa sizin dediginiz gibi yani devletler uc cesit iliski kuruyorlar. Bir savas ediyorlar, bir karsilikli gorusuyorlar bir de alisveris yapiyorlar, ticaret yapiyorlar. Ticaret ayagi aslinda devletlerarası iliskilerde her zaman dikkate alınması gereken cok onemli bir koz. Yani Fransa ile Almanya iki dünya savasini yaptiktan sonra Monnet Planı çerçevesinde ilk defa "artık savasmayı birakalım" su meshur bir iki esek hikayesi vardır; iki esek birbirlerini ters tarafa dogru cekeer, ikisine de yakin birer saman vardır ama boyunlarından bagli olduklari icin ikisi de samanlari yiyemezler. Sonra iki esek birlikte giderler önce bir numarali esegin onundeki samani yerler, sonra ikincisini yerler. Dolayisiyla bir seyleri birlikte yapabilmek, collaboration, ayni yeni imkanlar yaratabilen bir olay. Simdi burada da ayni sey ve hakikaten ikinci dünya savasini yasamis "Avrupa kitasında kalici bir baris kurabilmek icin ilk önce komur-çelik birliği arkasından ticaret birliği, arkasından serbest dolasim", arkasından bu birliği 6 uyeden 12 uyeye cikartmak, 12 uyeden sonra bunu biraz daha siyasilestirerek, cunku yeni bir takım catlama patlamalar olmasin diye yeni dagilmakta olan dogu blokunun uyelerini de icine alip, onlari da capitalist ekonominin bir parcasi haline getirip boylelikle bir Avrupa butunlugu olusturacak bir modele dogru gidiyorlar adamlar. Dolayisiyla burada ticaretin aslinda dis iliskilerin cok onemli bir enstrumani oldugu gittikce ortaya cikıyor. Bunu ayni seyini biz cok yakinda baska türlü de yasiyoruz. "Turkiye ile Yunanistan ha bugün kavga ediyorlar, ha yarın kavga ediyorlar halindeyken

aniden baslayan turizm, Yunanlilarin Turkiye'ye Turklerin Yunanistan'a gitmesi ile karsilikli ekonomik iliskilerle birlikte aniden Ege'deki tansiyon dustu. Arasira bir samata yapıyor birileri ama esas olarak Turkiye ile Yunanistan birbirleri ile savasamaz hale geldi, cunku ekonomik iliskileri o yonde evriliyor.” Bu benzer bir sekilde bir cok ulkede ortaya cikan bir olay. Yani dolayisiyla sizin baslangictaki varsayiminiz, yani “ekonomik iliskilerin aslında siyasi iliskileri, diplomatik iliskileri de sekillendiren bir olay oldugunu gosteren sonsuz sayıda ornek var dunyada.” Bu acidan cok onemli ve cok koklu bir unsur. Dis politikanin cok ve nitekim ve eskiden butun bu isler buyukelciler ve ticaret ateseleri ile giderken simdi ulasimin kolaylasmasi, iletisimin hizlanmasi ile birlikte hafta sekiz gun dokuz, devlet baskanlari, basbakanlar, dis isleri bakanlari her gun birbirlerini ziyaret edip duruyorlar cunku ucaga atlayip gitmek ve eskiden cok onemli bir meslek olan buyukelcilik, cunku buyukelciye eskiden bir sayfa bir brief verilirdi. Bu ulkeyle iliskilerimiz soyledir, sunlar yapilmayacak, sunlar yapılacak, tamam. Adam gider orada onu becerisiyle, kurdugu iliskilerle gelistirdigi birseyken simdi bugun bir sekreter pozisyonuna dusmus vaziyette buyukelciler. Devlet Bakanlarinin arasinda konustugu konularin takibini yapmak, ne kadar gerceklestiyor, ne kadar gerceklestirmiyor geriye rapor vermek, yapilmasi gereken bir sey varsa bu konuda merkezi, baskenti uyarip bu konuda “atlayip gelsenize, su konular bir konussaniz” demek haline gelmis vaziyette. Yani ozetle bence esas mesele bu. “Ona karsilik DEIK dunyada cok az ulkede olan capta yaygin bir orgut halinde. Neredeyse 150 kusura yakin ulkeyle is konseyleri var. Bunlari ozunde ekonomik iliskilerin guclu oldugu 30-40 ulkeyle cok saglam, cok onemli bir arac halinde. Bazilariyla iliski baslaticisi, ilerleticisi gorevini yapıyor ve o acidan bir ekonomik iliski baslayınca oraya bir buyukelci atamak konusu gündeme geliyor.” Dolayisiyla sizin bu tezle ilgili diyeceklerim bunlar. Daha baska sormak istediginiz seyler varsa devam edeyim.

I.S.A.-e tabii lutfen. Biraz simdi DEIK'in ozeline inerse, DEIK bir sivil toplum kurulusu. Yaptigi isi yapıyordu ve yaygin bir sekilde yapıyor ve aslında boyle bir kurumun ortaya cikma nedeni de biraz seksenlerde baslayan ihracata yönelik, Ozal donemindeki atakla birlikte herkesin bir taraftan heyetler agramasi, TOBB'un TUSIAD'in ayri ayri odaların, “bunu bir cati altında toplayalım, tek sesli olalım ve boyle ilerleyelim” dendigi yaziyor benim buldugum kaynaklarda ve fakat bundan sonra 2005 senesi itibaiyle ortaya bir de TUSKON... ve arada cok critical seyler donuyor. Iste

TUSKON neden var? “TUSKON bizi duplike ediyor”. TUSKON biz “DEİK’i duplike etmiyoruz” DEİK üyeleri cebinden para verirken, “rumor has it” ,TUSKON daha farklı butcelere çok daha kolay ulaşıyor ve aslında devletten de destek alıyordu. Peki DEİK böyleyken neden ikinci bir kurulusa gerek duyuldu? Bununla ilgili bir fikriniz var mı?

N.C.- “TUSKON tabii ki o noktada Fethullah hocanın organizasyonu olarak ortaya çıktı.” Fethullah hoca yani kendi fikrini, Fethullah hoca İzmir’de Kestane pazarında, kendi halinde bir vaizin kafasından çıkan bir şey değil. Bu ben kendim bir okul yönetiminde çok uzun zamandır yönetimdeydim hala da suruyor. Yani Robert Koleji yasatabilmek için ne kadar para harcadığımızı, ne kadar zaman harcadığımızı bildiğim için, bu böyle bir vaizin aklından çıkıp Türkiye’de 1000 tane okulu yasatacak bir setup in kurulması mümkün değil. Bunun arkasında bambaşka bir düzen vardı.....Neyse “ama TUSKON devletin yapmadığı, yahutta isadamlarının yapmadığı, çalıştığı işin üstüne oturmak, buradan bir devletten maddi imkan sağlayarak, kendi örgütlenmelerini bütün dünyada yaygınlaştırmak ve buna basarak bitakim yerlere gelmek için yaptıkları bir olaydı.” Su anda etkisi kalmamış vaziyette TUSKON’un çünkü TUSKON eskiden yani hakikaten “biz DEİK olarak Washington’da Türk Amerikan İş Konseyi olarak konsey toplantısı yaparken, TUSKON bize karşı ciddi örgütlenmeler yaratıyordu. Organizasyonlar yapıyordu. Dernekler kuruyordu. Şimdi biraz daha normale döndük. Foyaları meydana çıktığı için eskisi kadar etkili değiller ama TUSKON’un çıkışı aslında Fethullah Gülen projesinin bir başka ayağıydı. O ayak yasamadı yahutta yasayamıyor, dolayısıyla DEİK tekrar eski sapkasına döndü ama eski sapkasına donerken de bu defa daha devlet kiliginde döndü.” “Halbuki doğrusu bunun iş adamlarının ekonomik ihtiyaçlarına cevap verebilecek bir kuruluş haline gelmesi.” Şimdi aslında bu çok da yeni bir fikir de değil. İngiltere İmparatorluğu dünyaya yayılırken İngiltere’de bu ülkelerle ticareti yönetmek üzere “east india company” “india company” “south africa company” gibi şirketler kurulup bu şirketler aracılığıyla ticaret yürütülürken bu diplomasiyi destekleyen yahutta diplomasiden destek alarak daha fazla artı gelir elde etmeye çalışan organizasyonlar kurulmuştu.” Yani bu da geçmişte ticaretle (diplomasi demek istenmiş) ekonominin çok iç içe geçtiğini, birlikte çok başarılı modeller oluşturup geliştirebildiğini gösteriyor. “Mesela İsbankası Yayınlarında çıkan İngiltere nin tanzimat yıllarında Türkiye de büyükelçiliğini yapan Sir Stratford Channing’in anıları var. Orada Sir Stratford Channing diyor ki “Türklerin geleneksel türk kahvesini pekmez yerine”, çünkü o zaman tatlandırıcı

olarak pekmez kullaniliyor, “pekmez yerine bizim Guney Amerika’da urettigimiz kelle sekeri kullanmaya ikna edebilsek, Ingiltere’nin kelle sekeri ihracati 5 kat artar diyor”. Simdi bu ekonomi ve siyaset arasindaki cok somut orneklerden bir tanesi.”

I.S.A.-hala aslinda Ingiltere’nin buradaki konsolosunun title’i Council General ve Trade Commissioner veya Avusturalya’nin disisleri bakaninin adi “Trade Commissioner” degil mi? Bu da yalniz o devletin kendi icinde, devletin bunu sahiplenmis olmasi. Bizim case’imizde ise Turkiye case’inde ve DEIK case’inde, devlet gidip bir sivil toplum kurulusunu kendi bunyesine katiyor. Niye buna ihtiyac duydu? Yani devlet kendi icinde bunu yapamaz miydi?

N.C.-...devlet herseyi kendi kontrolu altina almak istiyor. Orada bir imkan varsa o imkani ben kullanmaliyim diye dusunuyor....Devlet tekeldir. Yani “control freak” tir. Herseyi kontrolu altinda, aman birsey olmasin, birsey kacmasin. “Benim haberim olmadan hicbirsey olmasin” cabasi icinde....

## **A.6 Interview 6/e-mail;**

**Date:** 13.06.2018; **Interviewee:** Véronique van Haaften

**Position:** Dutch Business Association in Istanbul

From: Itir Aykut Aykut Investments <itir@aykutinvestments.com>

Subject: Re: Interview request

Date: June 13, 2018 at 2:43:10 PM GMT+3

To: Veronique van Haaften <veroniquevanhaaften@gmail.com>

Cc: B Germeyan <B.Germeyan@shell.com>

Dear Ms. Van Haaften,

Thank you for your return. Please note that I will surely also be interviewing DEIK.

However, I was asking for your input as per DEIK's counterparts' opinion in Turkey's bilateral relations.

I will, nevertheless, include your mail response in my thesis as it is below.

Warmest regards,

Itir Aykut

AYKUTINVESTMENTS

On 13 Jun 2018, at 12:40, Veronique van Haaften <veroniquevanhaaften@gmail.com> wrote:

Dear Ms Aykut,

Thank you for sending me your request. As promised, I referred it back to the DBA Board. For this interview, may we ask you to contact the head of the DEIK Dutch desk which is Mr Murat Özyegin. We hope they can provide you with some information. Maybe you could contact the corporate secretary of the Dutch desk directly. Her name is Mrs Dilek Tuna. Her mail address is dtuna@deik.org.tr

We wish you good luck with writing your thesis.

Kind regards,  
Véronique van Haaften

From: ITIR Aykut <itir@aykutinvestments.com>  
Subject: Re: DBA network meeting  
Date: June 8, 2018 at 12:09:41 PM GMT+3  
To: Veronique van Haaften <veroniquevanhaaften@gmail.com>

Dear Ms. Van Haaften,

Many apologies for my late return. This is a very busy period and I have not been able to sit down and attend many of my pending issues. Many thanks for getting back to me so quickly as well.

In addition to my KAGIDER Board Membership as the Head of International Relations, I also teach Entrepreneurship at Kadir Has University as well as pursuing a doctoral degree thereof. As a part of my Phd studies I am currently writing my thesis in the Department of International Relations.

The subject of my thesis is: “The Instrumentalization of Trade in International Relations”. As a case study I am analyzing DEIK, The Foreign Economic Board of Turkey as regards its role in facilitating Foreign Relations as an institutionalized organization between Turkey and counterparts.

I myself have been a member of DEIK, serving on the Brazilian and Canadian Business Council Boards.

“Holland is very much a long-term crucial commercial partner of Turkey and I would like to learn more about to what extent DEIK has been a viable instrument to foster foreign economic relations.”

Therefore, I would like to request about an hour of your time for an interview. The interviewee will be kept confidential and no names will be cited if requested.

I appreciate your contribution to this academic study which I hope will shed light on the importance of institutionalized trade in enhancing cooperation between governments.

Thank you very much for your return and I remain at your disposal for further inquiries.

ITIR S. AYKUT (Ms.)

On May 30, 2018, at 10:15 AM, Veronique van Haaften <veroniquevanhaaften@gmail.com> wrote:

Good morning Mrs Aykut,

It was nice briefly meeting you last Monday at the Dutch Consulate.

I promised you my contact details. You mentioned a possible interview with the Dutch Business Association. Could you please inform us what would be the purpose and intention of this interview so we can decide whether it would be possible for us to arrange this?

Thank you in advance.

Kind regards,

Véronique van Haaften

Public Relations

Dutch Business Association

## A.7 Interview 7

**Date:** 17.12.2018 ; **Interviewee:** Dr. Yılmaz Argüden

**Position:** DEİK - Founding Chairman of Turkey-Canada Business Council and President, Former President of Turkish-American Business Council, TAIK

I.S.A.-“Dis Ticaret” Devlet için önemli.

Y.A.-Herkes için önemli

I.S.A.-“Dis İlişkiler” de çok önemli. “Sivil Toplum” da çok önemli. DEİK gibi bir sivil toplum aslında devletten bağımsız olarak kurulmuş, kurulması istenmiş. Buna rağmen yine de TOBB’un altında oluşmuş bir, gene o zamanlara da dönersek, yarı sivil toplum kuruluşu diyebileceğimiz bir...

Y.A.-“DEİK Turgut Özal’ın girişimci yaklaşımıyla ilk kuruluşunda herhangi bir kurumun altında olarak değil, bağımsız olarak kurulmuş.”

I.S.A.- Hatta Sabancı TOBB’a bağlanmasını doğru bulmuyor, ikinci aşamasında ve çıkıyor, ilk önerenlerden biri olduğu için. Nasıl karşılıyorsunuz? Geçmişle bugunu karşılaştırdığınızda eski DEİK mi, bugünkü DEİK mi daha iyi, neye göre daha iyi?

Y.A.- Ben şunu söyleyebilirim, “özel sektörün kolektif olarak kendi çıkarlarını bir sivil toplum kuruluşu aracılığıyla, lobicilik faaliyeti, tanıtım faaliyeti olarak savunacak faaliyetlerde bulunması, bir ülkeye fayda sağlayan bir husustur. Dolayısıyla, DEİK gibi bir kurumun kurulmuş olması aslında, Sn. Özal’ın vizyoner adımlarından birisidir ve faydalı olmuştur diye düşünüyorum. Çünkü, toplumlar arasında, kurumlar arasında ilişkiler ne kadar farklı penceden yürütülürse, ilişki o kadar daha güçlü olur. Örneğin, devletler arasındaki ilişkiler sadece resmi kanallardan yürütülürse, zaman zaman tıkanmalar olabilir. Oysa, alternatif kanalların çalışır durumda olması sorunların çözümüne farklı bakış açıları da kazandırarak yardımcı olabilir.” “Son dönemde DEİK’in biraz daha kamu kurumu niteliğine kaymış olması özellikle Merkezi kamunun otoritesinin belirleyici olduğu ülkelerle olan özel sektör ilişkilerinin gelişiminde artı değer getirebilir. Ancak, Merkezi kamu otoritesinin tek belirleyici olmadığı, sivil toplumun geliştiği, serbest piyasa ekonomisinin yaygın olduğu ülkelerde bağımsız bir STK olmaması ağırlığını azaltabilir. Dolayısıyla, DEİK’in yeni statüsünün dünyanın değişik yerlerinde farklı artılar ve eksiler getirme potansiyeli olduğunu düşünüyorum.”

“Bir başka faktör de işin arkasında devletin olması durumunda kaynak sıkıntısının daha az olması avantajı oluyor. Bu da önemli bir konu. Gönüllü kuruluşlarda kaynak üretmek daha güç olabiliyor, ama diğer taraftan da özel sektörün sahiplenmesi artabiliyor. Dolayısıyla, o sahiplenme duygusu da işadamından işadamına olan ilişkileri daha güçlü kılma potansiyeli taşıyor. Bu nedenle, bu tip kurumsal yapı kararlarının farklı artılar ve eksiler taşıdığını düşünüyorum.”

I.S.A.-Biz sizinle Kanada’da birlikteydik. Türkiye-Kanada İş Konseyi Başkanıydınız. O dönemle karşılaştığımızda. Aslında Eylül’de gelen bu değişikliği bekliyor muydunuz?

Y.A.- “Hayır. Bekleliyordum.”

I.S.A.-Evet o sıralarda aslında bu beklenmiyordu. Bir anda geldi. Tam anlaşıldı mı bu? Gerçekten devlet için DEİK ne kadar önemliydi? Niye böyle bir şeyi istedi. Çünkü DEİK ile böyle de devam edilebilirdi. DEİK’le yakın bir ilişki içerisindeydi devlet. TOBB vasıtasıyla ilişki içerisindeydi. İlla ki bunu “structural” bir şekilde yani legalize ederek bir kararnameyle devletin bünyesine çekilmesi gerçekten faydalı bir şey mi olarak düşünülüyor?

Y.A.-“Eminim faydalı olduğunu düşündükleri için yapmışlardır. Faydasız olduğunu düşündüğü bir kararı almaz insanlar.”

I.S.A.-Peki sonra çok şey değişti. Konsey Başkanları değişti. Hatta TUSIAD ayrıldı DEİK’ten. Bu neden oldu?

Y.A.- TUSIAD tamamen gönüllü bir kuruluş. Yani üyelerinin kaynaklarıyla ayakta duran bir kuruluş. “Bir devlet kuruluşunun parçası olduğu zaman kendisini de sivil toplum kuruluşu olarak, özellikle de Batı’da lanse edebilmesi güçleşiyor. Üstelik, devlet ile karşılaştırıldığına karar mekanizmalarında söz sahibi olma gücü düşük bir konumdaki faaliyete sınırlı kaynaklarından katkı sağlayabilmesi de güçleşiyor. Üyeleri zaten vergi veriyoruz, bir de aidatlarımız bir kamu kurumuna gidecekse niye aidat verelim diye düşünebilirler. Bu açıdan bir yarı kamu kurumu olan TOBB’dan farklı bir konumda TUSIAD. O nedenle diye tahmin ediyorum.”

I.S.A.-Peki. Konsey Başkanlarında da çok istifa eden oldu. Ben de o zamanlar DEİK üyesiydim. Artık ben de değilim. Benim gibi bir çok arkadaşım da artık yok. Siz de istifa ettiniz mi? Devam ediyor mu DEİK üyeliğiniz?

Y.A.- “Ben gönüllü kuruluşlarda yönetimde olanların birkaç dönemden fazla o görevi yürütmemelerini doğru buluyorum. Osman Okyar’ın Kanada ile ilişkileri benimki kadar üst düzeyde. Bu nedenle, gönül rahatlığı ile Konsey Başkanlığını ona devrettim.”

I.S.A.-Yeni yapıyla yeniler de geldi.

Y.A.-Tabii çok güzel birşey yenilik.

I.S.A.-Bazı eskiler de devam etti. Bu bazı ülkeler açısından kamunun daha merkezi olduğu ülkelerde iyi dediniz ama bazı ülkelerde değil. Örneğin Amerika, yani Kanada’yi biliyordunuz. Kanada’da bu nasıl karşılandı?

Y.A.-“Kanada’da ben olumsuz bir etkisi olduğunu düşünmüyorum.” Çünkü şu anki Başkan da Kanada ile ciddi iş ilişkileri olan bir insan.

I.S.A.-Almanya’da tersini duydum. Almanya’da “Biz devletle deal etmeyiz”...

Y.A.-Avrupa’da.. Tabii ki şimdi sivil toplum kuruluşlarının karşılarında devlet olduğu zaman tavırları farklı olabiliyor. Sivil toplum kuruluşu-sivil toplum kuruluşu diyaloguyla sivil toplum kuruluşu-devlet diyalogu farklı olabiliyor. Dolayısıyla bu konuya özen gösteren, önem veren bazı ülkelerde olumsuz bir etki yaratmış olabilir.

I.S.A.-Yine TUSKON’a o zaman geri doneceğim. Biz DEİK’teyken, DEİK’in yapamadığı şeyleri. Aslında DEİK’in yaptığı şeylerin de duplikasyonunu da yaptığı, ve bütçeleri daha rahat elde ettiği konuşuluyordu. Onların da “public declaration” leri arasında aslında DEİK’i duplike etmedikleri, DEİK’in gitmediği alanlara gittikleri gibi bir savunulari vardı. Bu DEİK’in ilk kurulduğu zamanlarda çıkmasının nedeni aslında TUSIAD’in Odalar Birliğinin vesaire ayrı ayrı heyetleri karşılamasının önüne geçilmesi ve bütün bunlarda tek seslilik yaratılması olduğunu buldum, gordum. Durum böyleyken TUSKON gibi yepyeni bambaşka birşey çıktı ve çok benzer DEİK’le. TUSKON sizce gerçekten DEİK’in gitmediği yerlere mi gidiyordu?

Y.A.- Tam olarak doğru olduğunu düşünmesem de orada “DEİK’te temsil edilen kitleler Türkiye’nin büyük şirketleri. Dolayısıyla biz daha küçük şirketleri temsil ediyoruz” diye bir sav vardı. Ne kadar doğrudur, ne kadar yanlıştır, işte tarih gösteriyor zaten.

Y.A.- “DEİK’in kurulma misyonunu aslında Türk iş dünyasıyla başka ülkelerin iş dünyası arasındaki ilişkileri geliştirmek, burada boyut ile ilgili bir sınırlama yok başından beri.”

I.S.A.-Kesinlikle.

Y.A.-İlk başta da Odalar Birliđi ayrı, TUSIAD ayrı deđildi. DEİK iş insanlarının kurdukları bir kuruluđu. Hatta “DEİK’in kendisinden önce ilk kurulan iş konseyi de Türk-Amerikan İş Konseyidir. DEİK bir sene sonra kuruldu. Ancak, hukuki alt yapısı iyi tanımlanmadan kurulduđu için belli bir zaman sonra hukuki altyapıya kavuđuururken Odalar Birliđinin bünyesine alındı. O zaman da zaten TUSIAD kendisini ayrı tutarak, dıđu temsilcilikler açmaya başladı. DEİK yarı - bađımsızlıđını kaybettiđinde TUSIAD dıđu temsilciliklerini açtı. Tam kamuya bađlı hale geldiđi zaman da üyelikten çıktı. İşin özü bu.” Bunun da tamamen kendisini gönüllü bir kuruluş konumunu zedeleyecek bir konumda bırakmamak için yaptıđı gibi bir hissiyatım var. Ancak, daha detaylı bir bilgi isterseniz TUSIAD Başkanlarına sormanızı öneririm.

I.S.A.-Simdi tabii bir konseyler buyudu. Takip ediyor musunuz bilmiyorum. Artti, konsey sayıları arttı. “Membership” ler önce bir azaldı. Sonra. Ekonomi Bakanligina baglanmisti. Simdi Ticaret Bakanligi oldu Ekonomi Bakanligi da. Gelecekte nasıl bir şey çiziyorsunuz? Yani DEİK bu haliyle devam eder mi? DEİK'te herhangi bir sekilde?

Y.A.- Gelecekte nasıl olacađını zaman gösterir.

## A.8 Interview 8

**Date:** 25.12.2018; **Interviewee:** Mehmet Bahadır Balkir

**Position:** DEIK Chile Council President, DEIK, The America Region Coordinating President, TUSIAD Board Member

I.S.A.-Dis İlişkilerde Ticaretin, daha çok Dis Ticaretin bir rolü var mı sizce? Bir enstruman olarak kullanılıyor mu, Dis İlişkiler camiası tarafından? Veyahut tam tersi Dis İlişkilerin Dis Ticarete kullanılması?

B.B.-Aslında ikisi birbiri ile tamamen iç içe. “Yani Dis Ticaret mi bizim ilişkilerimizi tetikliyor yoksa İlişkiler mi Dis Ticareti etkiliyor? İkisi bence kardes. Yani kol kola yuruyorlar. İhracat bunun bir ayağı ama oraya gittiğinizde oraya yatırım yapmak, oradan ülkeye yatırımcı çekmek, iki ülke arasındaki ticari ilişkileri geliştirmek çok daha geniş bir kapsam.” Şimdi bu çok az ülkede var. Niye bu kadar az ülkede var o da beni şaşırtıyor aslında. Kimisi diyor ki “DEİK’e ne gerek var? Hiçbir ülkede bunun karşı muhatabını bulamıyoruz. “Ben şahsen onun bizim bir artımız olduğunu düşünüyorum.” Amerika’da var benzer kurumlar. “İş yapacağınız zaman bir ülkeye gittiğinizde, o ülkeyle eğer ticari ilişkileriniz iyiye sizin iş yapma imkanınız daha artıyor, kolaylaşıyor. Siz iş yapmayı artırdıkça ülkenin orada tanınırlığını arttırıyorsunuz. Onun tanınırlığı Dis İlişkileri geliştiriyor.” Yani bunları birbirinden ayrı düşünmeye bence imkan yok. Hangisi hangisinden daha öncedir? Tabii geçmişte baktığınızda Dis İlişkiler ne kadar iyiye ticaret de o kadar kolay geliyor. Ama ticareti siz ne kadar çok geliştirebilerseniz o da sizin daha sonraki dis ilişkilerinize o kadar pozitif katkı sağlıyor.

I.S.A.-Chicken and egg gibi bir şey.

B.B.-Aynen öyle. İkisi tamamen iç içe diye düşünüyorum ben.

I.S.A.-DEİK, muadillerinde yok- bilateral counterpart’larında yok dediniz. Bu nerden çıkmış peki? DEİK’in böyle olmasını? Genelde biz alıp kopyalıyoruz. Nasıl bir organik yapı olarak doğmuş? Ne düşünülmüş? Veyahut olmaması birseyi değiştiriyor mu? Karşı tarafta?

B.B.- “Aslında en kökeninde biliyorsunuz yine TUSIAD var. TUSIAD vasıtasıyla tetiklenen bir oluşum.” ve yurtdışındaki ilişkileri geliştirme, kurma amacıyla başlatılan bir oluşum. Benim bilgim dahilinde Amerika’dan bir örnekleme yapılarak, Ozal’dan siz

de bahsettiniz, Onun daha çok Amerika ile ilgili sistemleri transfer etme eğilimi vardı. Amerika'dan alınan, benchmark edilen bir model diye düşünüyorum ben de. Doğru yapılmış, fakat tabii bir süre de sekteye uğradı. Biliyorsunuz bir TUSKON gerceği vardı. Bir süre araya tamamen TUSKON'un girmesi. Mesela ben bir örnek vereyim; Ben Sili IS Konseyi İs Baskaniyim aynı zamanda. Ben yaşadım orada çünkü 1989-1990 larda Sili'de. İki sene üç sene oldu galiba İs Konseyi Başkanlığı yapıyorum. "İlk bir gittik Sayın Cumhurbaşkanı ile Sili'ye, 2016 basıydı galiba. Devlet dairelerini ziyaret ediyoruz. Soruyorlar DEİK nedir diye? "Aa" diyorlar "biz TUSKON'u biliyoruz. TUSKON gelirdi buraya" diyorlar. Çok ciddi bir kopukluk olmuş o aralarda."

I.S.A.-DEİK'in ilk çıkma nedeni, TUSIAD'in, TOBB'un, Odaların, "tek bir body yaratalım, ortak bir resource kullanalım, duplikasyon yapmayalım". Sonra TUSKON cikinca, "nereden çıktı bu? Bizi duplike ediyor." Veyahut ben DEİK'teyken muazzam organizasyonlar yapıyorlar. Biz, kit kanaat, herkes kendi bütçesiyle yapıyor. Bayagi bir DEİK arka plana atılmıştı. Ya duplikasyon yaptı hakikaten ya da DEİK'in olmadığı yerlere girdi? Ne düşünüyorsunuz? Bu Sili örneğinde belli ki, DEİK var mıydı, Sili'de var mıydı mesela?

B.B.-DEİK, TAIK biliyorsunuz Amerika'da. O hep çok kuvvetliydi. Ağır TAIK tarafında vardı. "Onun dışında DEİK'in çok güçlü olmadığı bir çok ülke vardı. Bunların da en basında Afrika geliyordu. Zaten TUSKON'un da en ağırlıklı olduğu yerlerden bir tanesi Afrika'ydı." Dolayısıyla yani DEİK'in olmadığı yahu da çok fazla faal olmadığı yerlerde tahmin ediyorum daha etkin oldular. Bizim Sili'yle ilgili son gittiğimiz toplantıda benim gördüğüm; onlar da öyle bir modele alışık değiller. Senin modeline alışık değiller, "dis ekonomik ilişkiler kurumu ne demek? Niye böyle bir şey var?" Hele hele biz bir de şimdi burada is konseylerimiz var biliyorsunuz. Karşı tarafta da counter-part leri oluşturmaya çalışıyoruz. Yani diyoruz ki "siz de Sili'de mesela bir karşı-kanat is konseyi oluşturun". Anlayamıyorlar bunun tam ne demek olduğunu. Çünkü Sili'de mesela SOFOFA diye bir kurum var. SOFOFA böyle bir TOBB, TUSIAD kapisimi. Oranın tüm is dünyasını içine alan bir çatı kurum gibi. Biz onlara gittik. Dedik ki "bir karşı kurum oluşturalım. Böyle böyle." Bir sene falan uğraştık. Anlatamadık ne demek istediğimizi sonunda biraz kişisel ilişkilerle. Ben hala, çünkü arkadaşlarım, çocukluk arkadaşlarım, çalıştığım zamanlardan kalan, şimdi tabii koca koca adamlar oldular bir sürü büyük firmaların basındalar. Onlardan bir tanesi, çok yakın bir arkadaşım vesile

oldu. SOFOFA'yi da ikna etti. Biraz metazori ile. "Biz orada kurduk. Ama cok da faydalı oldu kurulmasi. Simdi su anda Sili'yle Turkiye arasında mesela, is dunyasını ilgilendiren hangi konu olursa olsun aninda biz bu kanatta, onlar o kanatta, devreye giriyoruz ve butun devlette ilgili kisileri hemen sisteme sokuyoruz, gorusturuyoruz, konusturuyoruz. Yani hakikaten aslında cok guzel isleyebilecek bir model. Fakat karşı taraf cok boyle bir seye aliskin olmadigi icin, bizim iki kat caba sarfetmemiz gerekiyor." Onlara da bunu inandırmak, yaptırmak icin. Bir bastaki sorduğunuz soru yani o çatı model simdi Ozal zamanında da baslamisti. Bu yurtdisi geziler. Ozal yanina is adamlarını alıp gitmeyi... I.S.A.-Hatta o zamanlar cok critize edilmiş. Burokratlarla, is adamları nasıl bir araya gelebilirler? Cikar catismasi olur vesaire diye ama bu elele yürüyen bir model butun dünyada.

B.B.-aynen. Muhteşem bir model. Ozal'in baslattigi o modelde doğal olarak is adamlarını toparlayacak bir çatı kuruma ihtiyac var. Yani hepsini surukleyecek. DEIK aslında orada cok guzel bir gorev ustlenmiş. Su anda da mesela Tayyip Erdogan, Sayin Cumhurbaskaninin yaptığı ziyaretlerde, ben de katildim birkaç tanesine, "DEIK butun altyapıyı hazirliyor. Mesela Cumhurbaskaninin şöyle bir özelliği var; bugune kadar genelde DEIK ziyaretlerinde bir devlet tarafındaki gorusmeler var, bir de is dünyasındaki gorusmeler var. Tayyip Erdogan biraz da karakteri ile alakalı cok da pragmatik olduğu icin bu devlet isleriyle ozel sektörü iyice kaynastiriyor."

I.S.A.-Ortak toplantılar.

B.B.-ben yine Sili ornegini veriyorum. Biz gittik Sili'ye Sili Is Konseyi Baskani olarak ben de oradayim. Bir de DEIK Başkanı var. Kucuk 50 kisilik bir yemek yeniyor. Sili tarafıyla. Oradan da biz isadamlariyla yapacağımız toplantı, foruma gececegiz. Devlet Başkanları katılmıyor oraya. Fakat Tayyip Erdogan "biz niye katılmıyoruz. Biz de gidelim. Oraya daha fazla şey verimiz. Heyecan verimiz" diye birden karar verdi.

I.S.A.-Aslında Tayyip Erdogan'i, Turgut Özal'a bu bakimdan cok benzetiyorlar. Paralel. Degil mi?

B.B.-Cok, anormal benziyorlar. O anlamda muthis. Neyse bize atar topar haber geldi. Dediler ki "baskanlar da katiliyor". Haydi biz koştura koştura onden gittik, konuşma yapılacak yere. Bana dediler ki "sen moderasyonu yap. Ispanyolca". Nasıl olur derken..... Tayyip Erdogan ve Sili Devlet Başkanı geldi. Onlara da iki koltuk koydular, kursunun yanina oturdular. Fakat ne program belli ne birşey... Bana yandan devamla

sufle ediyorlar. Yazı bitti. Cumhurbaşkanına sordular “konuşma yapacak mısınız?” O da Sili devlet başkanına sordu.... neyse fakat çok enteresan bir insan. “Orada geldi, bütün havayı değiştirdi. Bütün devletleri is dünyasını bir araya getirdi. İnanılmaz bir ses getirdi. Basında acayip çıktı. Ve hemen etkilerini de görüyoruz bunların.”

I.S.A.-Ust düzeyin katılmasının ve bu şekilde enerjik bir, katalizör rolü oynaması dolayısıyla...

B.B.-Kesinlikle. DEİK’te nereden başlayacağım. Şimdi yurtdışına gidince suna bir kolaylık getiriyor aslında DEİK. Cumhurbaşkanı gidiyor. Kimi götüreceksin? Kim gelecek? Kim var? İşte Sili, Arjantin, Fransa nereye gidiyorsa, oranın iskonseyi. Is konseyi, zaten o ülkede is yapan insanlardan oluşan bir heyet. Onun yanında da onların bilgi verdiği. Orayla ilgilenebilecek. Is dünyası is insanları. Bu insanların oraya gidip o seyahatte devletten hükümetten oralarda ilişkisi olan insanlarla bir arada, birlikte o ülkede bulunması, o ülkedeki muhattaplarla bir araya gelmesi. “Bundan daha sinerji yaratacak, daha hızlı etki edecek bir model olamaz.” Bence çok güzel işleyen bir model. “Zaman zaman şöyle tepki oluyor. Tamam. “DEİK çok devlete bağlı, kamu. E ama is dünyası da bu kadar devlet kontrolünde mi hareket edecek?” filan. Evet zaten TUSİAD’ın da sıkıntıları oradan oluştu.”

I.S.A.-Hemen burada soracağım. DEİK bu misyonu yerine getiriyordu zaten. Eskiden de. Ahmet de hatırlıyorum bir Hindistan’a gitmişlerdi, bir Japonya’ya gitmişlerdi. Abdullah Gül ile bir tanesinde, bir tanesinde de Tayyip Erdoğan vardı. Bunu yapmıyor muydu zaten? Benim problematize ettiğim konu aslında bir sivil toplum kuruluşunun ekonomi bakanlığına direkt olarak bağlanması bir gerekçesi var mı? Öncesi ve sonrasında? Bunu yapamıyor muydu? Hipotezim de aslında şu “dis ticaret o kadar önemli ki devlet bunu sivil topluma, per se, inorganik bir bağla da olsa bırakmıyor. Tercih ettiği noktada onu kendi altına bağlıyor.” Ama bunun effectiveness ini tartışmak gerekir. Bu model versus daha önceki DEİK’le gidişat. Neden bunu da problematize ediyorum? Çünkü dis misyonlarda görüştüm. Şu anda onlar DEİK’i devlet olarak görüyorlar.

B.B.-Doğru

I.S.A.-Hic akıllarında sivil society oldukları yok bile. Yeni gelenlerin özellikle 1-2 yıldır burada olanların. O çok sasirtici. Diğer taraftan yine duyduklarım; mesela Almanya tarafı bunu hiç kabul edememiş. Onlar “biz devletle deal etmeyiz. Eski DEİK tamam ama bu

DEIK olmaz”. Time will show bu model mi versus daha önceki model mi daha, DEIK’in misyonu açısından önemli ve sustainable?

B.B.-Buna tam, tek bir cevap vermek pek mümkün değil gibi geliyor bana. Soyle değerlendirmekte fayda var belki. Şimdi devletin demin söylediğim gibi, iş dünyasıyla iç içe olması, berabere hareket etmesi kesinlikle bir sinerji yaratıyor. Buna hiç itirazım yok. “Fakat bunun, bütün bir sistemin bir devlet sistemi haline donusturulmesi olarak da algılanmaması lazım. Şimdi bir yere kadar çok ciddi sinerji yaratıyor. Bir yerden sonra “ya bir dakika karşımızdaki bir sivil toplum kuruluşu değil. Devletler biz aslında karşıyayız” oluyor. O yüzden, o dengeyi çok iyi kurmak lazım.” Şimdi ben Cumhurbaşkanının kafasındaki düşüncenin; “Şimdi ben eğer devlet gücünü ortaya koyar, arkama bütün iş dünyasını alır tek bir ses olarak gidersem, ülke açısından çok düzgün ve doğru bir iş yapmış olurum” düşüncesi olduğuna inanıyorum. Kafasındaki düşünce bu. Doğru olan tarafları var. Etkili olduğu çok tarafı var. Bir de parantez açmak lazım orada; her ülke için bu aynı değil.” Mesela bir Afrika ülkesi için bu çok etkili olabilir. Bazı Güney Amerika ülkeleri için çok etkili olabilir. Ama bir Batı ülkesi için çok kabul edilebilir bir yapı olmayabilir. “Şimdi o yüzden buna, ya siyah ya beyaz, diye bakmamak lazım bence. Biraz evrime açık olması gerekiyor bence bunun. Ama bunun da iyi anlatılması lazım. Bugün Türkiye’nin en büyük sıkıntısı zaten kutuplaşma.” Türkiye’nin en büyük sıkıntısı bana göre “dindardı, liberaldi, muhafazakardı” o değil sadece. Türkiye’de insanlar her konuda tartışma anlamında polarize olmuş durumda. Yani “onlar ve biz”, her konuda. “Burada da aynı konu var. ‘DEİK, Cumhurbaşkanı ve Ankara DEİK’i bir devlet teşkilatı haline getirdi. Bu yapılamaz. Reddedilmeli’ filan. Şimdi dur biraz. Tümünden reddetme. Veyahutta efendim ‘DEİK tek başına Türkiye’yi temsil etmeli. Başka kimse birşey...’ Dur ya, sen de o kadar sert olma. Orta yol bulalım.” Ben mesela TUSIAD’ın içindeyim. TUSIAD’ın Ankara ile ilişkileri konusunda da inanılmaz çaba sarfeden bir insanım. “Çünkü TUSIAD, Türkiye’nin bir değer. Ankara Türkiye’yi yönetiyor. Ne demek, bu değerlerin, bu yönetimin bir şekilde ortak paydada buluşması lazım. Anlaşsın, anlaşamazsın o ayrı. Ama bir ortak paydada buluşması lazım.”

I.S.A.-Kurumsallık önemli değil mi?

B.B.-Aynen. Şimdi TUSIAD mesela. Bütün Avrupa’da, Amerika’da, Çin’de, Japonya’da yani aklınıza gelebilecek, daha çok gelişmiş ülkelerde inanılmaz kontaklara, prestije, güce, lobicilik imkanına sahip. Şimdi burada kalkıp karşı tarafta kurumlar yıllardır

tanıyor TUSIAD’i. Hele bu Batı dünyasında DEİK gibi bir kurum kalkıp gittiği zaman, zaten bir kafa kargasası yaratıyor. “DEİK ne yahu? Bunlar da is adımı, onlar da is adımı.” İşte TOBB geliyor. “Onlar da Isadamları” falan. “Bir de DEİK kalkıp iyice böyle bir devlet kamu mantığı ile yaklaştığında, Sanki bir kamu teşkilatı gibi geldiğinde bir anda bir resistance oluşuyor ve donuyor bu tarafları mesela TUSIAD’ın “ya niye biz sizinlen gorsemiyoruz”. Şimdi bu ikiligi yaratmamak lazım.” Bu bence Türkiye’nin kabahati. Yani ben demiyorum, yok işte TOBB’un, TUSIAD’ın yok onun bunun. “Türkiye’nin kabahati. Biz çözemiyoruz kendi icimizde bunu. Çünkü her ülkeye aynı uygulama yapılmamalı bence. DEİK’in de bunu daha iyi yönetmesi lazım. Mesela bir TAIK modeli var. TAIK, DEİK’in içinde de çok özel bir yapıya sahiptir. Şimdi TAIK’in içinde TUSIAD’dan da o kadar çok insan var ki. TAIK’deki yönetimin TUSIAD’ın DEİK’le o dengeleri kurabiliyor olması lazım. Bunun aynısını gidip bir Afrika ülkesinin İS Konseyinden aynısını beklemeyeceksiniz. Veya bir Paraguay, bir Uruguay İS Konseyinden aynısını beklemeyeceksiniz.”

I.S.A.-Yani aslında hem kültürel hem de ekonomik ilişki size inna bağlı olarak diye mi anlamak..

B.B.-Oyle, oyle. Dediğim gibi Türkiye’deki sıkıntı “aman ya DEİK, öyle yapı mı olur?” O kadar yanlış ki bence. Çok başarılı olduğu yerler var. Veyahutta “DEİK, her yerde aynı modellerle yapmalı.” Hayır. yok. İkisi de extremist yaklaşım bence çok yanlış.

I.S.A.-Oyle bir sosyal dünyada yaşamıyoruz.

B.B.-Yasamıyoruz. Her ortama göre bizim bunu. Elimizde DEİK gibi bir imkan var. Bunu olması gerektiği yerlerde doğru kullanalım. “Bazı yerlerde biraz daha başka kurumlarla nasıl berabere hareket edebiliriz. Sinerji yaratabiliriz?” diye düşünelim ama tabii ki bu bugün Türkiye’nin bu polarize ortamında maalesef hep başka yerlere çekilebiliyor. Herkes tarafından.

I.S.A.-Belki bu değişim çok hızlı oldu. DEİK’te bunu beklemiyordu. Ekonomi Bakanlığı’na bağlanmayı. Bir alışma süreci olmadan. Ben de hatta hemen ertesinde Olaganustu Genel Kurul olmuştum. İkinci kez Kanada’ya seçildik. Hepimiz bir saskinlik içerisindeydik. Eskiler de yeniler de katılmıştı. Ne olacak şimdi, nasıl gidecek diye?

B.B.-Yani “keske DEİK gibi kurumlar aslında belki de bakanlıklara bağlı değil de, özel kurumlar olsa. Yine devletle bir ilişkisi olsun, devletle hareket etsin ama bir özerkliği

olsun. Yani yurtdisinda gidildiđi zaman “Siz nereye baglisiniz?” “Direkt Bakanliđa bagliyim” dediđiniz zaman ne oluyor? Sanki bakanlık gelmis gibi oluyor. Dediđim gibi yine, bu, dñnyada da bir cok ulkede yine ise yariyor.” Afrika gibi, Uzakdođu, Asya, Ortadođu gibi bir suru yerde ise yariyor. Belki ona gore bir modelleme yapılması lazim. Ise yaradigi yerlerde öyle kullanalım. Ama daha “civilise” ulkelerde de bunu zorlamannın manası yok. Gerek yok yani.



## A.9 Interview 9

**Date:** 08.01.2019; **Interviewee:** Rona Yircali

**Position:** DEIK Lebanon Business Council President, Head of the Middle East and Gulf Region, DEIK Board Member and Executive Board Member, Former Head of TOBB and Former Head of the Executive Board of DEIK.

I.S.A. Kurumsal olarak Dis Ticaretin Uluslararası Iliskilerde bir rolü olduğunu düşünüyor musunuz? Ne kadar bir rolü var? Aynı şekilde Uluslararası Iliskilerin Dis Ticarete bir rolü var mı? Karsilikli bir etkileşim icindeler mi?

R.Y. Ben Dis Ekonomik Iliskilerde uzun zamandır yer almış durumdayım. Bilhassa kendi isimden dolayı. Bizim grup şirketlerimiz ihracatla uğraşiyor. Üretimimizin yaklaşık yüzde 60-65'i ihracata donuktur. Bunun yanında tabii ben iş hayatına atıldığımdan bu yana bilhassa 1980'li yıllardan sonra dünyada bir globalleşme gördük ve görmeye devam ediyoruz. Türkiye'ye de bu rahmetli Turgut Özal döneminde girmiş. O zaman da kendi içine donuk çalışan, korumacılığı ana konusu yapmış olan bir ekonominin içinde yaşıyorduk. Ama 1980'lerden sonra sizin de yakından bildiğinize göre, Türkiye de ekonomisini dış ticaret ağırlıklı yaptı. Dolayısıyla DEIK'in de kurulması bunun bir parçasıdır. Şimdi böyle olunca şimdi artık görüyoruz ki, o zamandan bu yana "üstünden geçen 30-40 senenin içinde, ekonomik iliskiler, uluslararası iliskilerin içinde önemli bir yer aldı. Ve hatta onu geçti demek çok ileriye donuk bir şey mi olur düşünüyorum." Çünkü artık her yapılan siyasi toplantıda hükümetler, bakanlar, cumhurbaşkanları arasında yapılan toplantıda gündemin önemli bir kısmı ekonomik meseleler oluyor. Ve bugün de görüyoruz ki Amerika ve Çin'in münasebetlerinde, Amerika ve Avrupa Birliği'nin münasebetlerinde, Pasifik'le Amerika münasebetlerinde görüyoruz ki, yapılan ekonomik anlaşmalar veya bu anlaşmaların bozulması siyasi iliskileri direkt olarak etkiliyor. Artık bu kaçınılmaz veya siyasi iliskiler de ekonomik iliskileri etkiliyor diyebiliriz ama "bence ekonomik iliskilerin siyasi iliskiler üzerindeki ağırlığının siyasi-siyasi iliskiler, siyasi-ekonomik iliskilerden daha ağırlıklı olduğunu düşünüyorum ve" bilhassa son bir seneki iliskiler, yapılan anlaşmalar ve bozulan anlaşmalarda ve bunları takip eden siyasi iliskilerin iyileşmesi veya kotulesmesi diyelim bunu göstermekte. NAFTA bunların da bir örneğidir. "Ülkeler birbirleri ile olan ekonomik münasebetleri

kaybetmemek için birçok siyasi haklarından veya avantajlarından vazgeçiyorlar. Bunu da yakından görüyoruz.”

I.S.A. Enteresan bir noktaya parmak bastınız. Ekonomiyi daha ağırlıklı buldunuz. O da benim için çok önemli.

R.Y. Evet önemli. Gittikçe de öyle oluyor ve de her gün gittikçe de örneklerini görüyoruz.

I.S.A. O zaman bunun kurumsal versiyona hemen inelim. NAFTA’ dan bahsettiniz. TPP, bir çok anlaşmalar var. Birçok anlaşmalar yapılıyor. Bunun embodiment’ında da Dünya Ticaret Orgutu var, ITC var. Bizde de DEİK var. Ozal zamanında bahsettiğiniz gibi, Türkiye’nin kapıları açmasıyla ithalattan ihracata yönelmemizde ortaya çıkmış bir kurum. Sizce böyle kurumlara neden ihtiyaç duyuldu? Bunlar bilateral ve individual anlaşmalarla yapılamaz mıydı? Asıl sorum bu kurumların değeri, önemi nedir sizce Dis Ticarete?

R.Y. “Bugün Dis Ticarete en ağırlıklı olan kurum DEİK.” 1983 yılında kurulmuştur. Rahmetli Turgut Ozal, Ali Coskun, Türkiye Odalar ve Borsalar Birliği Baskanıydı ben de Başkan yardımcısıydım o zaman. Bizi çağırdı bir kaç arkadaşlar beraber. Kendisi biliyorsunuz çok dışa donuk bir liderimizdi. Ve o zaman Güney Kore’de, Japonya’da gördüğü bu, ihracatın geliştirilmesi için bu kurumları gördü ve dedi ki biz de böyle birşey kuralım. Çünkü o zamana kadar Türkiye yeni açıldığı için gelen heyetlerin karşılanması, heyetlerin gitmesi bizim ticaret odaları, çok münferit ve bireysel şekilde oluyordu. Herkes birbirinin ayağına basar şekildeydi ve bir organizasyon yoktu. Dolayısıyla DEİK kuruldu ve bu Dis Ekonomik ilişkilerin belli bir merkezden yapılması için kurulmuştur. Bu yalnız bir ihracata donuk bir kuruluş değil. O zamanki misyonumuz bizim, Dis Ekonomik İlişkilerin herseyini, her kısmının üzerinde çalışmak. Biliyorsunuz iş konseyleri ile çalışıyor. Ve bu iş konseyleri vasıtasıyla o ülkeler hakkında bilgi toplamak, o ülkelere bizim hakkımızda bilgi vermek, ekonominin finansmanı, lobi faaliyetlerinin organizasyonu, yabancı, uluslararası yatırımcı çekilmesi, Türk yatırımcıların oralara gitmesinin sağlanması, ticari ilişkilerin geliştirilmesi hatta joint venturların o ülkelerde veya bizim ülkemizde yapılması veya en önemlisi ucuncu ülkelerde yapılması şeklinde; bunun içinde lojistik de var, gümrüklerin organizasyonu var. Yani dis ekonomik ilişkileri bir kur halinde yapıp, ilgilerin bilgisine ve yardımına sunmaktı. Ve o günden bugüne de bu yapılmıştır ve çok faydalı olduğunu düşünüyorum. Dolayısıyla artık bu bireysel birşey veya bazı kurumlara donuk birşey olmasının dışında olmuştur. Ve bugün Dis ekonomik

iliskilerle iliskisi olan butun kuruluslar bunun altındadır. Dolayisiyla bir mesele olduđu zaman bu kanaldan butun bilgiler alınabilir. Daha iyi bir organizasyon olabilir diye dusunuyoruz. Nitekim bugun Cumhurbaskanimiz, veya ilgili bakanlar bir ultikeye gittikleri zaman muhakkak DEIK'in bir organizasyonu da siyasi münasebetlerin yanında olmaktadır. Is konseyimiz ile karsilikli bir ekonomik toplantının yapılması veya oradan onların Cumhurbaskanları, Baskbakanları. Bakanlari geldiği takdirde burada da boyle bir şey yapılması ongorulmektedir. Ekonomik konuların siyasi konulara hakimiyeti veya en azından paralel gitmesi de bunun, o isin bir ornegi oldugunu da ifade etmek isterim.

I.S.A. - Onemli birşey daha söylediniz. DEIK ilk kurulduğunda ayni ayri heyetlerin karsılanması veya cok seslilikten, tek bir cati altında, tek birim kurum olarak ongorulmus. İlk cikma amaçlarından biri bu, en onemlilerinden. Fakat daha sonra ben de DEIK'teyken TUSKON diye baska birşey cikti. Simdi TUSKON, oz zamanlar gazetelerde de yer aldı. "DEIK'i duplike etmiyoruz, baska yerlere gidiyoruz" vs. gibi. Şimdiki TUSKON'a bakarsak TUSKON yok oldu. Fettullah Gulen ile baglantilari cikti. Ama ben de DEIK'teyken cok rahatsız olmuşuk. DEIK sideline edilmisti. Muazzam bütçelerle baska seyler yapıyorlardı. Biz kit kanaat herkes kendi bütçesiyle girip cikiyordu. TUSKON sizce tamamen DEIK'i ortadan kaldırmak, sideline ettirmek amaciyla mi planlanmisti o zamanlar. Tek biryerden gidilecekken neden ikinci bir kuruma ihtiyac duyuldu?

R.Y. Simdi zaman zaman boyle kuruluslar meydana geliyor. "O zaman TUSKON'un bu sekilde birden bire parlaması o zaman is başında olanların destegi ile oldu." Siz de biliyorsunuz ki çalısmalardan dolaya. Biz organize ediyorduk birseyi 15 genlik bir hazırlık yapıyor. Bilhassa büyük ultiyeler icin yapılması şarttır malum ama sonra iki gun kala bir yaz geliyordu bakanlıktan.... "TUSKON bu seyahatte vazifelendirilmiştir diye". Veya boyle olmasa dahi, bizim yaptigimiz organizasyonun icine girerek, konuşmacı olmak, yer almak, vaziyet etmek gibi seyler oluyordu. Bu dogru degildir. "Onlar bir yerde calisiyor biz de onların disinda yerlerle calisiyor." diye cunku 130-140 tane is konseyinin olduđu bir yerde butun konseyler bizim organizasyonumuz icindeydi. Dolayisiyla o tamamen siyasi bir kurulus olarak yapılmistir." Iste bu tip, seyleri , bugun yarin da olabilir. Bir MUSKON çıkabilir. Bunu önlemek icin hatta, onu önlemek icin yapılan bir calismadir. Bugune kadar da basarili olduđu söylemek istiyorum. Bu tip kurulusların cikmaması icin veya "bu tip kurulusların faaliyetlerinin de DEIK altında olmasının ongorulmesi, boyle bir semsiye kurulus olmasının ana fikrinden biridir." O zamanlar

TUSKON yoklu belki ama oncesinde Istanbul Sanayi Odası bir heyetlen giderdi. Kayseri Ticaret Odası bir heyetlen giderdi. Ben hatırlarım o zamanlar aynı ülkeye 15 gün arayla gidildiği. Ve o zamanda karşıt kuruluşlarımız da “15 gün önce İstanbul Ticaret Odası gibi büyük bir kuruluş geldi. Evet Adana Ticaret Odası da büyük ama aynı şeyleri konuşacağız”. Kim kimdir diye. İtalya'da olmuştum mesela. Bir keresinde TUSIAD'ın böyle bir şey oldu. TOBB da aynı şeyi yapardı. Maalesef TUSIAD dahil değil DEİK'e. O bir tabii çok büyük bir eksiklik. Ben İcra Kurulu Başkanıyken çok ricacı oldum, istedim ama kendi yönetimleri yönetim kurulu kararıyla bunu istemediler. O büyük bir eksiklik. “Ama bunun dışında ayrıcalıklara mani olan bir organizasyon olduğunu ifade etmek istiyorum. TUSKON'un da macerası böyle oldu.”

I.S.A. Gelelim Eylül 2014'e çok ani bir kararla, kararnameyle DEİK, Ekonomi Bakanlığının altına bağlandı. Şimdi artık Ekonomi Bakanlığı da yok. Ticaret Bakanlığı oldu. Bu bekleniyor muydu? Böyle bir karar karar vericiler tarafından neden alındı? DEİK'le bir ilişki oldu mu oncesinde? Bu daha iyi bir model olarak mı düşünülüyor de mi yapıldı?

R.Y. İtir Hanım, TOBB Başkanlığı döneminde eski yönetmeliğe göre TOBB Başkanı DEİK'in Başkanı olur idi. Dolayısıyla TOBB Başkanı olunca DEİK'in de Başkanı oldum, Sonra İcra Kurulu Başkanlığı yaptım. Şimdi de İcra Kurulu ve Yönetim Kurulu Üyesi, şimdi bölgeden de sorumlu, Ortadoğu ve Körfez Bölgesinden sorumlu ve Lübnan Başkanlığını da yürütüyorum. “Dolayısıyla bütün safhaları gördüm. Bu şeyin asıl olmasının sebebi, DEİK, bütün kurucu üyelerimizin itirazına rağmen TOBB'un bir subesi haline gelmişti.” Rifat Beyle benim çok görüşmelerim, buna itirazım, bunun bu şekilde yapılmaması. Evet TOBB'un başkanı buranın bir başkanıdır. Tamam ama buranın bir TOBB'un İstanbul subesi halinde olmaması. “Bunun reaksiyon yaratacağı, siyasetler arasında, diğer kurumlar arasında defalarca söylememize rağmen bu şeyden vazgeçilmedi. Şimdi tabii finansmanın çoğunu TOBB yapıyordu. O seneleri hatırlarsınız ve bir nevi kendisinde bunu hak görüyordu. Yönetmelikte de başkanlığı da ona verilmiş zaten. Yönetim Kurulunun seçiminde bir ayrıcalığı var. Bu sürdü gitti. Ama bu reaksiyonlar birikti birikti birikti ve nihayet sizin söylediğiniz şey oldu. Bir gecede başka bir kanunun altına eklenerek bu yapıldı.” Şimdi sonra da bu çok münakaşa oldu. Nicin münakaşa oldu? Dendi ki bu bir kamu kuruluşu oldu. Neden kamu kuruluşu oldu? Bakanlığın altına girdi. Ben aynı kanatta değilim. “Nicin aynı kanaatte değilim? Bu biraz

azinlik kanaati ama. O zamanki işleyişini ve bugünkü işleyişi de bilen bir insan olarak sunu söylüyorum ki, biz o zaman da tam manasıyla bir NGO degildik ki. Niye degildik? Biz gelirimizin cogunu TOBB'dan alırdık. TOBB nedir? Bir resmi kuruluştur. NGO degildir. Kanunla kurulmuştur. Malum kanunla gelirleri vardır, ve mecburi üyelik vardır.”

I.S.A.-Gerci web sitelerinde independent NGO olarak lanse ediyorlar.

R.Y. Ama yani öyle olmadigini biliyoruz. Dolayisiyla biz o zaman da NGO degildik. O zaman da biz Bakanlığa bagliydik. Nicin? TOBB Bakanlığa bagliyli. Biz de TOBB'a bagliydik. Dolayisiyla o fikrin dogru olmadigini söylüyorum. Bir. “İkincisi o zaman 7 kurucusu vardı. Simdi 100 e yakin kurucusu var. E bu mu daha iyiydi? O mu daha iyi? Bakanligin altına girdiği meselesinde Bakanligin buradaki yetkisi yalnız başkanı tayin etme yetkisidir. Tabii bu da çok önemli birseydir ama bunun disinda bir girişimi yoktur. Ama tabii şimdiki, o zamanki Ekonomi Bakanlığı'yla olsun, şimdiki Ticaret Bakanlığı'yla olsun tabii çok yakın bir ilişki icinde calisiyor. O zaman da çok yakın calisiyordu. Biraz evvel ornegini verdik. “Biz yaparken o zamanki Ekonomi Bakanligi gelip de “TUSKON yapacak” derse TUSKON yapıyordu. Veyahut “bu seferkini MUSIAD yapacak” derse o yapıyordu”. Dolayisiyla TUSIAD'in girmemesine gelince, TUSIAD dedi ki “biz NGO'yuz”. Dogru. “NGO olmayan biryerin de altına girersek biz Avrupa'da karsitlarimize karsi”.... Ben onun da tam öyle olduğu zannetiyorum. Cunku MUSIAD da böyle bir kuruluş. O da NGO. Boyle birçok kuruluş sayabiliriz. Onlar burada. Dolayisiyla TUSIAD gibi bir kurulusun disarida kalmasını ben uygun bulmuyorum. Halen de bulmuyorum. Dolayisiyla bu argümanın da “eskiden NGO'ydunuz artık siz NGO degilsiniz” argümaninin da biraz evvel söylediğim TOBB iliskisinden dolaya da dogru olmadığı kanaatindeyim. “Simdi çok daha rahat calisilmakta. Boyle son dakika “suna verdik buna verdik” diye birşey yok. Bir baska kuruluşla mesela MUSIAD'la TOBB'la müşterek isler yapıliyor simdi. Simdi Kenya ziyafeti var. Yahutta Ruhsar Hanimin yapacağı bir Viyana ziyareti. Oradaki teşkilattan, MUSIAD'in teşkilatı varsa, digerlerinin teşkilatı varsa TOBB'un onlardan faydalanılıyor. Brüksel'de olduğu gibi. Amerika'da olduğu gibi. New York Washington'da olduğu gibi. Bence çok sağlıklı gidiyor. Insallah bozulmaz.” Tabii “bunu zaman zaman bozmaya calisanlar oluyor. Eski haline döndürmeye calisanlar oluyor.” Ama bunun ben dogru olduğu kanaatinde degilim. Mesela bir DITIK kurulumumuz var

biliyorsunuz. Bu çok daha etkin hale geldi. Bir 3 senelik boşluk olmuştur onda bu TOBB'la münasebetlerden dolayı.” Şimdi her bölgeyle, 6 bölgemiz var, her bölgeyle ayrı toplantılar yapıyoruz. Cuma günü mesela Avrupa ile yapacağız. Ay sonunda Asya-Pasifik ile yapıyoruz. Oradaki arkadaşları hareketlendiriyoruz, ziyaret ediyoruz, çünkü diasporanın çok önemli bir konu olduğunu,” Türkiye tarafından ihmal edilmiş bir konu olduğunu ve DEİK'in de bunu DITİK vasıtasıyla bunu tekrardan daha kuvvetli ele aldığını bu vesileyle alabildiğini, çünkü kamu idaresini de arkasına alma imkan olduğunu..Bu da ayrıca bu son değişimin bize getirdiği bir avantaj olduğunu ifade etmek istiyorum.”

I.S.A.- Cikan sonuçlardan bir tanesi suydur; DEİK'in bu yapısı bazı ülkelerde ve bazı regionlarda daha çok kabul görür. Bir de karst tarafın ne düşündüğü ile ilgili fikrinizi almak istiyorum. Counter-partlarımız bu konu ile ilgili ne düşünüyorlar? Ama daha gelişmiş olan, sivil toplumun daha onde olduğu pazarlarda DEİK'in ne olursa olsun bir kamu kurumu olarak görülmeye başlandığını, başlanacağını ve bunun bizi bölgelerde sürdürülebilir olmadığı görüşü var. Siz ne dersiniz?

R.Y. “Soyule bir trend var. Bunu kabul etmek lazım. Ülkelerin Odaların şimdi mecburi üyelikten gönüllü üyeliğe geçiyor. İtalya bunun bir örneğidir. Zaten anglo-saxon ülkeleri zaten böyleydi. İspanya buna dondu. Biraz ekonomik zorluklardan dolayı. Mesela Kenya buraya dondu. Dolayısıyla böyle bir trend var.” Mecburi üyelik olmasın. Ama biraz evvel söylediğim gibi, “Londra'da yaptığımız son toplantıda hiç kimse cikip “DEİK böyle, biz bununla münasebette olmak istemiyoruz” diye bir şey olmadı. “Boyle bir şey olabilirsiniz” pek ağırlıklı olmadığını düşünüyorum. Boyle bir durum kaç senedir var. 4 seneyi geçti, 5 sene içinde oluyoruz. Şimdiye kadar hiçkimse “biz sizinle münasebette olmak istemiyoruz. Ancak TUSİAD'la çalışırız. MUSİAD'la çalışırız” diyen şimdiye kadar kimse olmadı. Her yaptığımız toplantıda eskisi gibi münasebetlerimiz gidiyor ki bu Batı ülkelerinde siz örnek verdiniz. Diğer ülkelerde zaten böyle bir şey yok.”

I.S.A. Bir tek ben Almanya örneğini aldım. Almanya'da bir reaksiyon olmuş diye.

R.Y. Reaksiyon oldu ama yaptığımız toplantılarda da “biz böyle bir şey yapmayız” diyen kimse de olmadı. “Çünkü faydalarını da görüyorlar. Çünkü hükümetle olmanın kendine göre de avantajları var olduğunu ifade etmek istiyorum.” Tabii bunun dışında mesela bizden daha çok TIM var mesela. Hatta ihracatçılar olarak biz TIM'i, biliyorsunuz DEİK tamamen gönüllü kuruluş. Masraflarımızı da biz görüyoruz. Mesela TIM öyle değildir.

TOBB öyle değildir. Ever bir şey yapılacaksa, NGO ağırlıklı duruma dönülecekse bence o kurulumlara bakmak lazım önce. Ben bir ihracatçı olarak. Geçen hesap ettik de, su kadar milyon TL TIM'e para veriyorum ve hiç de faydasını, İsmail Başkan kızmasını ama, bana ne bir bilgi gelir, Almanya hakkında, Güney Kore hakkında falan, veyahutta görüşülmesi mevzubahis olan bir ticaretle ilgili bir kanun hakkında bir hazırlık gelir, bir fikir sorulur. Bana hiç böyle bir şey olmadı. Aynı şey TOBB'da da var. TOBB'un Balıkesirli'yiz biz. Balıkesir Sanayi Odasının kurucusuyum ben. O günden bugüne 81 yılında kuruldu. TOBB'un şahsen yarattığım münasebetlerin dışında, hiç bir kanunun, şöyle midir? Söyle mi yapalım? Diye bir şey gelmemiştir. "Dolayısıyla bu seylere daha öncelikle bakmak gerektiğini düşündüğümü, onları NGO yapmak gerektiğini düşündüğümü de burada söylemiş olayım."

## APPENDIX B

In-depth interview questions included the following. They follow the same order to a great extent in each interview, yet the ad-hoc and sensitive nature of the case study required improvisation where deemed necessary. The choice also depended on the current or past position held by the interviewee with regards to DEIK, as well as the interviewee's foreign status.

### B.1 The Link Between International Trade and Foreign Policy

1. Do you think that trade is an indispensable instrument of foreign policy? What do you think? Do you use trade as a part of foreign policy? Or do you use foreign policy as a part of international trade? Would you agree with this statement?
2. Do you agree with the statement that international trade is an important instrument of foreign relations and vice versa, i.e. Is foreign relations an important instrument of trade?
3. Yes, so the first question would be, the title of the thesis goes "the indispensability of trade as an instrument of foreign policy" and I am also going to ask you about "the indispensability of foreign policy for trade", if we start with the first question "do you think that trade is an important tool in foreign policy and if so in what ways?"
4. Uluslararası Ticaret ve Uluslararası İlişkiler. Birbiri ile ilişkili mi? İkisi birbiri içinde bir enstruman olarak kullanılıyor mu? Neden? Ne dersiniz? Böyle bir tanımlama ile agree eder misiniz? **Translation:** International trade and international relations. Are they related? Are they used as an instrument one within each other? Why? What do you think? Would you agree with this description?
5. Abdullah Bey'in olması, yani bir Cumhurbaşkanı'nın olması bu konseylerin, kurulların kurulmasında herhangi bir facilitator rolü oynadı mı? **Translation:** Did the fact that there was a president, Abdullah Bey facilitate the founding of the business councils and boards?
6. Kurumsal olarak Dis Ticaretin Uluslararası İlişkilerde bir rolü olduğunu düşünüyor musunuz? Ne kadar bir rolü var? Aynı şekilde Uluslararası İlişkilerin Dis Ticarete

bir rolü var mı? Karşılıklı bir etkileşim içindeler mi? **Translation:** As a board, do you believe that foreign trade has a role in international relations? How much of a role does it have? In the same way, does international relations have a role in foreign trade? Do they have an interactive relationship?

## **B.2 Opinions on the Rise of Protectionism**

7. And it is very interesting that you also mentioned the emotional reasons why and how trade is used in foreign policy with the raising of tariffs. What do you think about the new protectionism then as a side issue?
8. How do you view the developments towards protectionism in the world now?

## **B.3 The Place of DEIK in Institutionalized Trade**

9. So, what do you think? How important do you think the institutionalized version of trade is? Not just bilateral trade, individual trade? Do we need institutionalized bodies like Business France or DEIK?
10. As a case study I am analyzing DEIK, The Foreign Economic Board of Turkey as regards its role in facilitating foreign relations as an institutionalized organization between Turkey and its counterparts.
11. I will touch upon your dealings in Turkey and in terms of institutionalizing these links with civil society organizations, the point of concern is DEIK, The Foreign Economic Relations Board. Do you know DEIK, have you heard of it? Do you work together? What do you think?
12. Now that you have also touched upon the FDAs, the institutionalized version of trade, which falls under the institutionalized version of it; you work with DEIK and DEIK is one of the first efforts if you don't count TUSIAD per se in the Turkish industrial world towards institutionalization of relations, trade relations with foreign partners through bilateral councils; what do you think about DEIK? How valuable do you think DEIK is for these bilateral relations? Does it matter? Or would you do your trade regardless, if DEIK had never existed? Would it have made a difference?

13. Before you, the ambassador, the consul general, had they talked to you about DEIK?
14. It is important for Turkey; it is important for Istanbul for both bilateral...and maybe one last question: of course, it is done in many different versions. Our interest in DEIK is in the institutionalized version of it. Do you think there is a value added in an institutionalized version of trade, or should we just leave it to B2B business matters? What input do you think there is? Is there a need for DEIK?
15. Siz DEIK de cok aktif rol adiniz. Biraz DEIK den bahseder misiniz? DEIK'i nasıl goruyordunuz? Neden DEIK de gorev adiniz? Bunun, hem ticaret hem uluslararası iliskiler içerisinde DEIK'in rolu neydi sizce? **Translation:** You have had many active roles in DEIK. Would you tell us a bit about DEIK? How do you see DEIK? Why did you work at DEIK? What do you think the role of DEIK was in trade and international relations?
16. Dis Iliskilerde Ticaretin, daha cok Dis Ticaretin bir rolu var mi sizce? Bir enstruman olarak kullanılıyor mu, Dis Iliskiler camiası tarafından? Veyahut tam tersi Dis Iliskilerin Dis Ticarete kullanılması? **Translation:** Do you think that trade, or foreign trade to be precise has a role in international relations? Do you think it is used as an instrument by the foreign trade bodies? Or else is the opposite true?
17. DEIK, muadillerinde yok- bilateral counterpart'larında yok dediniz. Bu nerden cikmis peki? DEIK'in boyle olmasını? Genelde biz alıp kopyalarız. Nasıl bir organic yapı olarak doğmuş? Ne düşünülmuş? Veyahut olmaması birseyi degistiriyor mu? Karşı tarafta? **Translation:** You said that DEIK does not have a bilateral counterpart. How did this situation come about? We usually copy others. How did it come into existence as an organic entity? What was the thought behind it? Or if it didn't exist would anything be different? For your opposite number?
18. Kurumsallik onemli degil mi?  
**Translation:** Institutionalism is important, isn't it?
19. Holland is very much a long-term crucial commercial partner of Turkey and I would like to learn more about to what extent DEIK has been a viable instrument to foster foreign economic relations.

20. O zaman bunun kurumsal versiyona hemen inelim. NAFTA'dan bahsettiniz. TTP, bir çok anlaşmalar var. Bircok anlaşmalar yapiliyor. Bunun embodiment'ında da Dünya Ticaret Orgutu var, ITC var. Bizde de DEIK var. Ozal zamanında bahsettiğiniz gibi, Turkiye'nin kapıları açmasıyla ithalattan ihracata yönelmemizde ortaya cikmis bir kurum. Sizce boyle kurumlara neden ihtiyac duyuldu? Bunlar bilateral ve individual anlasmalarla yapılamaz miydi? Asil sorum bu kurumların degeri, onemi nedir sizce Dis Ticarete? **Translation:** Then let's get on to the institutional version of it. You mentioned NAFTA. In TTP, there are a lot of agreements. A lot of agreements are being made. In its embodiment there is the WTO and ITC. And we have DEIK. As you said, in Ozal's time, it was an organization which was born with Turkey opening its doors and turning from imports to exports. Why do you think there was a need for these kinds of organisations? Couldn't these have been done through bilateral and individual agreements? My main question is, what do you think the importance of these institutions is in foreign trade?

#### **B.4 DEIK vs TUSKON and MUSIAD vs TUSIAD in the Business World**

21. Do you think that DEIK is an important body? Because there are other bodies like TUSIAD or there was TUSKON, or MUSIAD? So how important do you think DEIK is in your bilateral relations?
22. O zamanlar DEIK tek miydi? Yoksa TUSKON var miydi? Yani TUSKON'un cikisiyle nasıl bir paralellik? Daha dogrusu TUSKON neden cikti? **Translation:** Was DEIK alone in those days? Or was TUSKON around? So, is there a parallel with the arrival of TUSKON? More to the point, why was TUSKON founded?
23. Ayni ülkeler de var miydi TUSKON'da? Ya da nasıl bir strateji? Cunku onların argümanı "DEIK'i duplike etmiyoruz. Biz baska ulkelere gidiyoruz." **Translation:** Were the same countries involved with TUSKON? Or what kind of strategy did they have? Because their argument was "We're not duplicating DEIK, we're going to other countries."

24. Peki onlar bu parayı kendileri mi buluyordu yoksa devletten bir katkı var mıydı?

**Translation:** OK then, did they find their own money or did the government make any contribution?

25. Biraz şimdi DEİK'in özeline inerse, DEİK bir sivil toplum kuruluşu. Yaptığı işi yapıyordu ve yaygın bir şekilde yapıyor ve aslında böyle bu kurumun ortaya çıkma nedeni de biraz seksenlerde başlayan ihracata yönelik, Ozal dönemindeki atakla birlikte herkesin bir taraftan heyetler ağırlaması, TOBB'un TUSIAD'ın ayrı ayrı odaların, "bunu bir çatı altında toplayalım, tek sesli olalım ve böyle ilerleyelim" dendiği yazıyor benim bulduğum kaynaklarda ve fakat bundan sonra 2005 senesi itibarıyla ortaya bir de TUSKON ve arada çok critical şeyler donuyor. İşte TUSKON neden var? "TUSKON bizi duplike ediyor". TUSKON biz "DEİK'i duplike etmiyoruz" DEİK üyeleri cebinden para verirken, "rumor has it", TUSKON daha farklı bütçelere çok daha kolay ulaşıyor ve aslında devletten de destek alıyordu. Peki DEİK böyleyken neden ikinci bir kuruluşa gerek duyuldu? Bununla ilgili bir fikriniz var mı? **Translation:** Now if we come on to the specifics of DEİK. DEİK is a civil society organization. It was doing its job and it was doing it extensively and the actual rationale behind this kind of organization's existence was to some extent oriented towards the exports started in the 1980s, everyone hosting foreign boards due to the initiative in Ozal's time, In the sources I found, it was written that TOBB and TUSIAD and other separate associations had said "Let's bring this under one roof, be as one voice and continue that way." However, after that from 2005, TUSKON appeared and there were very critical things among them. So why does TUSKON exist? "TUSKON is duplicating us." TUSKON says "we're not duplicating DEİK". While DEİK members paid out of their own pockets, "rumor has it" that TUSKON could get hold of different budgets more easily and it was supported by the government. So, while DEİK was this way, why was a second organization needed? Do you have any idea?

26. Yine TUSKON'a o zaman geri doneceğim. Biz DEİK'teyken, DEİK'in yapamadığı şeyleri, Aslında DEİK'in yaptığı şeylerin de duplikasyonunu da yaptığı, ve bütçeleri daha rahat elde ettiği konuşuluyordu. Onların da "public declaration"ları arasında aslında DEİK'i duplike etmedikleri, DEİK'in gitmediği alanlara gittikleri gibi bir savunuları vardı. Bu DEİK'in ilk kurulduğu zamanlarda

cikmasinin nedeni aslında TUSIAD'ın Odalar Birliğinin vesaire ayrı ayrı heyetleri karsılamaşının önüne geçilmesi ve bütün bunlarda tek seslilik yaratılması olduğunu buldum, gordum. Durum böyleyken TUSKON gibi yepyeni bambaşka birşey çıktı ve çok benzer DEİK'le. TUSKON sizce gerçekten DEİK'in gitmediği yerlere mi gidiyordu? **Translation:** So, to get back to TUSKON. When we were at DEİK, it was said that it did the things that DEİK was incapable of doing. Actually, that they were duplicating the things that DEİK did and that they could get hold of the budgets more easily, in their public declarations they maintained that they didn't duplicate DEİK and that they were going to different places. I found that the reason why this came up when DEİK was first founded was actually to prevent TUSIAD's chambers of commerce (Is this right? Editor) from welcoming other boards and for there to be a united voice. While the situation was like this, a brand new and different organization like TUSKON was launched and it was very similar to DEİK. Do you think that TUSKON was really going to places where DEİK wasn't going?

27. Sey benzerliğine de değindim ben. TUSIAD'dan sonra bir de MUSIAD çıktı. Farklı kitleler. Daha ideolojik olarak TUSIAD'dan ayrı. Daha neoliberal olmayan başka bir kitlenin kurduğu birşey mi? MUSIAD veya TUSKON sizce? **Translation:** I also touched on the resemblance. After TUSIAD, there was also MUSIAD. Different groups. Different from TUSIAD ideologically. Is it something that a more non-neoliberal group founded? MUSIAD or TUSKON?

28. DEİK'in ilk çıkma nedeni, TUSIAD'ın, TOBB'un, Odaların, "tek bir body yaratalım, ortak bir resource kullanalım, duplikasyon yapmayalım". Sonra TUSKON cikinca, "nereden çıktı bu? Bizi duplike ediyor." Veyahut ben DEİK'teyken muazzam organizasyonlar yapıyorlar. Biz, kit kanaat, herkes kendi bütçesiyle yapıyor. Bayagi bir DEİK arka plana atılmısti. Ya duplikasyon yaptı hakikaten ya da DEİK'in olmadığı yerlere girdi? Ne düşünuyorsunuz? Bu Sili orneğinde belli ki, DEİK var mıydi, Sili'de var mıydi mesela? **Translation:** The first reason given for the foundation of DEİK was that TUSIAD, TOBB and the other bodies "were created as one body and were using similar resources and duplication." Then TUSKON appeared, "where did they come from? They are duplicating us." Or while I was in DEİK they are building exquisite organizations. We, on a very low budget, everyone does it on their own budget. A banal DEİK

was thrown into the background. Either they really duplicated them, or they got into the places where DEIK didn't go? What do you think? In the example of Chile, was DEIK there? Were they in Chile, for instance?

29. Onemli birsey daha soylediniz. DEIK ilk kurulduğunda ayni ayri heyetlerin karsilanmasi veya cok seslilikten, tek bir cati altında, tek birim kurum olarak ongorulmus. Ilk cikma amaçlarından biri bu, en onemlilerinden. Fakat daha sonra ben de DEIK'teyken TUSKON diye baska birsey cikti. Simdi TUSKON, o zamanlar gazetelerde de yer aldi. "DEIK'i duplike etmiyoruz, baska yerlere gidiyoruz" vs. gibi. Simdiki TUSKON'a bakarsak TUSKON yok oldu. Fettullah Gulen ile baglantilari cikti. Ama ben de DEIK'teyken cok rahatsız olmustuk. DEIK sideline edilmisti. Muazzam bütçelerle baska seyler yapıyorlardi. Biz kit kanaat herkes kendi bütçesiyle girip cikiyordu. TUSKON sizce tamamen DEIK'i ortadan kaldirmak, sideline ettirmek amaciyla mi planlanmistti o zamanlar. Tek biryerden gidilecekken neden ikinci bir kuruma ihtiyac duyuldu? **Translation:** You talked about something else that's important. When DEIK was first founded, it was foreseen that it would welcome the same but separate boards or that it would, rather than having different voices be united as one voice and one organization. This is one of the reasons why it was founded, one of the most important. But later on, while I was at DEIK, another body named TUSKON appeared. Back then, TUSKON was in the newspapers. "We're not duplicating DEIK, we're going to other places." etc. If we look at TUSKON now, it has disappeared. They were discovered to be associated with Fettullah Gulen. But I was also very uncomfortable with DEIK. DEIK was sidelined. They were doing different things on amazing budgets. Us on a low budget, everyone was coming and going on their own budgets. Do you think that, back then, TUSKON planned to get rid of, sideline DEIK? When they were working as one organization, why was another organization needed?

## B.5 Evaluation of the New Status of DEIK - The Reasons Why

30. What do you think about the new status of DEIK? And how can you compare the pre-DEIK and post-DEIK? Has it made any difference? Or are you comfortable working with a pseudo-governmental civil society organization versus a civil society organization per se? Very tough question?
31. Do you think it (DEIK) is (more in line with government policies)? Would you expect it to be? Are you happy with this new status of DEIK, to be more precise? Now before it was under TOBB. TOBB was also half government half not, but when it was initially formed, I do not know if you know it but Sabanci, Sakip Sabanci, who proposed it to Ozal, refused to be part of DEIK afterwards, when Ozal proposed that it be under TOBB. Now that is completely reversed. It is placed directly under the Ministry of Economy. Before, it was indirectly related to the ministry. Do you think it is a hindrance or it is an enabler? Before you had supposedly a civil society organization even though TOBB's association with the government made it not organic but indirectly so.
32. Evet bu hem facilitator hem de spillover effect yapıyor Dis Iliskiler'de sanirim. Bir yerde baslayan diger yerlere de yayiliyor. Arada pozitif olabilir. Peki gelelim 2014'e. Eylul'de bir kararname cikti ve bir gecede DEIK Ekonomi Bakanligi'na bağlandı. Bu neydi? Nicin yapıldı? Neyi degistirmek istendi? **Translation:** Yes, this has both a facilitator and a spillover effect. In foreign affairs I believe. What starts in one place spreads elsewhere. It can be positive sometimes. Now let's turn to 2014. In September, the executive order was released and overnight DEIK was tied to the Ministry of Economy. What was that? Why was it done? What was meant to be changed?
33. Neden boyle birseye ihtiyac duyuldu? Cunku TUSIAD, ilk DEIK kurulmaya karar verildiginde "Founding Association" lardan bir tanesi ve bunu tek basımıza biz yapmayalım. TOBB yapmasın, başkaları karisik. DEIK diye ortak br seyimiz olsun. Bu heyetleri, isadamlarini disari acma, onları getirmeyi ortak DEIK üstünden yapalım diye cikmisti. TUSIAD sonra niye boyle birseye ihtiyac duydu? **Translation:** Why was such a thing needed? Because when the foundation of DEIK was decided, one of the founding associations, and let's not do this alone.

TOBB wasn't to do it, the others were mixed up. Let's have something in common like DEIK. These bodies appeared with the idea of having contacts for business abroad and to bring them back through DEIK. Why did TUSIAD require something like this later?

34. Hala aslında İngiltere'nin buradaki konsolosunun title'i Council General ve Trade Commissioner veya Avusturalya'nın disisleri bakanının adı "Trade Commissioner" değil mi? Bu da yalnız o devletin kendi içinde, devletin bunu sahiplenmiş olması. Bizim case'imizde ise Türkiye case'inde ve DEIK case'inde, devlet gidip bir sivil toplum kuruluşunu kendi bünyesine katıyor. Niye buna ihtiyaç duydu? Yani devlet kendi içinde bunu yapamaz mıydı? **Translation:** Isn't the title of the British Consul General and Trade Commissioner still the same or the name of the Australian Foreign Minister "Trade Commissioner"? This is only that those governments claim the title. In our case, in Turkey's case and in DEIK's case, the government goes ahead and puts civil organizations in its system. Why was this needed? I mean, couldn't the government have done this itself?
35. Biz sizinle Kanada'da birlikteydik. Kanada Yürütme Kurulu Baskaniydiniz. O dönemle karsilastirdiginizda. Aslında Eylül'de gelen bu degisikligi bekliyor muydunuz? **Translation:** We were together in Canada. You were the chairman of the executive board. (Is this right? Editor) When we compare it to that era, were you expecting this change that happened in September?
36. Gelelim Eylül 2014'e çok ani bir kararla, kararnameyle DEIK, Ekonomi Bakanliginin altına bağlandı. Şimdi artık Ekonomi Bakanligi da yok. Ticaret Bakanligi oldu. Bu bekleniyor muydu? Boyle bir karar karar vericiler tarafından neden alındı? DEIK'le bir istişare oldu mu oncesinde? Bu daha iyi bir model olarak mi dusunuldu de mi yapıldı? **Translation:** Now let's talk about September 2014 and the very suddenly decided executive order for DEIK to be put under the Ministry of Economy. Now there is no Ministry of Economy. It's become the Ministry of Trade. Was this expected? Why was this decision made? Did they consult DEIK? Was it thought to be a better model?

## B.6 Evaluation of the New Status-What has Changed? Perceptions

37. Now that you also mentioned DEIK's association with the government, would you expect DEIK which was built as a civil society organization away from the government to be more in line with government policies now that it is under the Ministry of Economy?
38. That's interesting that you classify DEIK as a part of the government, which is a fact. Yes, how do you see it?
39. It is very interesting for me to listen to how you view DEIK, what it is intended to be, how you see it. So, looking back before 2014 September and after that, even though you have not had much experience, DEIK was supposedly a non-governmental organization until then. It has become a governmental one. Do you see any pros and cons between the two? Which one suits you better? Or?
40. Peki 2014'den sonra siz bir donem daha devam ettiniz. Oncesi ile karsilastirabilir misiniz? Birsey degistigi mi Ekonomi Bakanligi'na baglanmasi ile? **Translation:** Well, you continued one more term after 2014. Can you compare it with what was happening before? Did anything change with it being tied to the Ministry of Economy?
41. Siz neden sonra ayrildiniz DEIK'den? **Translation:** Why did you quit DEIK later?
42. "Dis Iliskiler" de cok onemli. "Sivil Toplum" da cok onemli. DEIK gibi bir sivil toplum aslinda devletten bagimsiz olarak kurulmuş, kurulmasi istenmiş. Buna ragmen yine de TOBB'un altında oluşmuş bir, gene o zamanlara da donersek, yari sivil toplum kurulusu diyebileceğimiz bir...Nasil karsiliyorsunuz? Gecmisle bugunu karsilastirdiginizda eski DEIK mi, bugünkü DEIK mi daha iyi, neye gore daha iyi? **Translation:** "Foreign Relations" are also very important. "Civil organizations" are also very important. A civil organization like DEIK was actually founded independently of the government. Even so, it was still created under TOBB, if we returned to those times, we could call it a semi-civil organization. How do you perceive this? When you compare yesterday to today, is the old DEIK or today's DEIK better, better in comparison to what?

43. Sonra çok şey değişti. Konsey Başkanları değişti. Hatta TUSIAD ayrıldı DEİK'ten. Bu neden oldu? **Translation:** Later, a lot of things changed. The heads of the councils changed. Even TUSIAD broke up from DEİK. Why did this happen?
44. Konsey Başkanlarında da çok istifa eden oldu. Ben de o zamanlar DEİK üyesiydim. Artık ben de değilim. Benim gibi bir çok arkadaşım da artık yok. Siz de istifa ettiniz mi? Devam ediyor mu DEİK üyeliğiniz? **Translation:** There were a lot of heads of councils who quit. Back then I was also a member of DEİK. I'm not anymore. Like me, a lot of my friends are also no longer there. Did you also quit? Are you still a member of DEİK?
45. Şimdi tabii bir konseyler büyüdü. Takip ediyor musunuz bilmiyorum. Arttı, konsey sayıları arttı. "Membership"ler önce bir azaldı. Sonra. Ekonomi Bakanlığına bağlanmadı. Şimdi Ticaret Bakanlığı oldu Ekonomi Bakanlığı da. Gelecekte nasıl bir şey çiziyorsunuz? Yani DEİK bu haliyle devam eder mi? DEİK'te herhangi bir şekilde? **Translation:** Now of course these councils have grown. I don't know if you are aware. The number of councils has grown. The "membership" first went down. Then it got tied to the Ministry of Economy. Now the Ministry of Economy has become the Ministry of Trade. How do you envisage the future? Do you think that DEİK will continue in this way?
46. DEİK bu misyonu yerine getiriyordu zaten. Eskiden de. Ahmet de hatırlıyorum bir Hindistan'a gitmişlerdi, bir Japonya'ya gitmişlerdi. Abdullah Gül ile bir tanesinde, bir tanesinde de Tayyip Erdoğan vardı. Bunu yapmıyor muydu zaten? Benim problematize ettiğim konu aslında bir sivil toplum kuruluşunun ekonomi bakanlığına direkt olarak bağlanmasının bir gerekçesi var mı? Öncesi ve sonrasında? Bunu yapamıyor muydu? Hipotezim de aslında şu "dis ticaret o kadar önemli ki devlet bunu sivil topluma, per se, inorganik bir bağla da olsa bırakmıyor. Tercih ettiği noktada onu kendi altına bağlıyor." Ama bunun effectiveness ini tartışmak gerekir. Bu model versus daha önceki DEİK'le gidişat. Neden bunu da problematize ediyorum? Çünkü dis misyonlarda gördüm. Şu anda onlar DEİK'i devlet olarak görüyorlar. **Translation:** DEİK was already carrying out this mission anyway. In the past as well. I remember Ahmet too; they went to India and to Japan. One was in Abdullah Gül's time and one was in Tayyip Erdoğan's. Was that

not being done already? What I think is the actual problem is that why a civil organization was directly connected to the Ministry of Economy? Before and afterwards? Was it not able to do this? My hypothesis is actually “trade is so important that the government does not leave it to a civil organization, even with an inorganic connection. When they want to, they take it under their own wing.” But the effectiveness of this is debatable. This model versus that of the past version of DEIK. Why do I find this problematic? Because I have spoken to overseas missions. At the moment, they see DEIK as the government.

47. Hic akıllarında civil society oldukları yok bile. Yeni gelenlerin özellikle. 1-2 yıldır burada olanların. O çok şaşırtıcı. Diğer taraftan yine duyduğlarım; mesela Almanya tarafı bunu hiç kabul edememiş. Onlar “biz devletle deal etmeyiz. Eski DEIK tamam ama bu DEIK olmaz”. Time will show bu model mi versus daha önceki model mi daha, DEIK’in misyonu açısından önemli ve sustainable? **Translation:** Being a civil society is not even on their mind. The newcomers, especially the ones who have been here for one or two years. This is very surprising. On the other hand, again from what I heard: for example, the German side could never accept this. They said “we don’t make deals with the government. The old DEIK was OK, but not this DEIK.” Time will tell if this model is better to the one before, Is DEIK’s mission important and sustainable?

48. Belki bu değişim çok hızlı oldu. DEIK’te bunu beklemiyordu. Ekonomi Bakanlığı’na bağlanmayı. Bir alışma süreci olmadan. Ben de hatta hemen ertesinde Olağanüstü Genel Kurul olmuştuk. İkinci kez Kanada’ya seçilmistik. Hepimiz bir sakinlik içerisindeydik. Eskiler de yeniler de katılmıştık. Ne olacak şimdi, nasıl gidecek diye? **Translation:** Maybe this change was too fast. DEIK wasn’t expecting it either. To become part of the Ministry of Economy. There was no time for familiarization. Even right afterwards, there was the extraordinary general assembly. It was the second time we were chosen for Canada. We were all surprised. The old and the new ones were there. To see what was going to happen, how it was going to go.

49. Çıkan sonuçlardan bir tanesi suydü; DEIK’in bu yapısı bazı ülkelerde ve bazı regionlarda daha çok kabul görür. Bir de karst tarafın ne düşündüğü ile ilgili fikrinizi almak istiyorum. Counter-partlarımız bu konu ile ilgili ne düşünüyorlar?

Ama daha gelişmiş olan, sivil toplumun daha onde olduğu pazarlarda DEIK'in ne olursa olsun bir kamu kurumu olarak görülmeye baslandigini, baslanacagini ve bunun bizi bölgelerde surdurulebilir olmadigi gorusu var. Siz ne dersiniz?

**Translation:** One of the resolutions was this: this version of DEIK, in some countries and in some regions was accepted more. I would also like to hear what you think of what the opposite side thinks. What did our counterparts think on this subject? But there is an idea that in the markets with more advanced civil organizations, DEIK was beginning to be seen and would be seen whatever happened as a civil organization and that this would make us less sustainable in different areas. What do you think of this?

## **B.7 Country Specific Relations with Turkey**

50. When you consider Canada-Turkey relations in trade, where do you put these relations? Can you compare it to any other country, or have you seen progress, deterioration?
51. Up until you, that was the case for Turkey and now it is different. Do you know why they have made this move? (change from trade commissioner to consul general)
52. Even though I said that was the last question. How do you see the trade relations between Australia and Turkey on a specific note?
53. Neden sizce? (Bence biz eski Turki ilkeleri yani eski Rus ülkelerini Azerbaycan filan, o belgeleri biz onları kaybettik?) **Translation:** Why, do you think? (I think we lost all the documentation on old Turkish principles, like ex-Soviet states, Azerbaijan and places like that).
54. Bazi eskiler de devam etti. Bu bazı ülkeler açısından kamunun daha merkezi olduğu ülkelerde iyi dediniz ama bazı ülkelerde değil. Örneğin Amerika, yani Kanada'yi biliyordunuz. Kanada'da bu nasıl karşılandı? **Translation:** Some old ones continued. You said that, in the case of some countries, where society is more central, it's good but in other countries it isn't. For example, you knew America, therefore Canada. How was this perceived in Canada?

55. 2014 sonrasında muhattaplarımız karşı taraftaki misyonlardaki yabancılar bunu nasıl karşıladılar? Onlarla da interview yaptım çünkü. DEİK'in Ekonomi Bakanlığı'na bağlanması, yeni statusu, değişiklikler, karşı tarafta. **Translation:** After 2014, how did our business partners, the foreigners from the overseas missions, perceive this? Because I also interviewed them. DEİK's connecting to the Ministry of Economy, its new status, the changes, from the other point of view.

### **B.8 Inner workings of DEİK**

56. They (DEİK) are so busy, don't you think?

57. How many times a year do you think you meet with them? Do you have regularly scheduled meetings? Is it ad hoc?

58. Bu TOBB'un bürokrasisinden mi kaynaklanıyordu? **Translation:** Did this stem from TOBB's bureaucracy?

59. TOBB'daki bu bürokrasi uzatıyordu dediniz. Ondan sonra herhangi bir cabuklaşma veya iyileşme gördünüz mü Ekonomi Bakanligina bağlanması sonrası? **Translation:** You said that TOBB's bureaucracy was elongating the process. After that, did you notice any speeding up or ameliorating after it was tied to the Ministry of Economy?

## APPENDIX C

### C.1 Table - Turkey's Foreign Trade by Years 1923-1972

| Yıllara göre dış ticaret, 1923-2017<br>Foreign trade by years, 1923-2017 |                    |                          |                    |                          |   |  | (Değer: Bin ABD \$ / Value: Thousand US \$)   |
|--|--------------------|--------------------------|--------------------|--------------------------|---|--|---|
| Yıllar<br>Years  | İhracat<br>Exports |                          | İthalat<br>Imports |                          | Dış ticaret<br>dengesi<br>Balance of<br>foreign trade | Dış ticaret<br>hacmi<br>Volume of<br>foreign trade | İhracatın<br>ithalatı<br>karşılama<br>oranı<br>Proportion of<br>imports covered<br>by exports |
|  | Değer<br>Value     | Değişim<br>Change<br>(%) | Değer<br>Value     | Değişim<br>Change<br>(%) | Değer<br>Value  | Değer<br>Value                                     | (%)   |
| 1923   | 50 790             |                          | 86 872             |                          | -36 082   | 137 662  | 58.5  |
| 1924   | 82 435             | 62.3                     | 100 462            | 15.6                     | -18 027   | 182 897  | 82.1  |
| 1925   | 102 700            | 24.6                     | 128 953            | 28.4                     | -26 253   | 231 653  | 79.6  |
| 1926   | 96 437             | -6.1                     | 121 411            | -5.8                     | -24 974   | 217 848  | 79.4  |
| 1927   | 80 749             | -16.3                    | 107 752            | -11.3                    | -27 003   | 188 501  | 74.9  |
| 1928   | 88 278             | 9.3                      | 113 710            | 5.5                      | -25 432   | 201 988  | 77.6  |
| 1929   | 74 827             | -15.2                    | 123 558            | 8.7                      | -48 731   | 198 385  | 60.6  |
| 1930   | 71 380             | -4.6                     | 69 540             | -43.7                    | 1 840   | 140 920  | 102.6   |
| 1931   | 60 226             | -15.6                    | 59 935             | -13.8                    | 291   | 120 161  | 100.5   |
| 1932   | 47 972             | -20.3                    | 40 718             | -32.1                    | 7 254   | 88 690   | 117.8   |
| 1933   | 58 065             | 21.0                     | 45 091             | 10.7                     | 12 974  | 103 156  | 128.8   |
| 1934   | 73 007             | 25.7                     | 68 761             | 52.5                     | 4 246   | 141 768  | 106.2   |
| 1935   | 76 232             | 4.4                      | 70 635             | 2.7                      | 5 597   | 146 867  | 107.9   |
| 1936   | 93 670             | 22.9                     | 73 619             | 4.2                      | 20 051  | 167 289  | 127.2   |
| 1937   | 109 225            | 16.6                     | 90 540             | 23.0                     | 18 685  | 199 765  | 120.6   |
| 1938   | 115 019            | 5.3                      | 118 899            | 31.3                     | -3 880  | 233 918  | 96.7  |
| 1939   | 99 647             | -13.4                    | 92 498             | -22.2                    | 7 149   | 192 145  | 107.7   |
| 1940   | 80 904             | -18.8                    | 50 035             | -45.9                    | 30 869  | 130 939  | 161.7   |
| 1941   | 91 056             | 12.5                     | 55 349             | 10.6                     | 35 707  | 146 405  | 164.5   |
| 1942   | 126 115            | 38.5                     | 112 879            | 103.9                    | 13 236  | 238 994  | 111.7   |
| 1943   | 196 734            | 56.0                     | 155 340            | 37.6                     | 41 394  | 352 074  | 126.6   |
| 1944   | 177 952            | -9.5                     | 126 230            | -18.7                    | 51 722  | 304 182  | 141.0   |
| 1945   | 168 264            | -5.4                     | 96 969             | -23.2                    | 71 295  | 265 233  | 173.5   |
| 1946   | 214 580            | 27.5                     | 118 889            | 22.6                     | 95 691  | 333 469  | 180.5   |
| 1947   | 223 301            | 4.1                      | 244 644            | 105.8                    | -21 343   | 467 945  | 91.3  |
| 1948   | 196 799            | -11.9                    | 275 053            | 12.4                     | -78 254   | 471 852  | 71.5  |
| 1949   | 247 825            | 25.9                     | 290 220            | 5.5                      | -42 395   | 538 045  | 85.4  |
| 1950   | 263 424            | 6.3                      | 285 064            | -1.6                     | -22 240   | 549 088  | 92.2  |
| 1951   | 314 082            | 19.2                     | 402 086            | 40.8                     | -88 004   | 716 168  | 78.1  |
| 1952   | 362 914            | 15.5                     | 555 920            | 38.3                     | -193 006  | 918 834  | 65.3  |
| 1953   | 396 061            | 9.1                      | 532 533            | -4.2                     | -136 472  | 928 594  | 74.4  |
| 1954   | 334 924            | -15.4                    | 478 359            | -10.2                    | -143 435  | 813 283  | 70.0  |
| 1955   | 313 346            | -6.4                     | 497 637            | 4.0                      | -184 291  | 810 983  | 63.0  |
| 1956   | 304 990            | -2.7                     | 407 340            | -18.1                    | -102 350  | 712 330  | 74.9  |
| 1957   | 345 217            | 13.2                     | 397 125            | -2.5                     | -51 908   | 742 342  | 86.9  |
| 1958   | 247 271            | -28.4                    | 315 098            | -20.7                    | -67 827   | 562 369  | 78.5  |
| 1959   | 353 799            | 43.1                     | 469 982            | 49.2                     | -116 183  | 823 781  | 75.3  |
| 1960   | 320 731            | -9.3                     | 468 186            | -0.4                     | -147 455  | 788 917  | 68.5  |
| 1961   | 346 740            | 8.1                      | 507 205            | 8.3                      | -160 465  | 853 945  | 68.4  |
| 1962   | 381 197            | 9.9                      | 619 447            | 22.1                     | -238 250  | 1 000 644  | 61.5  |
| 1963   | 368 087            | -3.4                     | 687 616            | 11.0                     | -319 529  | 1 055 703  | 53.5  |
| 1964   | 410 771            | 11.6                     | 537 229            | -21.9                    | -126 458  | 948 000  | 76.5  |
| 1965   | 463 738            | 12.9                     | 571 953            | 6.5                      | -108 215  | 1 035 691  | 81.1  |
| 1966   | 490 508            | 5.8                      | 718 269            | 25.6                     | -227 761  | 1 208 777  | 68.3  |
| 1967   | 522 334            | 6.5                      | 684 669            | -4.7                     | -162 335  | 1 207 003  | 76.3  |
| 1968   | 496 419            | -5.0                     | 763 659            | 11.5                     | -267 240  | 1 260 078  | 65.0  |
| 1969   | 536 834            | 8.1                      | 801 236            | 4.9                      | -264 403  | 1 338 070  | 67.0  |
| 1970   | 588 476            | 9.6                      | 947 604            | 18.3                     | -359 128  | 1 536 081  | 62.1  |
| 1971   | 676 602            | 15.0                     | 1 170 840          | 23.6                     | -494 239  | 1 847 442  | 57.8  |
| 1972   | 884 969            | 30.8                     | 1 562 550          | 33.5                     | -677 581  | 2 447 519  | 56.6  |

Source: TUIK-Turkish Statistical Institute

<http://www.turkstat.gov.tr/UstMenu.do?metod=temelist>

C.2 Table - Turkey's Foreign Trade by Years 1973-2017

| Yıllara göre dış ticaret, 1923-2017<br>Foreign trade by years, 1923-2017 |                    |                       |                    |                       |   |  |   |
|--|--------------------|-----------------------|--------------------|-----------------------|---|--|---|
| Bin ABD \$ / Value: Thousand US \$)                                      |                    |                       |                    |                       |   |  |   |
| Yıllar<br>Years  | İhracat<br>Exports |                       | İthalat<br>Imports |                       | Dış ticaret<br>dengesi<br>Balance of<br>foreign trade | Dış ticaret<br>hacmi<br>Volume of<br>foreign trade | İhracatın<br>İthalatı<br>karşılığı<br>oranı<br>Proportion of<br>Exports covered<br>by exports |
|  | Değer<br>Value     | Değişim<br>Change (%) | Değer<br>Value     | Değişim<br>Change (%) | Değer<br>Value  | Değer<br>Value                                     | (%)   |
|  |                    |                       |                    |                       |   |  |   |
| 1973   | 1 317 083          | 48.8                  | 2 086 216          | 33.5                  | - 769 133   | 3 403 299  | 63.1  |
| 1974   | 1 532 182          | 16.3                  | 3 777 501          | 81.1                  | -2 245 319  | 5 309 683  | 40.6  |
| 1975   | 1 401 075          | -8.6                  | 4 738 558          | 25.4                  | -3 337 483  | 6 139 633  | 29.6  |
| 1976   | 1 960 214          | 39.9                  | 5 128 647          | 8.2                   | -3 168 433  | 7 088 862  | 38.2  |
| 1977   | 1 753 026          | -10.8                 | 5 796 278          | 13.0                  | -4 043 252  | 7 549 304  | 30.2  |
| 1978   | 2 288 163          | 30.5                  | 4 599 025          | -20.7                 | -2 310 862  | 6 887 187  | 49.8  |
| 1979   | 2 261 195          | -1.2                  | 5 069 432          | 10.2                  | -2 808 236  | 7 330 627  | 44.6  |
| 1980   | 2 910 122          | 28.7                  | 7 909 364          | 56.0                  | -4 999 242  | 10 819 486   | 36.8  |
| 1981   | 4 702 934          | 61.6                  | 8 933 374          | 12.9                  | -4 230 439  | 13 636 308   | 52.6  |
| 1982   | 5 745 973          | 22.2                  | 8 842 665          | -1.0                  | -3 096 692  | 14 588 639   | 65.0  |
| 1983   | 5 727 834          | -0.3                  | 9 235 002          | 4.4                   | -3 507 168  | 14 962 836   | 62.0  |
| 1984   | 7 133 604          | 24.5                  | 10 757 032         | 16.5                  | -3 623 429  | 17 890 636   | 66.3  |
| 1985   | 7 958 010          | 11.6                  | 11 343 376         | 5.5                   | -3 385 367  | 19 301 386   | 70.2  |
| 1986   | 7 456 726          | -6.3                  | 11 104 771         | -2.1                  | -3 648 046  | 18 561 497   | 67.1  |
| 1987   | 10 190 049         | 36.7                  | 14 157 807         | 27.5                  | -3 967 757  | 24 347 856   | 72.0  |
| 1988   | 11 662 024         | 14.4                  | 14 335 398         | 1.3                   | -2 673 374  | 25 997 422   | 81.4  |
| 1989   | 11 624 692         | -0.3                  | 15 792 143         | 10.2                  | -4 167 451  | 27 416 835   | 73.6  |
| 1990   | 12 959 288         | 11.5                  | 22 302 126         | 41.2                  | -9 342 838  | 35 261 413   | 58.1  |
| 1991   | 13 593 462         | 4.9                   | 21 047 014         | -5.6                  | -7 453 552  | 34 640 476   | 64.6  |
| 1992   | 14 714 629         | 8.2                   | 22 871 055         | 8.7                   | -8 156 426  | 37 585 684   | 64.3  |
| 1993   | 15 345 067         | 4.3                   | 29 428 370         | 28.7                  | -14 083 303   | 44 773 436   | 52.1  |
| 1994   | 18 105 872         | 18.0                  | 23 270 019         | -20.9                 | -5 164 147  | 41 375 891   | 77.8  |
| 1995   | 21 637 041         | 19.5                  | 35 709 011         | 53.5                  | -14 071 970   | 57 346 052   | 60.6  |
| 1996   | 23 224 465         | 7.3                   | 43 626 642         | 22.2                  | -20 402 178   | 66 851 107   | 53.2  |
| 1997   | 26 281 072         | 13.1                  | 48 558 721         | 11.3                  | -22 287 649   | 74 819 792   | 54.1  |
| 1998   | 26 973 952         | 2.7                   | 45 921 392         | -5.4                  | -18 947 440   | 72 895 344   | 58.7  |
| 1999   | 26 587 225         | -1.4                  | 40 671 272         | -11.4                 | -14 084 047   | 67 258 497   | 65.4  |
| 2000   | 27 774 906         | 4.5                   | 54 502 821         | 34.0                  | -26 727 914   | 82 277 727   | 51.0  |
| 2001   | 31 334 216         | 12.8                  | 41 399 083         | -24.0                 | -10 064 867   | 72 733 299   | 75.7  |
| 2002   | 36 059 089         | 15.1                  | 51 553 797         | 24.5                  | -15 494 708   | 87 612 888   | 69.9  |
| 2003   | 47 252 636         | 31.0                  | 69 339 692         | 34.5                  | -22 086 856   | 116 592 528  | 68.1  |
| 2004   | 63 167 153         | 33.7                  | 97 539 766         | 40.7                  | -34 372 613   | 160 706 919  | 64.8  |
| 2005   | 73 476 408         | 16.3                  | 116 774 151        | 19.7                  | -43 297 743   | 190 250 559  | 62.9  |
| 2006   | 85 534 676         | 16.4                  | 139 576 174        | 19.5                  | -54 041 499   | 225 110 850  | 61.3  |
| 2007   | 107 271 750        | 25.4                  | 170 062 715        | 21.8                  | -62 790 965   | 277 334 464  | 63.1  |
| 2008   | 132 027 196        | 23.1                  | 201 963 574        | 18.8                  | -69 936 378   | 333 990 770  | 65.4  |
| 2009   | 102 142 613        | -22.6                 | 140 928 421        | -30.2                 | -38 785 809   | 243 071 034  | 72.5  |
| 2010   | 113 883 219        | 11.5                  | 185 544 332        | 31.7                  | -71 661 113   | 299 427 551  | 61.4  |
| 2011   | 134 906 869        | 18.5                  | 240 841 676        | 29.8                  | -105 934 807  | 375 748 545  | 56.0  |
| 2012   | 152 481 737        | 13.0                  | 236 545 141        | -1.8                  | -84 063 404   | 389 006 877  | 64.5  |
| 2013   | 151 802 637        | -0.4                  | 251 661 250        | 6.4                   | -99 858 613   | 403 463 887  | 60.3  |
| 2014   | 157 610 158        | 3.8                   | 242 177 117        | -3.8                  | -84 566 959   | 399 767 275  | 65.1  |
| 2015   | 143 838 871        | -8.7                  | 207 234 359        | -14.4                 | -63 395 487   | 351 073 230  | 69.4  |
| 2016   | 142 529 584        | -0.9                  | 198 618 235        | -4.2                  | -56 088 651   | 341 147 819  | 71.8  |
| 2017   | 156 992 940        | 10.1                  | 233 799 651        | 17.7                  | -76 806 711   | 390 792 592  | 67.1  |

Source: TUIK-Turkish Statistical Institute

<http://www.turkstat.gov.tr/UstMenu.do?metod=temelist>

## C.3 Table - Turkish exports by country

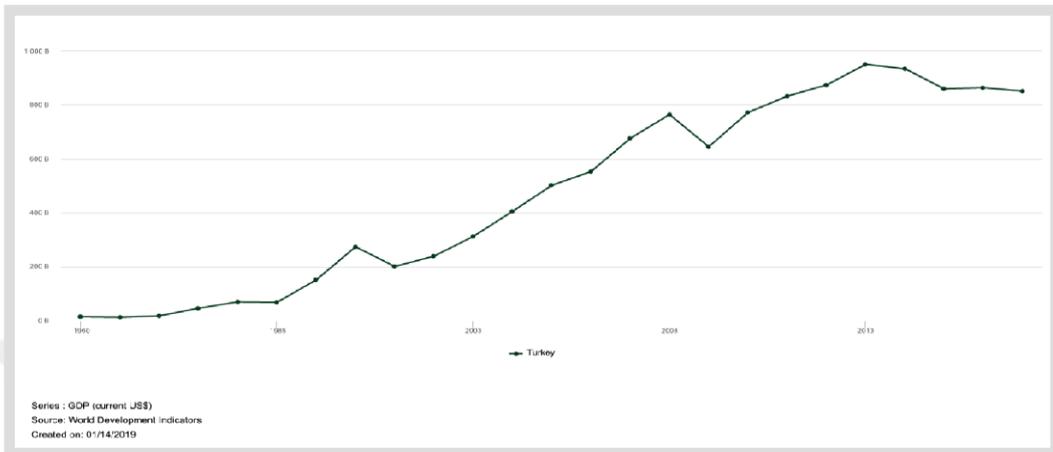
| Ülkelere göre yıllık ihracat (en çok ihracat yapılan 20 ülke)<br>Exports by country and year (top 20 country in exports)   |                   |                          |                    |                    |                    |                    |                    |                    |                    |                    |   |
|--|-------------------|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---|
|  |                   |                          |                    |                    |                    |                    |                    |                    |                    |                    | (Değer: Bin ABD \$ / Value: Thousand US \$) |
| Sıra Rank  | Ülke Country      | 2017                     | 2016               | 2015               | 2014               | 2013               | 2012               | 2011               | 2010               | 2009               | 2008 Country                                |
|  | <b>Toplam</b>     | <b>156 992 940</b>       | <b>142 529 584</b> | <b>143 838 871</b> | <b>157 610 158</b> | <b>151 802 637</b> | <b>152 461 737</b> | <b>134 906 869</b> | <b>113 883 219</b> | <b>102 142 613</b> | <b>132 027 196</b> Total                    |
| 1  | Almanya           | 15 118 910               | 13 998 653         | 13 417 033         | 15 147 423         | 13 702 577         | 13 124 375         | 13 950 825         | 11 479 066         | 9 793 006          | 12 951 755 Germany                          |
| 2  | Birleşik Krallık  | 9 603 189                | 11 685 790         | 10 556 393         | 9 903 172          | 8 785 124          | 8 693 599          | 8 151 430          | 7 235 861          | 5 937 997          | 8 158 669 United Kingdom                    |
| 3  | BAE               | 9 184 157                | 5 406 993          | 4 681 255          | 4 655 710          | 4 965 630          | 8 174 607          | 3 706 654          | 3 332 885          | 2 896 572          | 7 975 400 UAE                               |
| 4  | Irak              | 9 054 612                | 7 638 670          | 8 549 967          | 10 897 825         | 11 948 905         | 10 822 144         | 8 310 190          | 6 636 362          | 5 123 406          | 3 918 685 Iraq                              |
| 5  | ABD               | 8 654 268                | 6 823 347          | 6 396 842          | 6 341 841          | 5 640 247          | 5 604 230          | 4 584 029          | 3 762 919          | 3 240 597          | 4 299 941 USA                               |
| 6  | İtalya            | 8 473 471                | 7 580 837          | 6 887 399          | 7 141 071          | 6 718 355          | 6 373 080          | 7 851 480          | 6 505 277          | 5 888 958          | 7 818 988 Italy                             |
| 7  | Fransa            | 6 584 199                | 6 022 485          | 5 645 032          | 6 464 243          | 6 376 704          | 6 196 536          | 6 805 821          | 6 054 499          | 6 211 415          | 6 617 511 France                            |
| 8  | İspanya           | 6 302 135                | 4 988 483          | 4 742 270          | 4 749 584          | 4 334 196          | 3 717 345          | 3 917 559          | 3 536 205          | 2 818 470          | 4 047 267 Spain                             |
| 9  | Hollanda          | 3 864 486                | 3 589 432          | 3 154 867          | 3 458 689          | 3 538 043          | 3 244 429          | 3 243 080          | 2 461 371          | 2 127 297          | 3 143 835 Netherlands                       |
| 10   | İsrail            | 3 407 436                | 2 959 545          | 2 698 139          | 2 950 902          | 2 949 963          | 2 329 531          | 2 391 148          | 2 060 148          | 1 522 436          | 1 805 235 Israel                            |
| 11   | İran              | 3 259 270                | 4 966 176          | 6 663 760          | 3 886 190          | 4 192 511          | 9 921 602          | 3 589 635          | 3 044 177          | 2 024 546          | 2 029 760 Iran                              |
| 12   | Belçika           | 3 151 422                | 2 548 240          | 2 557 805          | 2 939 108          | 2 573 804          | 2 359 575          | 2 451 030          | 1 960 441          | 1 795 682          | 2 122 434 Belgium                           |
| 13   | Romanya           | 3 139 188                | 2 671 249          | 2 815 506          | 3 008 011          | 2 616 313          | 2 495 427          | 2 878 760          | 2 599 380          | 2 201 936          | 3 987 476 Romania                           |
| 14   | Polonya           | 3 070 758                | 2 650 505          | 2 329 176          | 2 401 689          | 2 058 857          | 1 853 700          | 1 758 252          | 1 504 280          | 1 322 218          | 1 586 772 Poland                            |
| 15   | Çin               | 2 936 262                | 2 328 044          | 2 414 790          | 2 861 052          | 3 600 865          | 2 833 255          | 2 468 316          | 2 269 175          | 1 600 296          | 1 437 204 China                             |
| 16   | Bulgaristan       | 2 803 182                | 2 383 500          | 1 875 928          | 2 040 157          | 1 971 247          | 1 084 989          | 1 622 777          | 1 497 384          | 1 385 544          | 2 151 534 Bulgaria                          |
| 17   | Rusya Federasyonu | 2 734 316                | 1 732 954          | 3 568 331          | 5 943 014          | 6 964 209          | 6 680 777          | 5 992 633          | 4 628 153          | 3 189 607          | 6 483 004 Russia                            |
| 18   | Suudi Arabistan   | 2 734 522                | 3 172 081          | 3 472 514          | 3 047 134          | 3 191 482          | 3 676 612          | 2 763 476          | 2 217 646          | 1 768 216          | 2 201 875 Saudi Arabia                      |
| 19   | Mısır             | 2 360 734                | 2 732 926          | 3 124 876          | 3 297 538          | 3 200 362          | 3 679 195          | 2 759 311          | 2 509 030          | 2 599 030          | 1 426 460 Egypt                             |
| 20   | Cezayir           | 1 712 901                | 1 736 371          | 1 825 875          | 2 078 869          | 2 002 689          | 1 813 037          | 1 470 547          | 1 504 590          | 1 777 198          | 1 613 644 Algeria                           |
|  | <b>Diğerleri</b>  | <b>48 843 523</b>        | <b>45 119 303</b>  | <b>49 442 113</b>  | <b>54 406 913</b>  | <b>60 770 854</b>  | <b>47 181 694</b>  | <b>44 241 975</b>  | <b>37 922 821</b>  | <b>36 918 183</b>  | <b>46 121 755</b> Others                    |
| Ülke sıralaması, 2017 yılına göre yapılmıştır.<br>Countries are ranked by 2017 figures.                                    |                   |                          |                    |                    |                    |                    |                    |                    |                    |                    |   |
| Ülkelere göre yıllık ihracat, toplam içindeki payı (%)<br>Exports by country and year, share in total exports (%)          |                   |                          |                    |                    |                    |                    |                    |                    |                    |                    |   |
| Sıra Rank  | Ülke Country      | Pay (%) / Share (%)      |                    |                    |                    |                    |                    |                    |                    |                    |   |
|  |                   | 2017                     | 2016               | 2015               | 2014               | 2013               | 2012               | 2011               | 2010               | 2009               | 2008 Country                                |
|  | <b>Toplam</b>     | <b>100.0</b>             | <b>100.0</b>       | <b>100.0</b>       | <b>100.0</b>       | <b>100.0</b>       | <b>100.0</b>       | <b>100.0</b>       | <b>100.0</b>       | <b>100.0</b>       | <b>100.0</b> Total                          |
| 1  | Almanya           | 9.6                      | 9.8                | 9.3                | 9.6                | 9.0                | 8.6                | 10.3               | 10.1               | 9.6                | 9.8 Germany                                 |
| 2  | Birleşik Krallık  | 6.1                      | 8.2                | 7.3                | 6.3                | 5.8                | 5.7                | 6.0                | 6.4                | 5.8                | 6.2 United Kingdom                          |
| 3  | BAE               | 5.9                      | 3.8                | 3.3                | 3.0                | 3.3                | 5.4                | 2.7                | 2.9                | 2.8                | 6.0 UAE                                     |
| 4  | Irak              | 5.8                      | 5.4                | 5.9                | 6.9                | 7.9                | 7.1                | 6.2                | 5.3                | 5.0                | 3.0 Iraq                                    |
| 5  | ABD               | 5.5                      | 4.6                | 4.4                | 4.3                | 3.7                | 3.7                | 3.4                | 3.3                | 3.2                | 3.3 USA                                     |
| 6  | İtalya            | 5.4                      | 5.3                | 4.8                | 4.5                | 4.4                | 4.2                | 5.8                | 5.7                | 5.8                | 5.9 Italy                                   |
| 7  | Fransa            | 4.2                      | 4.2                | 4.1                | 4.1                | 4.2                | 4.1                | 5.0                | 5.3                | 6.1                | 5.0 France                                  |
| 8  | İspanya           | 4.0                      | 3.5                | 3.3                | 3.0                | 2.9                | 2.4                | 2.9                | 3.1                | 2.8                | 3.1 Spain                                   |
| 9  | Hollanda          | 2.5                      | 2.5                | 2.2                | 2.2                | 2.3                | 2.1                | 2.4                | 2.2                | 2.1                | 2.4 Netherlands                             |
| 10   | İsrail            | 2.2                      | 2.1                | 1.9                | 1.9                | 1.7                | 1.5                | 1.8                | 1.8                | 1.5                | 1.5 Israel                                  |
| 11   | İran              | 2.1                      | 3.5                | 2.5                | 2.5                | 2.8                | 6.5                | 2.7                | 2.7                | 2.0                | 1.5 Iran                                    |
| 12   | Belçika           | 2.0                      | 1.8                | 1.8                | 1.9                | 1.7                | 1.5                | 1.8                | 1.7                | 1.8                | 1.6 Belgium                                 |
| 13   | Romanya           | 2.0                      | 1.9                | 2.0                | 1.9                | 1.7                | 1.6                | 2.1                | 2.3                | 2.2                | 3.0 Romania                                 |
| 14   | Polonya           | 2.0                      | 1.9                | 1.6                | 1.5                | 1.4                | 1.2                | 1.3                | 1.3                | 1.3                | 1.2 Poland                                  |
| 15   | Çin               | 1.9                      | 1.6                | 1.7                | 1.8                | 2.4                | 1.9                | 1.8                | 2.0                | 1.6                | 1.1 China                                   |
| 16   | Bulgaristan       | 1.8                      | 1.7                | 1.2                | 1.3                | 1.3                | 1.1                | 1.2                | 1.3                | 1.4                | 1.6 Bulgaria                                |
| 17   | Rusya Federasyonu | 1.7                      | 1.2                | 2.5                | 3.8                | 4.6                | 4.4                | 4.4                | 4.1                | 3.1                | 4.9 Russia                                  |
| 18   | Suudi Arabistan   | 1.7                      | 2.2                | 2.4                | 1.9                | 2.1                | 2.4                | 2.0                | 1.9                | 1.7                | 1.7 Saudi Arabia                            |
| 19   | Mısır             | 1.5                      | 1.9                | 2.2                | 2.1                | 2.1                | 2.4                | 2.0                | 2.0                | 2.5                | 1.1 Egypt                                   |
| 20   | Cezayir           | 1.1                      | 1.2                | 1.3                | 1.3                | 1.3                | 1.2                | 1.1                | 1.3                | 1.7                | 1.2 Algeria                                 |
|  | <b>Diğerleri</b>  | <b>31.1</b>              | <b>31.7</b>        | <b>34.4</b>        | <b>34.5</b>        | <b>33.4</b>        | <b>30.9</b>        | <b>32.8</b>        | <b>36.1</b>        | <b>33.3</b>        | <b>34.9</b> Others                          |
| Ülkelere göre yıllık ihracat, önceki yıla göre değişim (%)<br>Exports by country and year, change on the previous year (%) |                   |                          |                    |                    |                    |                    |                    |                    |                    |                    |   |
| Sıra Rank  | Ülke Country      | Değişim (%) / Change (%) |                    |                    |                    |                    |                    |                    |                    |                    |   |
|  |                   | 2017                     | 2016               | 2015               | 2014               | 2013               | 2012               | 2011               | 2010               | 2009               | 2008 Country                                |
|  | <b>Toplam</b>     | <b>10.1</b>              | <b>-0.9</b>        | <b>-8.7</b>        | <b>3.6</b>         | <b>-0.4</b>        | <b>13.0</b>        | <b>18.5</b>        | <b>11.5</b>        | <b>-22.6</b>       | <b>23.1</b> Total                           |
| 1  | Almanya           | 8.0                      | 4.3                | -11.4              | 10.5               | 4.4                | -5.9               | 21.5               | 17.2               | -24.4              | 8.0 Germany                                 |
| 2  | Birleşik Krallık  | -17.8                    | 10.7               | 6.6                | 12.7               | 1.1                | 6.7                | 12.7               | 21.9               | -27.2              | -5.4 United Kingdom                         |
| 3  | BAE               | 69.9                     | 15.5               | 0.5                | -6.2               | -39.3              | 120.5              | 11.2               | 15.1               | -63.7              | 145.1 UAE                                   |
| 4  | Irak              | 18.6                     | -10.7              | -21.5              | -8.9               | 10.4               | 30.2               | 37.7               | 17.8               | 30.8               | 37.7 Iraq                                   |
| 5  | ABD               | 30.7                     | 3.6                | 0.9                | 12.4               | 0.6                | 22.3               | 21.8               | 16.1               | -24.6              | 3.1 USA                                     |
| 6  | İtalya            | 11.8                     | 10.1               | -3.6               | 6.3                | 5.4                | -18.8              | 20.7               | 10.5               | -24.7              | 4.5 Italy                                   |
| 7  | Fransa            | 9.3                      | 3.0                | -9.6               | 1.4                | 2.9                | -8.9               | 12.4               | -2.5               | -6.1               | 10.8 France                                 |
| 8  | İspanya           | 26.3                     | 5.2                | -0.2               | 9.6                | 16.6               | -5.1               | 10.8               | 25.5               | -30.4              | -11.6 Spain                                 |
| 9  | Hollanda          | 7.7                      | 13.8               | -6.8               | -2.2               | 9.0                | 0.0                | 31.8               | 15.7               | -32.3              | 4.1 Netherlands                             |
| 10   | İsrail            | 15.3                     | 9.5                | -6.6               | 11.4               | 13.7               | -2.6               | 15.0               | 36.6               | -21.3              | 16.7 Israel                                 |
| 11   | İran              | -34.4                    | 35.5               | -5.7               | -7.3               | -57.7              | 176.4              | 17.9               | 50.4               | -0.3               | 40.8 Iran                                   |
| 12   | Belçika           | 23.7                     | -0.4               | -13.0              | 14.2               | 9.1                | -3.7               | 25.0               | 9.2                | -15.4              | 22.3 Belgium                                |
| 13   | Romanya           | 17.5                     | -5.1               | -6.4               | 15.0               | 4.8                | -13.3              | 10.7               | 18.0               | -44.8              | 9.4 Romania                                 |
| 14   | Polonya           | 15.9                     | 13.8               | -3.0               | 16.7               | 11.1               | 5.4                | 16.9               | 13.8               | -16.7              | 10.5 Poland                                 |
| 15   | Çin               | 26.1                     | -3.6               | -15.6              | -20.5              | 27.1               | 14.9               | 6.7                | 41.8               | 11.3               | 36.3 China                                  |
| 16   | Bulgaristan       | 17.6                     | 42.2               | -17.9              | 3.5                | 17.0               | 3.8                | 6.4                | 8.1                | 4.4                | 35.6 Bulgaria                               |
| 17   | Rusya Federasyonu | 57.8                     | -51.7              | -39.6              | -14.7              | 4.2                | 11.5               | 29.5               | 45.1               | -50.8              | 37.2 Russia                                 |
| 18   | Suudi Arabistan   | -13.8                    | -8.7               | 14.0               | -4.5               | -13.2              | 33.0               | 24.6               | 25.4               | -19.7              | 48.1 Saudi Arabia                           |
| 19   | Mısır             | -13.6                    | -12.5              | -5.2               | 3.0                | -13.0              | 33.3               | 22.6               | -13.4              | 82.2               | 58.0 Egypt                                  |
| 20   | Cezayir           | -1.4                     | -4.9               | -12.2              | 3.6                | 10.5               | 23.3               | -2.3               | -15.3              | 10.1               | 31.0 Algeria                                |
|  | <b>Diğerleri</b>  | <b>8.3</b>               | <b>-8.7</b>        | <b>-9.1</b>        | <b>7.2</b>         | <b>7.6</b>         | <b>6.6</b>         | <b>16.7</b>        | <b>2.7</b>         | <b>-20.0</b>       | <b>35.7</b> Others                          |

Source: TUIK-Turkish Statistical Institute

<http://www.turkstat.gov.tr/UstMenu.do?metod=temelist>

## APPENDIX D

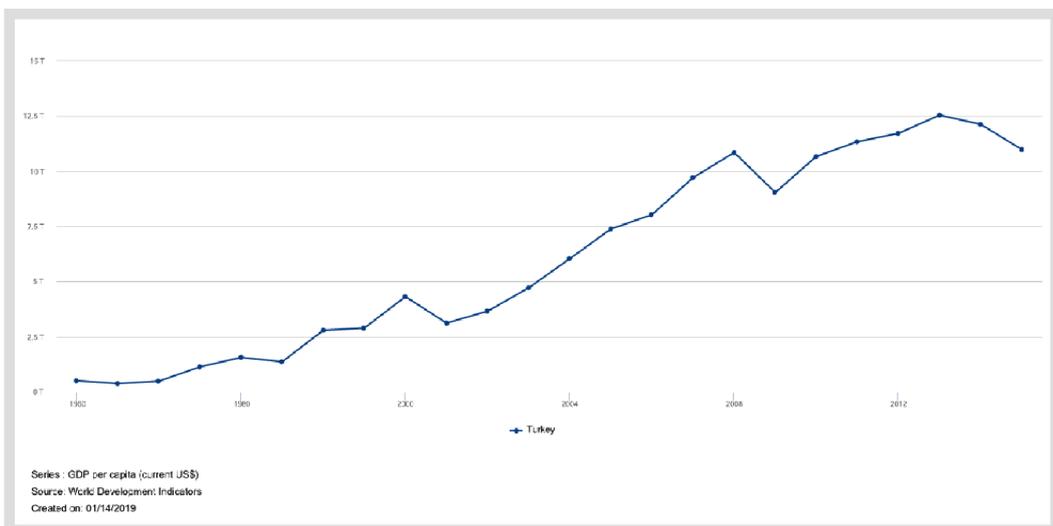
**D.1 Figure – GDP Current USD**



Source: Worldbank

<https://databank.worldbank.org/data/reports.aspx?source=2&series=NY.GDP.MKTP.CD&country=TUR#>

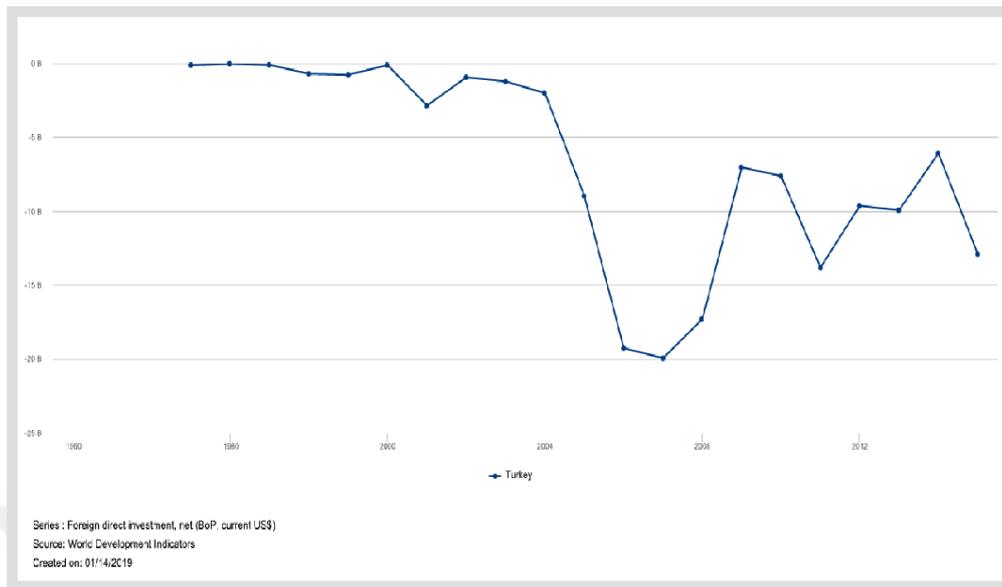
**D.2 Figure - GDP per capita Current USD**



Source: Worldbank

<https://databank.worldbank.org/data/reports.aspx?source=2&series=NY.GNP.PCAP.CD&country=#>

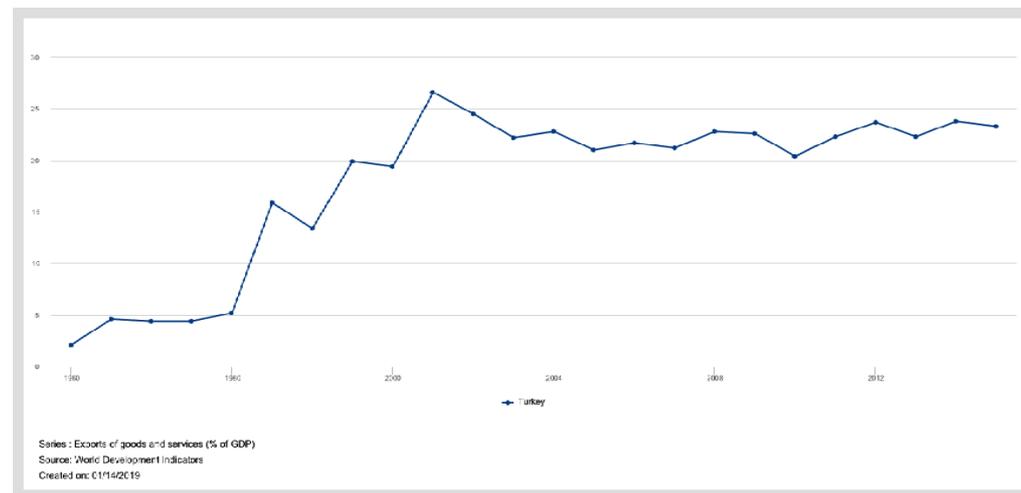
**D.3 Figure - Foreign Direct Investment net inflows (BoP current USD)**



Source: Worldbank

<https://databank.worldbank.org/data/indicator/BN.KLT.DINV.CD/1ff4a498/Popular-Indicators>

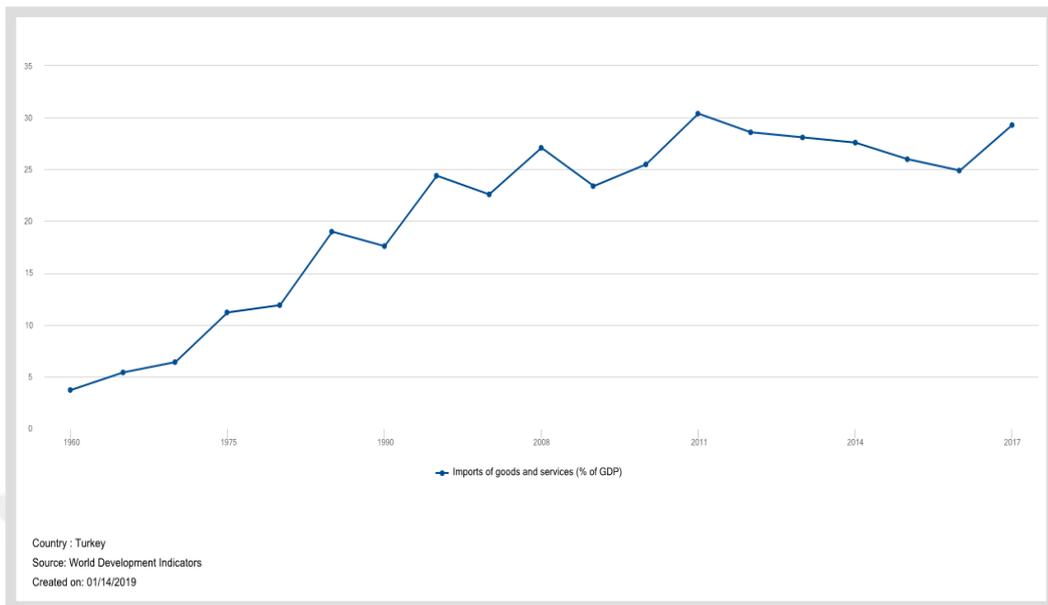
**D.4 Figure - Exports of goods and services (% of GDP)**



Source: Worldbank

<https://databank.worldbank.org/data/indicator/NE.EXP.GNFS.ZS/1ff4a498/Popular-Indicators>

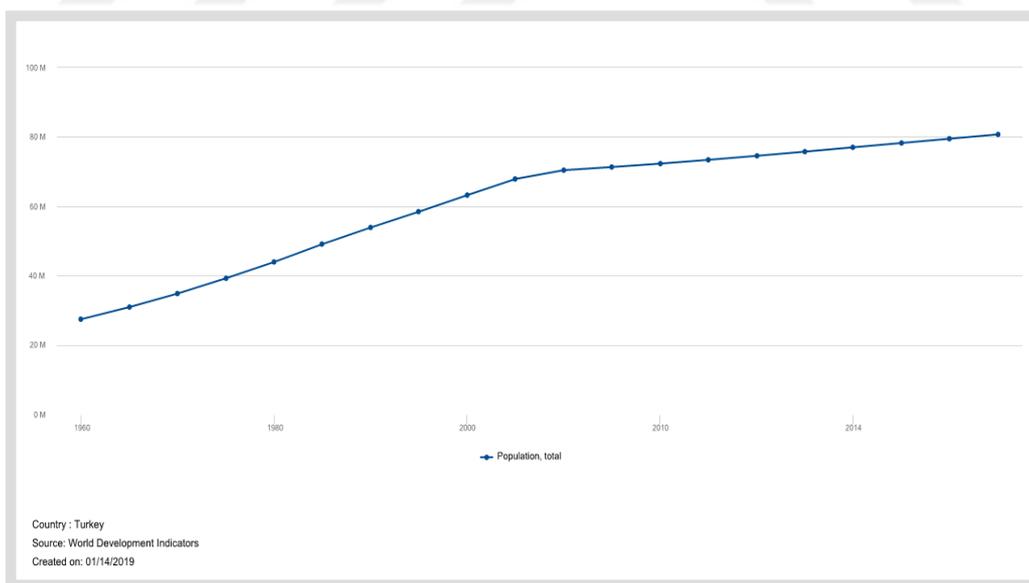
### D.5 Figure - Imports of goods and services (% of GDP)



Source : Worldbank

<https://databank.worldbank.org/data/source/world-development-indicators>

### D.6 Figure – Population total



Source: Worldbank

<https://databank.worldbank.org/data/source/world-development-indicators>