

THE INFLUENCE OF THE ECONOMIC INTEREST GROUPS
IN TURKISH FOREIGN POLICY
DURING THE JDP GOVERNMENT PERIOD (2002-2011):
THE CASES OF TÜSİAD AND MÜSİAD

A Master's Thesis

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July 2011

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of
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In Partial Fulfilment of the Requirements for the Degree of
MASTER OF ARTS

in

THE DEPARTMENT OF INTERNATIONAL RELATIONS
İHSAN DOĞRAMACI BİLKENT UNIVERSITY
ANKARA

July 2011

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ABSTRACT

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This thesis analyzes the influence of the economic interest groups in Turkish foreign policy during the two Justice and Development Party (JDP) governments with a special focus on the role of TÜSİAD and MÜSİAD. The foreign policy of the JDP government is analyzed by looking at foreign policy developments during the JDP governments and the changes and continuities in Turkish foreign policy. To evaluate TÜSİAD and MÜSİAD's influence on the JDP's foreign policy further general characteristics of TÜSİAD and MÜSİAD and their export orientations are discussed. Consequently, the relationship between the JDP government foreign policy preferences and TÜSİAD's and MÜSİAD's foreign policy preferences are analyzed in light of the neo-Gramscian approach. The argument here is that MÜSİAD with its ties with the JDP government based on identity and material interests is a new 'hegemonic project' and under the dominance of global neo-liberal capitalist order MÜSİAD and the JDP seems to form a new 'historical bloc' at domestic level.

Keywords: Turkish foreign policy, Justice and Development Party (JDP), TÜSİAD, MÜSİAD, Neo-Gramscianism

ÖZET

EKONOMİK ÇIKAR GRUPLARININ AKP HÜKÜMETLERİ DÖNEMİNDE TÜRK DIŞ POLİTİKASINA ETKİSİ (2002-2011): TÜSİAD VE MÜSİAD ÖRNEKLERİ

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Temmuz 2011

Bu tez, devlet-toplum ilişkisi çerçevesinde, ekonomik çıkar gruplarının –TÜSİAD ve MÜSİAD örneklerini kullanarak– Adalet ve Kalkınma Partisi (AKP) hükümetleri döneminde Türk dış politikasına etkisini incelemektedir. AKP hükümetinin dış politika anlayışı, bu dönemdeki dış politika gelişmeleri ve Türk dış politikasındaki devamlılıklar ve değişikliklere bakılarak analiz edilmiştir. TÜSİAD ve MÜSİAD’ın AKP’nin dış politikasına etkisini değerlendirmek için, TÜSİAD ve MÜSİAD’ın karakteristik özellikleri ve ihracat yaptığı bölgeler tartışılmıştır. Sonuç olarak, AKP hükümetinin dış politika tercihleri ile TÜSİAD ve MÜSİAD’ın dış politika tercihleri neo-Gramskici yaklaşımı ışığında analiz edildi. Bu tezde MÜSİAD ve AKP hükümetinin ortak kimlik ve maddi çıkarlara dayanarak yeni bir ‘hegemonya projesi’ oluşturduğu ve küresel neo-liberal kapitalist düzenin hâkimiyetinde MÜSİAD ve AKP’nin ulusal düzeyde yeni bir ‘tarihsel blok’ oluşturdukları savı tartışılıyor.

Anahtar Kelimeler: Türk dış politikası, Adalet ve Kalkınma Partisi (AKP), TÜSİAD, MÜSİAD, Neo-Gramskici yaklaşım

ACKNOWLEDGEMENTS

First of all, I would like to express my sincere appreciation to my supervisor, Assist. Prof. Dr. Pınar İpek, for her remarkable contributions, guidance, patience and encouragement through the research.

I wish to thank Assist. Prof. Dr. Nur Bilge Criss and Assist. Prof. Dr. Lerna Yanık for spending their valuable time to read my thesis and participating my thesis committee.

I am also indebted to Scientific and Technological Research Council of Turkey (TÜBİTAK) for funding me through my graduate study.

I would also like to thank all my friends especially Zeynep Sungur, Duygu Yavuz and Ayşe Sezgin who always supported and encouraged me during the preparation of my thesis.

I want to thank Alican Efe for his support, patience and faith in me during the difficult days I encountered while preparing my thesis. He has always been helpful to me for overcoming pessimism and showed me the reasons to be hopeful.

Lastly, I would like to express my special thanks to my mother, Nermin Türkoğlu, for her endless love and compassion.

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CHAPTER 1

INTRODUCTION

Since the Justice and Development Party (JDP) government came into power in 2002, there have been significant developments in domestic politics, foreign relations and economy in Turkey, while these developments have initiated different assessments by policy-makers and academic circles. The reason why this period has become a particular area of interest is the controversial Islamic background of the JDP and the debate on its relatively successful foreign policy as well as its management of the economy.

Within this framework, this thesis addresses an important issue which is the role of the economic interest groups in Turkish foreign policy. Accordingly, the research question is in what terms and how the business interest groups in Turkey influenced the foreign policy of the JDP government. There have been discussions about and research on whether there is a shift from the Western-oriented Turkish foreign policy to the Eastern-oriented Turkish foreign policy during the JDP government. The overall assumption lately has been that Turkey followed a pro-Western foreign policy and generally acted with the West until the JDP government.

However, the increasing emphasis on the Middle East, Africa and Asia in Turkish foreign policy vision and the efforts to establish closer relations with these countries in these regions should be assessed carefully. Moreover, the interaction between the Turkish economy and foreign policy should be taken into consideration. Therefore, the business organizations' role should also be questioned in order to comprehend the developments and the so-called shift in Turkish foreign policy during the JDP government era between 2002-2011.

TÜSİAD and MÜSİAD are the selected cases for the business organizations in Turkey. These organizations are selected because they are the representative groups of companies with considerably different characteristics in Turkey's private sector. While TÜSİAD represents the big business circles and has a clear preference over the political issues as the advocator of liberal democracy and free-market economy, MÜSİAD has generally been perceived as a counter organization against TÜSİAD, because MÜSİAD embodies the small and medium-sized enterprises. Furthermore, TÜSİAD represents the European model in terms of economic, political and social features, whereas MÜSİAD embraces the Eastern-Asian model, which is combined or reinterpreted on the basis of Islam as an alternative way to unite the businessmen in a particular organization in order to represent their economic interests within their ideological perspective (Buğra 1998, 522). Thus, the cases of MÜSİAD and TÜSİAD will be analyzed in a comparative way, given their differences, to assess whether these organizations' preferences have an influence on foreign policy, and if any, in what terms this divergence might affect Turkish foreign policy during the JDP government.

In the second chapter, a theoretical review based on the liberal, constructivist and neo-Gramscian theories of international political economy will be made in order

to describe the role of the economic interest groups in foreign policy theoretically. Thus, a theoretical background will be utilized to assess to what extent and how business groups overall in state-society relations have an influence. In this regard, building on such theoretical framework, the findings in Chapter 2 and Chapter 3 will be discussed in the conclusion to seek a conceptual and theoretical explanation for the research question in this thesis.

In the third chapter, the foreign policy of the JDP government will be analyzed within the framework of transformation of the JDP, the causes of the transformation in the Turkish foreign policy, and the foreign policy developments during the two JDP governments by looking at the bilateral relations of Turkey. Then, an analysis of the JDP's foreign policy will be followed by an assessment of the influence of the economic considerations in Turkish foreign policy. Lastly, the continuities and the discontinuities in Turkish foreign policy under the JDP government will be examined to analyze to what extent economic considerations have been influential.

In the fourth chapter, the selected cases of TÜSİAD and MÜSİAD will be examined to assess the mutually reinforcing relationship between the economic considerations of the business interest groups, their identities and the foreign policy of the JDP government. The export orientation of MÜSİAD and TÜSİAD will be empirically investigated to explore the influence of these business interest groups' preferences in the JDP government's foreign policy between 2002-2011.

To conclude, the argument here is that economic considerations have been playing an important role in the JDP's foreign policy orientation. Combining the JDP government's foreign policy vision with its economic considerations and the MÜSİAD's economic interests as a newly emerging Anatolian business class, it

seems that there has been a reciprocal relationship between MÜSİAD and the JDP government. The JDP government has been trying to establish closer economic relations with neighboring countries and regions in order to legitimize its grounds in domestic politics and to overcome the economic difficulties, especially the current account deficit. In parallel with the JDP's efforts, MÜSİAD has preferred to trade with the countries in the Middle East, Africa, and the post-Soviet regions due to its need for new export markets. Thus, their foreign policy preferences show a complementary characteristic with each other. As discussed in detail in the conclusion, the neo-Gramscian perspective in international political economy (IPE) seems to explain more plausibly the influence of business groups on foreign policy within the framework of state-society relationship.

CHAPTER 2

THEORETICAL FRAMEWORK

2.1 Liberalism

In the literature of political economy some scholars do not accept that there is a liberal theory of political economy. The reason behind this is the separation of the economic domain and political domain in the liberal tradition. The assumption is that each domain operates according to their own rules and logic. Although this is a common view among the liberal thinkers, indeed this is an ideological stand and either explicitly or implicitly they deal with both economic and political affairs. Therefore, disregarding this ideological position, it can be said that there is a liberal theory of political economy.

According to Gilpin there is a liberal economic theory, which is fundamentally based on free market and minimal state and liberal political theory,

which is committed to individual liberty and equality (1987, 27). However, in most of the studies, these political and economic values of liberalism have been taken into consideration as a whole. The basis of liberalism initially takes its reference point from its belief about the cooperative nature of human beings. In economic terms, liberalism assumes that human beings are, by nature economic animals (Gilpin 1987, 27). The market was born as a result of the need for satisfaction of human needs and once it starts to perform, then it has its own logic and rules of functioning. The involvement level of politics within liberal theory differentiates according to different scholars of liberal political economy. Although all types of economic liberalism are devoted to the market mechanism, there are different variants that shape the interactions between economics and politics, or the market and government. Here, the relationship between state-society in the liberal political economic theory will be explored.

In classical liberalism, the level of analysis or the basis of society is individuals be it either a consumer, a firm or a household. Individuals are supposed to act as rational creatures within the market mechanism. Thus, the motive of individuals as rational beings is to maximize their profit or to meet certain needs at the lowest possible cost in return. The American school of liberal international political economy (IPE) assumes economics as an empirical science of maximizing behavior and they believe that this behavior is ruled by a set of economic laws which are free from personal and political norms, and values (Gilpin 1987, 29). The first of these rules is that there should be no government intervention into the market and the role of state should be at minimum level. This means that the state is responsible for establishing the necessary legal framework and infrastructure for economic and financial activities, and then the market will operate within its own structure

(*invisible hand*). Minimal interference is the best way for the society to regulate itself. To the contrary, some liberals think that the autonomous character of state is being undermined by the struggle among private interest groups. However, according to interventionist liberals, in some cases which the market cannot deal with such as unemployment, the state should have some particular domain to regulate it.

The effect of globalization both in liberal theory and in practice cannot be ignored in this study. The reason why globalization is so crucial lies in the changing role of the state and economic affairs in the current environment. With the increasing level of economic globalization, the idea that state is the only actor both within domestic and international affairs has started to be questioned, because there have been various different actors, which have been engaging and participating in policy-making procedures. For instance, the state is encountering more difficulty in managing economic affairs and also the social groups, who are influenced by the government's decisions, are more willing to take part in the decision-making procedures. Thus, both domestically and internationally different actors such as civil society, interest groups and business associations have started to work with the government.

Within this framework, the term 'governance' needs to be explained. In the global sense, the central authority (government or state) started to diffuse through sub-national, transnational and supranational actors. On the other hand, in domestic terms, governance is being reshaped around civil society, interest group organizations or business associations.

Accordingly, the liberal perspective captures complexities between different social actors and policy dimensions both at the domestic level and the global level. Liberal scholars and policy makers approach the IPE through a bottom-up analysis,

which encompasses the individual consumer, firm or entrepreneur, civil society organizations and interest groups. Liberal democracies are the most appropriate regimes to develop such a dialogue between the state and social groups within the state. The reason is that democracies rely on the participation of the society into the decision-making process not just through free elections, but also through declaring opinions as individuals, civil society organizations and various interest organizations, business associations and academicians. Thereby, the society can influence both domestic policy-making and foreign policy-making. Thus, the interaction between domestic and international affairs plays a significant role in liberal IPE.

While government needs their support for the maintenance of its legitimacy, interest groups need the government in order to open the way for their profit maximization and protection of their interests via legislation, agreements or just rational foreign policies. Particularly, business groups operating or trading in foreign markets are more likely to be involved in or to monitor foreign policy making closely. According to Atlı, business communities gained an increasing importance in foreign policy formulation in the era of economic interdependence, thus, governments cannot make foreign policy decisions without consulting to business communities (Atlı 2011, 124).

The famous ‘two-level game theory’ of Robert Putnam stresses that international reconciliation is a ‘two-level game’, because on the one side there are international interests and obligations, and on the other side there are domestic interplays among the different social actors within the state. Putnam specifies that when a state is more autonomous from domestic pressures, its bargaining power could be weaker in international affairs. (Putnam 1988, 449). Because one of the principles of democracy is the representation of the interests of different social

groups, thus, they have the right to pressurize the government in order not to jeopardize their interests and rights through a disadvantageous agreement unlike in a dictatorship.

Consequently, in this study, I will examine to what extent interest groups, specifically business interest groups have been engaging in foreign policy making as well as the ways that the state responds to their interests and concerns. TÜSİAD and MÜSİAD are the selected cases to examine how they have been involved in foreign policy making to protect their interests and increase their profit in light of the arguments of the liberal perspective in IPE.

2.2 Constructivism

Constructivism is a social theory which deals with the interaction between agents (states) and structures (the international system) in IPE. It took its place in international relations (IR) and IPE due to the changes in the global political economy in the 1970s and 1980s. According to Bill Dunn this is because at those times, the end of the long boom period in the global economy, the US defeat in Vietnam and the dissolution of the Soviet Union weakened traditional IR and IPE thinking, so that new ways of conceptualizing IR and IPE were required (Dunn 2009, 48-49). In other words, the changing nature of the world system due to the economic, political, social and cultural changes around the world, led to new quests to understand how and explain why. Thus, constructivism as a critique of mainstream approaches found its place in IR and IPE.

Alexander Wendt who is a prominent scholar in the school of constructivism pointed out two fundamental principles: “(1) that the structures of human association are determined primarily by shared ideas rather than material forces, and (2) that the identities and interests of purposive actors are constructed by these shared ideas rather than given by nature” (1999, 1). Constructivism in IR emerged as a critique against mainstream IR thinking especially against the realist tradition. What constructivists primarily challenged is the assumption of rationality (positivism) in conventional IR theories. What is meant by rationality is that the world has its own rules independent from the human beings and as a result there are certain laws in politics and economics as in the case of natural sciences. Constructivists denied this presumption ontologically, epistemologically and methodologically. Thus, the starting point for the constructivists is that ‘rationality’ is not something given by nature, on the contrary ideas, norms, values and identities matter (Dunn 2009, 49). As a result, nonmaterial or normative issues such as ideas, norms, and values respectively have influence on the formation of people’s identities, then on their interests and then on how they behave. That is to say that constructivist are committed to ‘ideas’, accordingly, reality and what is accepted as knowledge are considered as socially constructed. Also, the sense of identity and interests of actors which are shaped by ideas are constituted as social facts. Unlike realists, constructivists perceive social facts and the attributed meanings to objects as the product of inter-subjective beliefs. That is to say that, social facts exist because people believe that they exist and objects are meaningful because people give them meaning. Constructivists differentiate social facts from material facts. They do not deny the existence of material facts, but they emphasize that meanings of material facts and their construction rely on ideas and how they are interpreted.

In the mainstream theories of IPE, rationalism and materialism are the founding assumptions as the positivist ones. This means that the behavior of individuals, states or other actors is determined by material realities like power capabilities, economic wealth, and the level of technology. Nonetheless, constructivists are committed to normative elements like ideas, values and rules; and also to how preferences are formulated and the decision-making and decision-implementing procedure. Whereas mainstream theories assume that rational choice is the motive behind individual preferences, constructivists take beliefs, traditions, ideologies and identities into consideration while trying to understand how preferences are formulated. Some scholars criticize this approach by claiming that even though choices of political actors are influenced by ideas, culture and identities; economic actors are still rational human beings which pursue material interests (Cohn 2010, 115). Although there has been a dialogue between constructivism and mainstream approaches, the main aim of constructivism is to ‘deconstruct’ what is accepted as given by the mainstream theories. By that way, they foresee a change in the existing social structures and relationships (Cohn 2010, 115).

In IPE, the interpretation of the material facts of foreign economic relations varies according to different national identities. In their study, Peter Katzenstein and others found that domestic political structure is one of the factors explaining the different national reactions to international economic events (1977). Furthermore, the influence of domestic producers and the society on foreign policy has been studied. Accordingly, trade policies of a country are also determined by the country’s position in the international system as well as domestic pressures. Within this perspective, Peter Gourevich and others study domestic political structure both as a consequence and as a cause of foreign policy making, because globalization and interdependence

have transformed domestic structures and enforced government authorities to share their power with other societal actors (1988).

Similarly, after the dissolution of the Soviet Union, scholars studied distinct policies of the newly established states. They have found that while some former Soviet republics perceive being economically dependent on Russia as a threat to their national security, some of them used this dependency as a tool for establishing closer relations with Russia (Cohn 2010, 116). What is important about these studies is that although there have been the same material realities associated with the world economy, the meaning they attributed to relations with Russia differentiated with respect to their perceptions. Thus, defining people or states as rational is not enough to understand the world where different actors react to similar incidents in different ways. At that point how the interests of different actors are formulated through which normative factors turn into a matter of perspective. In other words, interests and preferences of different actors are shaped by their ideas, values and norms. As Dunn says “the construction of interests is not pre-given, but it is worth investigating” (Dunn 2009, 50).

Within this framework, each social group has its own and unique background which shape their values, norms and identities, so that how they behave, what their interests are and what kind of policies they expect from the government are shaped according to their normative attributions. In any country there are different social groups, who think that they belong to different identity affiliations such as, ethnic groups, religious/sectarian groups, lingual groups, minority groups or business groups. Thus, interests of each social group differ due to their distinct character. While an ethnic group demands autonomy from their state, a religious group demands the right to worship according to their sectarian beliefs. Social groups’

preferences show differences both in domestic and foreign policy-making. To exemplify, a minority group in a country expect or demand to establish closer relations with their mother country, a business group demands to establish closer relations with the countries which are easier and profitable to carry out export-import in line with its interests. Thus, the different identities of different actors have different reflections on both their preferences and government policies.

Consequently, in this study I will examine to what extent identities, values and normative rules of different business groups shape their preferences. Business groups are expected to present similar preferences in foreign policy making given their common interest of profit maximization. Thus, TÜSİAD and MÜSİAD are purposefully selected as cases to examine any influence of their different identities and potentially their consequent divergent preferences on foreign policy.

2.3. Neo-Gramscianism

Gramscianism in IPE which is based on the writings of Antonio Gramsci (1891-1937, Italy) emerged in the 1980s. Based on his Marxist background, Gramsci combined economics, politics, ideology and culture according to the necessities of the Italian political environment of his times. Gramscian perspective's most preeminent contribution is the re-definition of hegemony in world politics. This was done against the realist illustration of hegemony which can solely be measured through the material power of a predominant state. For Gramscians, hegemony can best be explained through class-based terms. They do not consider the hegemon as an actor, which sustains its position solely via coercion. Rather, in order to be a

hegemon and sustain hegemony, the dominant class needs the ‘consent’ of the subordinate classes via shared values, ideas and material interest. According to Gramsci although coercion is a powerful means, ideas can be more powerful in order to keep the masses under control (Gramsci 1971). To give an example, the bourgeoisie suggests some concessions for the subordinate class of workers such as, labor unions, in order to guarantee their support and maintain the order as it is. This is ensured by providing consent through ‘intellectual hegemony’. Intellectual hegemony refers to the production and promulgation of an ideology or a worldview by the dominant class to make the subordinates support and legitimize their interests. Cox specifically characterizes ‘intellectual hegemony’ as “necessarily involved concessions to subordinate classes in return for acquiescence in bourgeois leadership, concessions which could lead ultimately to forms of social democracy which preserve capitalism while making it more acceptable to workers and the petty bourgeois” (Cox 1993, 51). Education and the media are the most prominent tools to diffuse these ideas and values to the society (Balaam & Veseth 2008, 74).

The term ‘historic bloc’ is an integral part of intellectual hegemony. It has been used by Gramscians for the coherence between state power and the ideas leading the society and the economy. It is very difficult to subvert the bourgeoisie’s historic bloc, since both power of ideas and physical power are in collaboration with the existing order or with the hegemon. To challenge capitalism, Gramsci highlights the importance of building a ‘counter-hegemony’ which refers to ‘an alternative ethical view of society’ to be constituted by the subordinate classes (Cohn 2010, 112). Thus, the understanding of structuralism has been deepened by Gramsci and he has developed a more comprehensive analysis of class relations both between the core and the periphery and within the core itself (Balaam & Veseth 2008, 74).

Gramsci mainly highlighted the domestic order; however, Robert Cox as the foremost neo-Gramscian scholar turned this domestic level study into the systemic level and applied Gramsci's ideas into IPE.¹ For instance, post-World War II ideas created the economic and financial institutions (International Monetary Fund (IMF), General Agreements of Tariffs and Trade (GATT) and World Bank (WB)) as well as the United Nations which have been promoting liberal ideals both in the economy and the politics as a dominant ideology. Thus, Cox defines this as a 'transnational historic bloc', which is composed of multinational corporations (MNCs), international banks, business groups and international economic organizations transferring national class relations into the global level (Cohn 2010, 113). However, the linkages between the national and global weaken the possibility to form a global counter-hegemony due to the division among the workers employed by MNCs whose interests lie on transnational capital. At that point civil society is expected to take the lead in challenging the defects within the global liberal order. As Cohn points out "as part of a counter-hegemony, civil society is part of a bottom-up process in which disadvantaged people try to displace the capitalist order" (Cohn 2010, 113).

The criticisms coming from some Marxist scholars emphasize that neo-Gramscians undervalue the role of economics while stressing too much on ideology and culture. Another criticism is to what degree it is acceptable to adapt Gramsci's analysis of domestic politics into the international or the transnational field. However, Gramscian analysis has significant substance about the term intellectual hegemony. That is because the definition of hegemony in realist and liberal literature

¹ For literature on neo-Gramscianism see Cox, Robert. 1981. "Social Forces, States and World Orders: Beyond International Relations Theory," *Millennium: Journal of International Studies* 10(2): 126-155; Cox, Robert. 1983. "Gramsci, Hegemony and International Relations: an Essay on Method," *Millennium: Journal of International Studies* 12(2): 162-175; Cox, Robert. 1987. *Production, Power, and World Order: Social Forces in the Making of History*. New York: Columbia University Press; Bieler, Andreas. 2002. "The Struggle over EU Enlargement: a Historical Materialist Analysis of European Integration," *Journal of European Public Policy* 9(4): 580-581.

is state-centric which does not stray from some specific historical periods. By contrast, Gramscians' culture-based approach to hegemony focuses on the role of ideas that social groups utilize for their legitimacy and authority. This approach also broadens the spectrum of agents constituting hegemony from state to non-state actors like MNCs and international financial institutions.

Gramscianism does not question all of the mainstream IR theories, but realist structuralism is particularly criticized. In relation to Orthodox Marxism, Gramscians are committed to notions of reciprocity and interrelation among the social forces against determinism. Robert Cox argues that "ideas have to be understood in relation to material circumstances. Material circumstances include both the social relations and the physical means of production" (Cox 1993, 56). In other words, Cox on the one hand, tried to formulate the interactions between material capabilities, ideas and institutions, on the other hand between the state, social and world order (Dunn 2009, 83). The emphasis, among the neo-Gramscians, is mainly on ideological autonomy and consent, civil society and notions of hegemony (Dunn 2009, 83). The main aim is to determine how socio-economic forces influence and cause some sort of action or behavior in order to understand the world and to find a way to change it.

According to Gramscians, although there is an interaction between the social forces and the state, this remains at the level of interactions between the dominant class within the state and with the state itself. As orthodox Marxists see the state as the instrument of the bourgeoisie to preserve their interests, in neo-Gramscians the dominant class and the state are complementary elements of the production and reproduction of the dominant ideology or the existing system. In domestic policy-making, the same process is in operation. While the state is using the dominant class, the dominant class is using the state in return, to mutually guarantee the maintenance

of the system for their benefit. In foreign policy making, the decisions are made in accordance with the dominant systemic ideology which is the best way to protect the interests of hegemony. That is to say, the state and the dominant business class have been collaborating with the global values and culture of liberal ideology by cooperating with the international financial organizations, MNCs, in the areas of free trade and financial transactions. Thus, foreign policies of states overlap with the interests of the bourgeois business class.

CHAPTER 3

THE FOREIGN POLICY OF THE JDP GOVERNMENT

After Justice and Development Party (JDP) came into power following the November 2002 national elections, the foreign policy of JDP became an important area of study both in the academic and the policy-making circles. The reason why it has become a popular research area lies at the new discussion about whether there has been a transformation in Turkish foreign policy or not. Thus, prior to examination of the role of economic interest groups, namely TÜSİAD and MÜSİAD in Turkish foreign policy, we have to clarify the discussion on the transformation in Turkish foreign policy. In this chapter, first the general characteristics of the JDP government's foreign policy will be explained by looking in detail at the transformation of JDP, the reasons for such a transformation and then the doctrine of 'strategic depth' introduced by Ahmet Davutoğlu (then chief foreign policy advisor and the minister of foreign affairs during the second JDP government between 2009-2011). Second, foreign policy developments during the JDP government between 2002-2011 will be summarized by exploring the influence of Davutoğlu's 'strategic depth' doctrine on the bilateral relations of Turkey with other countries in addition to

economic considerations in foreign policy making. In the final section, the changes and continuities in the Turkish foreign policy during the JDP government period will be analyzed to elaborate the extent of the influence of economic considerations.

3.1. General Characteristics of the Foreign Policy of the JDP Government

3.1.1 Transformation of the JDP

Since JDP gained a victory in the November 2002 national elections, both JDP and Turkey have been going through an important political and economic change and transformation starting from the post-modern coup of February 28, 1997². This was followed by a political and an economic crisis at the beginning of the 2000s. For some scholars, this new period is defined as a turning point in the political history of Turkey due to the radical changes which occurred in Turkey's social, economic, political and legal structures. Since there is a close relationship between the transformation of JDP and the transformation of foreign policy, to assess how the domestic political environment enforced JDP's transformation, as a party coming from Islamist roots is important. Thus, in order to grasp the foreign policy of JDP precisely, how the period of post-February 28 has reshaped the JDP should be analyzed.

² February 28, 1997 post-modern coup refers to the process which led to the resignation of prime minister Necmettin Erbakan of Welfare Party and end of the coalition government due to the decisions which were grounded on the anti-secularist behaviors of Welfare Party taken by the Turkish Military in a National Security.

There are two main political incidents which caused a change in the political attitudes and behavior of the JDP leaders. The first one is the conflict between the secularists and the Islamists in the 1990s. From this conflict, Islamic politicians understood that secularism in Turkey has a rooted power both in society and in politics. In addition, such tensions are not welcomed by the majority of the voters who expect peace, order and stability. By that way, JDP understood that their power, despite their majority in the parliament, can easily be challenged by the national and international actors and social forces. The second driving force is the volatile nature of the Turkish electoral system since the 1990s. For instance, once the previous coalition government had a significant support such as 54 percent of the votes, then it lost its support and reduced its votes to 15 percent just in three years. JDP knew that they could not get the support of the people only with religious causes. Thus, moderation of their traditional Islamist views turned out to be a necessary condition for the JDP leaders in order to stay in politics (Ayata 2004, 248-249).

According to Ayata, a new political discourse which focuses on human rights issues, civil society and democracy has emerged among the moderate Islamic politicians, writers, intellectuals and scholars after the February 28, 1997 Coup. The importance of this new discourse for Turkish foreign policy has two bases. First, the Islamic politicians and intellectuals started to favor establishing a new dialogue with the West on the issues of human rights, civil society and democracy. Second, how Turkey has been dealing with these issues especially in the cases of religious and ethnic demands became challenging (Ayata 2004, 243).

The shift from the old Islamist tradition called ‘National Outlook’ (Milli Görüş) to the new discourse is fundamentally the product of the February 28 Coup. While the first generation political Islamist tradition saw the West and its principles

of democracy and free market economy as the enemies of the Muslim world, the new moderate Islamists started to favor liberal democracy and its means such as civil society and human rights (Ayata 2004, 244). By that shift with their emphasis on liberal economic and political values JDP took its place in the center of the political spectrum in the eyes of the public.

The new Islamist discourse takes its basic ideas from the liberals. Firstly, Islamist intellectuals question the legitimacy of the regime by taking courage from the demands for a new democratic constitution by the liberals. Secondly, Islamist politicians criticize the regime as a republic, which does not have a democratic spirit in essence. Thirdly, both liberals and Islamists share the same criticism against the Kemalism as the official ideology of the state. Fourthly, again both sides have strong opposition against the role of the military in Turkish politics. Lastly, the Islamists have been supported by the liberals, since they have an increasing interaction with European and American journalists, politicians, intellectuals, and institutions (Ayata 2004, 253-254). However, this shift of discourse was met with suspicion both by the public and the international community.

Nevertheless, according to Fuller, JDP avoids having a formal tie with Islam and accepts secularism as a precondition for democracy and freedom. Besides, JDP defines itself as a conservative democratic party rather than as Islamist in order not to form a strong reaction by the secularist segments of the society. On the contrary, Fuller himself defines JDP as an evolved and transformed Islamist party (Fuller 2008, 103-107).

3.1.2 Motives behind the Foreign Policy of the JDP Government

There are six explanations for what causes change in the foreign policy in the course of the JDP government in the literature about JDP's foreign policy,. These explanations or approaches are not mutually exclusive, but inter-related. The most common cause is considered as 'Europeanization'. There are various studies about the influence of the EU-Turkey relations on Turkey's domestic and foreign policy.³ The principle of 'EU conditionality' to meet the negotiation and accession criteria has encouraged Turkey to make some reforms for further democratization and settlement of political disputes within democratic mechanisms that eventually became an important driving force for the transformation of both domestic and foreign policy (Aydın & Açıkmeye 2007, 268).

The second explanation, attributed by the constructivist international relations theorists, argues that there is a change in the Turkish political tradition due to the changes in the definition of the state's identity both internally and externally. The explanation of the motives behind this change has some variations in the constructivist literature. While some scholars emphasize the change in foreign policy culture, some of them draw attention to the redefinition of the national security concept with the end of the Cold War era (Bozdağlıoğlu 2003, 87; Bilgin 2005, 184).

The third explanation links changes in the Turkish foreign policy tradition to the influence of the domestic political developments. According to Bilgin, while JDP was rising to power, a new kind of business elite together with a new political agenda, which is an important force reshaping Turkish foreign policy, was also rising (2005, 178). Furthermore, the impact of the democratization process, increasing role

³ For detailed information about these studies, see Aydın & Açıkmeye (2007).

of civil society and interests groups influencing Turkish foreign policy cannot be disregarded (Kirişçi 2009, 36). The changing role of the military is also considered as one of the important factor explaining the changing nature of domestic and foreign policy (Aydınlı, Özcan & Akyaz 2006).

The fourth reason is the geopolitical factors driven by change in the international political conjuncture after the end of the Cold War (Karaosmanoğlu 2000, 199). The preeminent work on the geopolitical factors was done by *Ahmet Davutoğlu* in his book '*Strategic Depth*' published in 2001. In this publication, Davutoğlu explains the factors which could make Turkey more powerful in international politics and prescribes new ways of dealing with foreign policy issues (Davutoğlu, 2010). The content of the book and the concepts will be summarized in the next section.

The fifth driving force came from the concept of 'soft power' of Joseph Nye. He defines 'soft power' as "the ability to set the political agenda in a way that shapes the preferences of others" (Nye 2002, 5). He associates the ability to shape preferences with 'intangible power resources' like culture, ideology and institutions based on shared values. The transformation of Turkish foreign policy is largely attributed to the soft power of Turkey which is based on its historical and cultural heritage of the Ottoman Empire. Davutoğlu, in his book, also attributes to the soft power of Turkey in its surrounding region. However, for Kirişçi, whether soft power is the cause of change in the Turkish foreign policy or is the outcome of this change is not obvious (Kirişçi 2009, 37).

The last explanation is related with the economic factors and the developments in Turkish political economy. Ayata emphasizes the emergence of a new business class which has close relations with the JDP. This new business elite

has been supporting the government and the EU-Turkey integration process since the EU is an important market for export goods. Accordingly, this new business class wants some of Turkey's foreign policy problems including Cyprus to be resolved for the sake of EU membership (Ayata 2004, 250-257). According to Kirişçi, for the last couple of years, economic considerations for instance export markets, investment opportunities, tourism, energy supplies and so on, have been shaping Turkish foreign policy such that, "foreign policy has become a domestic issue, not just for reasons of democratization, identity and civil society involvement, but also because of employment and wealth generation" (Kirişçi 2009, 39). In the later section of this chapter, economic factors within the framework of foreign policy will be further analyzed.

3.1.3 The 'Strategic Depth' Doctrine of Ahmet Davutoğlu

'Strategic depth' is a doctrine introduced and developed by Ahmet Davutoğlu, who is the minister of foreign affairs in the second JDP government between 2009-June 2011. It is based on geo-political factors combined with liberal elements. Davutoğlu developed this framework in order to meet the necessities of Turkey in the post-Cold War international political conjuncture and make Turkey a central power in the region. The primary emphasis is on Turkey's geographical location. In this respect, Turkey has a unique geography as having a central position and in a center of attraction in its surrounding region. Turkey is at the center of the Middle East, the Balkans, the Caucasus, the Central Asia, the Caspian, the Mediterranean, the Gulf and the Black Sea region. Thus, after the end of the Cold

War, Turkey should leave its peripheral position aside and should seek a new position in the region.

In addition to geography, Turkey's history is another feature. In the center of these regions, Turkey has an Ottoman history which once had been ruling over some of those territories such as the Middle East and the Balkans. It is argued that together with history, cultural heritage of Turkey with its multi-cultured structure both as a Western and an Eastern country can make Turkey a central power in the region . Based on these features, Davutoğlu identified five basic foreign policy principles which would make Turkey both a regional and a global power. These are:

1. There should be a balance between security and democracy in a country in order to establish an area of influence around its environs
2. 'Zero problem policy with neighbors'
3. To develop relations with the neighboring regions and beyond
4. Multi-dimensional and pro-active foreign policy, meaning that relations with other global actors should be complementary with each other rather than competitive.
5. Rhythmic diplomacy

Accordingly, Davutoğlu argues that, following these principles Turkey can realize its ambition to be a regional power. This success will be the outcome of both state policies and the activities of civil society, business organizations and various other organizations under the guidance of this new foreign policy vision (Davutoğlu 2010, 17- 97).

3.2 Foreign Policy Developments during the JDP Governments (2002 – 2011)

3.2.1 Bilateral Relations

In this section, the influence of Ahmet Davutoğlu's 'strategic depth' doctrine and other explanations for any change in the foreign policy of the JDP government will be explored by looking into the bilateral relations with other countries and other major developments in economic relations.

3.2.1.1 Turkey-EU Relations

EU membership has been a major goal in Turkish foreign policy since the Ankara Agreement was signed in 1963. However, there has been a divergence on support for EU membership in domestic politics. While political groups driven by Kemalist ideology supported the full membership of Turkey to the EU, the Islamist and nationalist political groups saw the EU as a Christian club and a threat against the Turkish culture and identity. When the JDP came into power, it started to follow a pro-European policy towards EU membership, because it separated ways with the traditional Islamist orientation and left aside the identity politics of the past. The reason behind this is that EU has been perceived as the guarantee of democracy and pluralism and in that way, the role of the military in the Turkish politics will be deteriorated (Robins 2007, 292). Thus, "in the initial years of the JDP government, reform packages on the rule of law, human rights and the market economy were

approved by parliament so as to satisfy the Copenhagen Criteria. Between 2002 and 2004, 17 legal reform packages were passed” (Dikici Bilgin 2008, 413).

Similarly, during the first JDP government period, for the EU membership path, JDP supported the Annan Plan prepared for the resolution of the Cyprus question, but the Plan was not approved due to the Greek Cypriot opposition. Nevertheless, the compromising attitude of the JDP government and the changing policy towards Cyprus made the U.S. work for the removal of the isolation of the Turkish part of the island (Dikici Bilgin 2008, 413).

In the following years and especially during the second JDP government period, the active negotiation and the harmonization process; however, did not last long due to the EU’s double-standard attitude towards Turkey such as, not treating Turkey on equal terms with the other candidate countries as well as the negative coalition of Germany and France against Turkey’s membership on the basis of Turkish culture and identity. Thus, JDP expanded its ground in the sphere of foreign policy by following multi-dimensional vision to maintain its legitimacy in domestic politics (Dikici Bilgin 2007 413; Öniş 2011, 57).

3.2.1.2 Turkey-U.S. Relations

Turkey’s relations with the U.S. have had a strong geopolitical and historical background since the beginning of the Cold War. When we look into JDP government era; however, with the crisis on March 1, 2003 Bill (Tezkere Krizi), Turkey-U.S. relations deteriorated. Similarly, in 2007 Turkey-U.S. relations got tense again because of the challenges of PKK terror and Armenian resolution. According

to Davutoğlu, the 2003 crisis was not a breakdown, but a process because the territorial integrity and political unity of Iraq was the primary concern of Turkey at those times not just for the sake of national interests, but also for the sake of regional and global interests (2008, 89). In the following years there was a considerable improvement in relations with the U.S.; and the U.S. started to be more sensitive to the concerns of Turkey about the PKK (Dikici Bilgin 2007, 414).

3.2.1.3 Turkey – Middle East/Neighboring Country Relations

Since the establishment of the Turkish Republic relations with the Middle East has not been the top priority or a major focus area in Turkish foreign policy. Whereas some scholars explain this lack of focus with the Westernization of Turkey and the Islamic character of the Middle Eastern countries, some scholars like Danforth explains it with pragmatic concerns of Turkey. For example, during the Motherland Party (ANAP) government led by Prime Minister Turgut Özal, he tried to open up towards the Middle East with the ‘neo-Ottomanist principle’; however, domestic security issues became an obstacle to take the initiative (Danforth 2009, 86). Since the Özal era between 1983-1993, a remarkable increase in the relations with the Middle Eastern countries has been observed during the second JDP government period.

Accordingly, there are some different interpretations of the changing nature of Turkish foreign policy towards the Middle East. For Davutoğlu, it is a new opportunity for Turkey to be more powerful and prevalent in the region, because Turkey shares the similar identity and culture with the Middle Eastern countries.

Furthermore, there is an Ottoman legacy in those territories which also creates a common historical background. By using these advantages, both sides will have a chance to resolve the security issues with cooperation. That is to say that, Turkey should follow an active foreign policy in the Middle East, if not the Middle East will be active in Turkish politics as in the case of Kurdish question (Davutoğlu 2010, 129-142; 247-289; 323-453).

Fuller also supports this vision and also evaluates the Middle Eastern policy of Turkey as the product of an independent and pretentious foreign policy orientation. Besides, he prescribes that Turkey should develop friendly relations with all its neighbors and improve its position as a central country in the region between the West and the East. To strengthen its position, Turkey should actively deal within the region if a crisis occurred both on its own behalf and the region's interests (Fuller 2008, 156).

According to Yeşilyurt and Akdevelioğlu, following an effective foreign policy in the region improved the image of Turkey in the Arab world in a positive way. There are three Turkey images in the eyes of the Arab world. The first one is that Turkey has relatively developed representative democratic institutions which let JDP as an Islamist oriented party, come into power. The second image is that Turkey was relatively successful to overcome a serious economic crisis. The last one is that by starting with the membership negotiations with the EU, Turkey showed that it has the potential to represent the Muslim world in the West like in the case of the Alliance of the Civilizations (Yeşilyurt & Akdevelioğlu 2009, 407). However, the authors criticize the notion that Turkey has been following an independent foreign policy by using its soft power, because they claim that the soft power lost its main meaning and now it is being used to characterize a moderate Islamic country. In

other words, Turkey was presented as a Muslim country which was relatively successful, thanks to its neo-liberal transformation, to integrate with the global system, to the other Muslim countries with different regimes. According to their argument, Turkey has been following an independent foreign policy only to the extent of being a part of the Great Middle East Project of the U.S. Therefore, they argue that the increasing influence of Turkey in the Middle East should be analyzed within this framework (Yeşilyurt 2009, 408-409).

Consequently, we can sum up the importance of bilateral relations with different countries or regions in relation to the six explanations for any change in the foreign policy of the JDP government. The six explanations about what causes change in Turkish foreign policy cannot be evaluated separately from each other, because all of them are inter-connected. ‘Europeanization’ through increasing relations with the EU has paved the way for further democratization in the Turkish policy making procedure. By that way, various different social actors have gained, directly or indirectly, access both to the domestic and foreign policy decision making procedure. These different social actors include civil society organizations, interest groups and newly emerged business elite class as well.

The changing nature of international political conjuncture after the end of the Cold War, the redefinition of state’s internal and external identity, and security concepts respectively, have been influencing Turkish foreign policy as well as changes in other countries’ foreign policy visions. In such an environment, between the different regions, Turkey’s geopolitical importance has become another variant which determines Turkish foreign policy.

Nevertheless, among all these inter-related explanations, it can be argued that economic considerations lie at the core of the new foreign policy orientation of the

JDP government. The newly emerged elite business class in Anatolia (Anatolian Tigers-MÜSİAD) is the major supporter of the conservative JDP government unlike the secular and liberal TÜSİAD. This new class demands and seeks export markets for their goods and investment opportunities. Although the EU has been a major export market for Turkish businessmen, Middle Eastern countries, some African states, Russia and some Central and Far East Asian countries started to gain importance to meet the new market demands of the new business class in terms of exportation, investment, tourism and also energy issues.

3.2.2 Economic Considerations and Turkish Foreign Policy

The changes in the global economic context are an important factor in the changing perceptions of the foreign policy makers. According to Öniş, the global financial crisis of 2008-2009 paved a shift from the West to the East or BRIC countries (the country group involving Brazil, Russia, India and China) (Öniş 2011, 59). He states that in comparison to the previous economic crisis, which occurred in the semi-periphery in the 1990s, the crisis of 2008-2009 occurred in the center which means in the West. By that way, the crisis triggered a change in the direction of the economic axis of the global system from the West to the East or from the North to the South (Öniş 2011, 55). In other words, BRIC countries became the rising economic powers due to the global financial crisis (Öniş & Güven 2010, 14). On the other hand, the West especially the EU became one of the losers and so that it lost its appeal as a source of economic benefits. Accordingly, for Turkey, regions in the East

or the South became more important for expanding trade and investment relations (Öniş 2011, 55).

Another benefit of the 2008-2009 crisis that Turkey also has faced is the change in the global governance structure, which is the replacement of G-8 with G-20. Thus, Turkey had a chance to be more active in the post-crisis global economic environment in contrast to its passive role as a peripheral partner before the crisis (Öniş 2011, 55). Furthermore, the increasingly developed structure in the Turkish banking and financial system made Turkey less dependent on the international financial institutions' assistance. This was used by the government as an indicator of national strength and autonomy. Öniş, even claims that the reason behind a more independent and assertive foreign policy lies on the independence from the international financial institutions in the economic sphere (2010, 12).

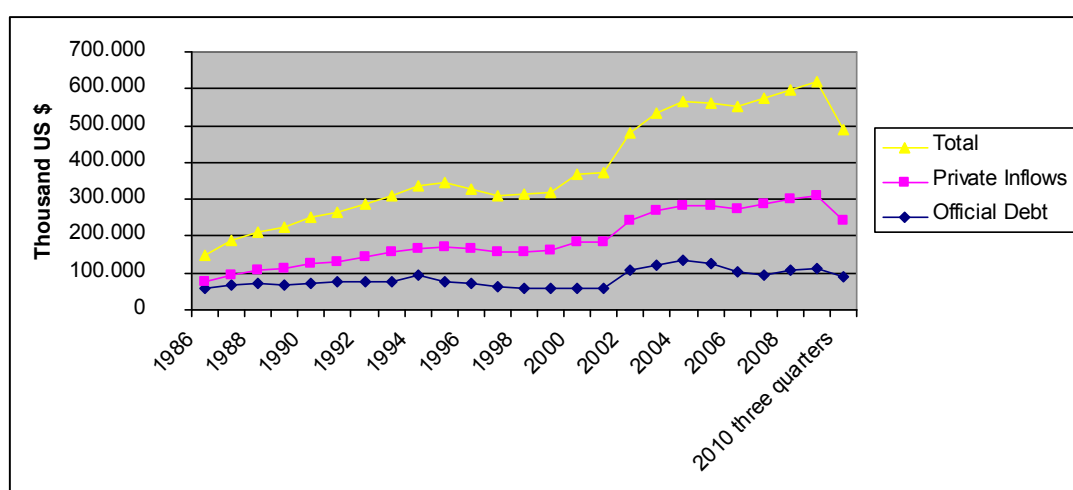
However, while there has been a decrease in the rate of official debt of Turkey, the share of the private inflows (portfolio investments, limited FDI mostly in the form of privatization and merger & acquisition) has been increasing (see Figure 1).⁴ Furthermore, the private sector debt and public debt have been increasing, despite the decline in official debt (see Figure 2). Thus, the increasing autonomy in the Turkish financial system from the international financial institutions, as Öniş argues, should be analyzed carefully. Given the constant increase, particularly in the relative ratio of private sector to public sector debt in the total external debt, the vulnerability of the Turkish financial system should be considered. For example, between 2002-2009, the private sector debt increased 330%, whereas public debt at the same period increased 25%.

⁴ Official debt consists of loans borrowed from the multilateral institutions such as International Monetary Fund and World Bank, whereas public debt includes securities, government bonds and bills

It is important to note that since the liberalization of financial market in Turkey in 1989 during the government of Prime Minister Turgut Özal, the transformation of state-business relations has started, because in the previous era of the Republic the business was dependent on state particularly in terms of accessing financial resources given the closed nature of the capital market. As Buğra states “financial dependence of the private sector on state subsidies has been too significant to enable businessmen to acquire an autonomous social position” (Buğra 1994, 51).

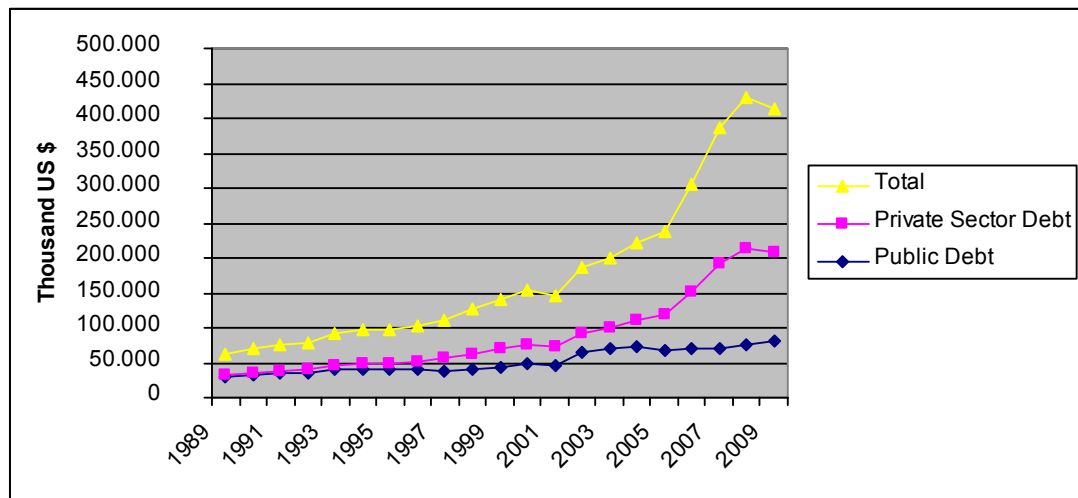
Thus, since 2002 the impact of the open economy and liberal capital market has been more observable in terms of the access of private sector to global financial resources as it is evident in the increase of private sector debt in Figure 2. In other words, Turkish economy continues to have its chronic problem of current account deficit and the consequent dependency to attract portfolio investment, FDI or debt into its capital account.

Figure 1 – Turkey’s official debt and private inflows values by years



Source: Republic of Turkey Prime Ministry Under-secretariat of Treasury, <http://www.hazine.gov.tr/irj/portal/anonymouse?NavigationTarget=navurl://27d7c7e7c09993b04096dd260ac32721&InitialNodeFirstLevel=true> / Statistical data about public debt, access date: March 31, 2011.

Figure 2 – Turkey’s public and private sector external debt by years



Source: Republic of Turkey Prime Ministry Under-secretariat of Treasury and the Central Bank of the Republic of Turkey, <http://www.hazine.gov.tr/irj/portal/anonymous?NavigationTarget=navurl://27d7c7e7c09993b04096dd260ac32721&InitialNodeFirstLevel=true>; <http://evds.tcmb.gov.tr/cbt.html>, access date: March 31, 2011.

Another major consequence of the 2008-2009 crisis is that the increasing efforts of Turkey to find new markets, when the EU, as the major trade and investment partner of Turkey, was struggling with economic difficulties (Öniş 2011, 58-59). According to Babacan, although new trade relations have softened the negative impact of the 2008-2009 financial crisis, the current account deficit problem of Turkey still continues largely because of its trade deficit (Babacan 2011, 154-155). He continues with that the current imparities in bilateral trade urge Turkey to find new trade partners and regions (Babacan 2011, 155). Thus, Turkey’s efforts to establish closer relations with the Middle East should be analyzed according to the urge in overcoming the current account deficit. In other words, the active foreign policy of the government should be assessed in light of the increasing private sector debt (see Figure 2) and the vulnerability to sustain private inflows (see Figure 1),

which in turn increases the motivation to gain access to new markets. Thanks to the global financial crisis, small and medium-sized business in Turkey, which is called ‘Anatolian tigers’, has been relatively transnationalized. Therefore, the civil society organizations and the interest group associations, which represent the newly rising Anatolian business class such as MÜSİAD, have become the central forces in Turkish foreign policy initiatives (Öniş & Güven 2010, 2-3; 13). Therefore, in contrast to the previous periods, foreign policy decisions are not just taken by the politicians and diplomats any more, rather economic and civil society forces have an influence to an extent in the decision-making procedures (Öniş 2011, 56; Kirişçi 2009, 42).

The active foreign policy orientation of JDP has significant positive returns in domestic politics as well. While the Turkish economy was suffering from the consequences of the global financial crisis (contraction of output and rising unemployment), foreign policy activism caused the government to maintain its popularity among the people (Öniş 2011, 57). Despite the deteriorating relations with the U.S. and Israel, stagnation in the EU integration process, improving relations with the neighboring states served the populist discourse of the JDP government and pleased the conservative political base of its supporters. While the relations with the West were getting conflictual, Turkey started to resolve its bilateral problems with Syria, Iraq and Iran. Although some politicians, scholars and intellectuals attribute this situation to the conservative Islamist orientation of JDP, there are other scholars who emphasize the economic factors (Kutlay 2009, 1). Accordingly, the rapprochement period with the neighbors derives from economic interests. For Kutlay, “the economic instruments, mainly trade and investment projects are used as facilitators in foreign policy” (Kutlay 2009, 1). In order to develop bilateral relations

with the neighbors and provide stability in the region, trade and investment are the most effective tools. For example, declining share of trade with the EU especially during the 2008-2009 crisis and increasing share of trade with the Near and Middle East was highlighted by Kutlay to support his argument (Kutlay 2009, 2).

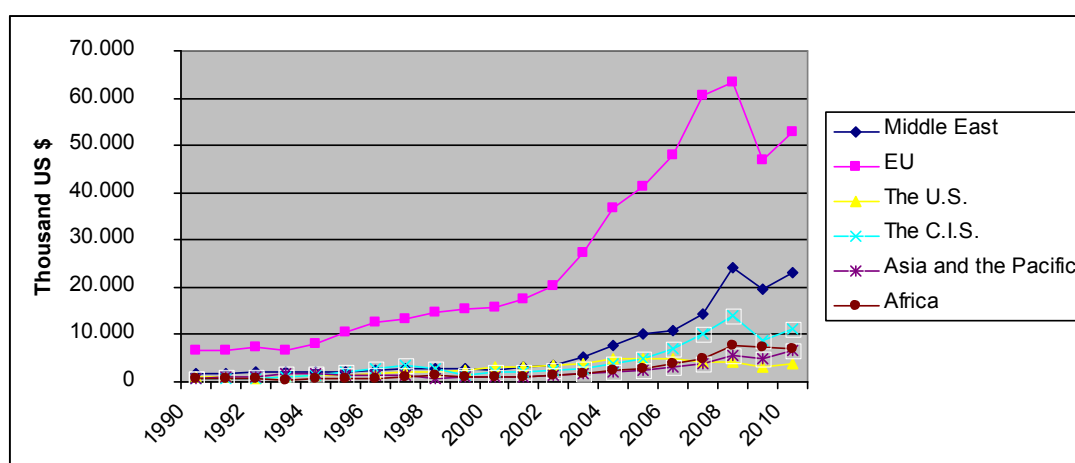
Kutlay explains this trend with the neo-functionalist theory which implies the interaction between economic and political integration (Kutlay 2011, 69). The argument is that if there is integration in low politics such as in some economic sectors, it would lead to a political integration. Such initiatives are generally supported by the interests groups in a pluralist society, because in that way they would get much benefit due to the decreasing transaction costs and increasing economies of scale (Kutlay 2011, 70). Therefore, via economic integration, political conflicts would be resolved as a spillover effect. Although Turkish initiatives do not show the exact elements of the neo-functionalist theory, in practice increasing bilateral economic relations could create a healthier environment to discuss and resolve the political disagreements.

Despite fluctuations, there has been an increasing tendency in Turkey's exports. After Turkey became member of the Customs Union in 1995, exports to the EU has dramatically increased as it can be seen in the Figure 3. On the other side, since 2002 when the JDP government came into power, we observe a clear increase in exports to the Middle Eastern countries (see Figure 3). Moreover, in comparison to the previous periods, there has been an increase in exports to the African, C.I.S. and Asian and the Pacific countries. Although the latter regions do not present a dramatic increase in exports, the increasing tendency cannot be ignored when we consider the increasing demand of the newly emerging business class for new markets in exportation, investment, tourism and also energy sectors. Accordingly, these efforts

to establish closer relations with the Middle East and the post-Soviet region can be considered as expected developments in light of the need for overcoming the current account deficit. In short, economic considerations and particularly trade relations have become significant means of foreign policy initiatives in Turkey (Öniş 2011, 56).

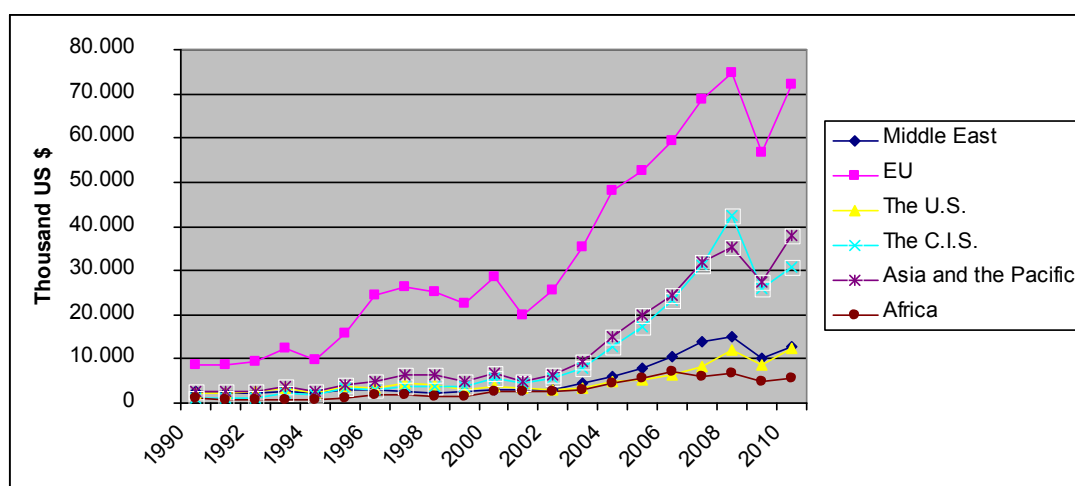
On the other hand, we also observe an increase in imports since 2002 (see Figure 4). However, imports from the C.I.S. countries are mainly concentrated on oil and natural gas (Stern 2008, 4-5). In other words, given the increase in energy costs, it is expected to have more imports in terms of the amount paid to oil and gas exporting countries in the regions. On the other side, increase in imports from the Asian and Pacific countries can be explained by their development policies based on the cheap and competitive production model. Based on the East Asian development model, their products have become cheaper than the ones in other regions. Thus, while the increase in imports from the Asia and Pacific region can be attributed to the newly emerging Anatolian business class' cultural and identity-based intimacy, the changing production structure in the region should be taken into consideration. The important thing here is that when exports to and imports from the Middle East is observed, the exports to the Middle East is higher in volume than the imports. This surplus can be assessed within the framework of overcoming the current account deficit.

Figure 3. Turkey's Export Orientation by Regions, 1990-2010



Source: Under-secretariat of the Prime Ministry for Foreign Trade, http://ihracat.dtm.gov.tr/dtm/index.php?module=content&page_id=444, Access Date: April 20, 2011.

Figure 4. Turkey's Import Orientation by Regions, 1990-2010

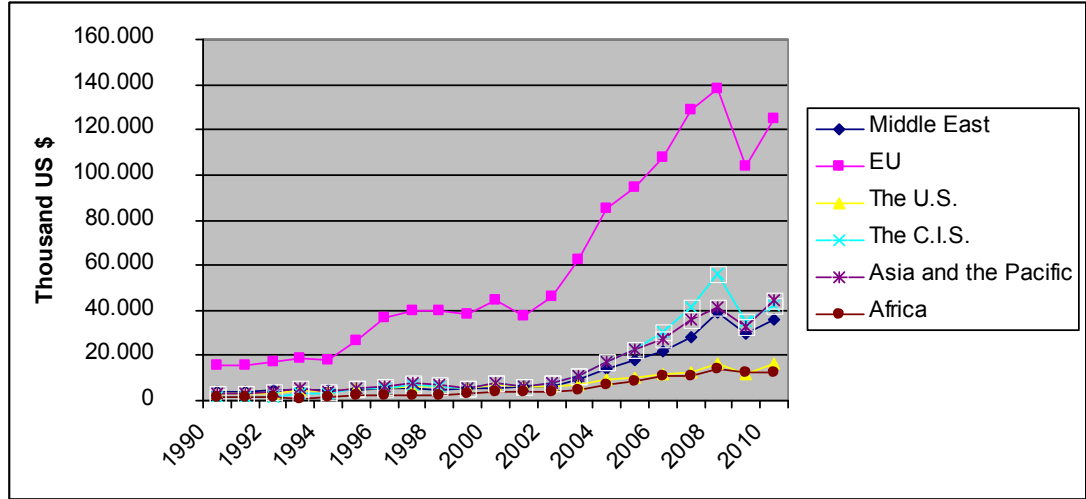


Source: Under-secretariat of the Prime Ministry for Foreign Trade, http://ithalat.dtm.gov.tr/dtm/index.php?module=content&page_id=444, Access Date: April 20, 2011.

When the total trade volume is taken into consideration, the rate of increase in exports to these regions between 1990-2008 before the 2008-2009 financial crisis occurred, are very significant (see Figure 5). For example, Turkey's trade volume with the EU, the Middle East, the U.S., the C.I.S., Asia and the Pacific and Africa increased 8.0, 8.3, 4.0, 31.0, 11.0 and 6.6 times, respectively. Accordingly, the trade volume with EU increasing 8.0 times, is an expected result of Turkey's membership

to the Customs Union in 1995. The higher increase in trade volume with the C.I.S. (31.0 times) is because of the import of the energy resources. However, when we look at Turkey's trade volume with the Middle East, it is observed that the rate of increase is 8.3, which is higher than the rate for the EU. Thus, given the higher share of exports than imports in trade volume with the Middle East (see Figure 3 and 4) Turkey has a surplus in trade with the Middle Eastern countries which is overall important for Turkey's current account deficit. Although the trade volume with the Middle East is relatively smaller than the volume with the EU, there is surplus only with the Middle East region compared to all other regions. Consequently, the increasing trade relations with the Middle East specifically after 2002 is important demonstrating the mutually dependent relationship between the JDP government and the Anatolian business class.

Figure 5. Turkey's Trade Volume by Regions, 1990-2010



Source: Source: Under-secretariat of the Prime Ministry for Foreign Trade, http://ithalat.dtm.gov.tr/dtm/index.php?module=content&page_id=444, Access Date: April 20, 2011.

3.3 Continuities and Discontinuities in Turkish Foreign Policy under the JDP Government

In the previous sections an outline of the characteristics of the foreign policy of the JDP government and the influence of economic considerations in its foreign policy is presented. In this section, changes and continuities in Turkish foreign policy are considered to examine the extent of influence by such characteristics and economic considerations.

According to Ziya Öniş (2010, 2) examining the foreign policy of the JDP government should be divided into two periods as the first JDP government, which started in 2002 and the second JDP government, started in 2007. Because he argues that Turkish foreign policy has been going through a more independent and pretentious foreign policy during the second phase of the JDP government, within the context of a similar path followed by the BRIC which have demonstrated a more active role in the changing global environment, especially after the global financial crisis (Öniş 2011, 48).

On the other side, Danforth characterizes Turkish foreign policy orientation since the Atatürk's period until the JDP era as pragmatic (2010). He focuses on the ideological and pragmatist history of Turkish foreign policy making. He compares the JDP era with the Özal era, and claims that during the Özal era an activist regional foreign policy with a neo-Ottomanist vision was an opportunity to improve ties with the U.S., whereas in the JDP era, neo-Ottomanist foreign policy orientation towards the Middle East is at the expense of its close ties with the U.S.. Basically, he argues that the JDP cannot pursue good relations with the West and the East at the same time. However, this is not because of ideological motives, but because of the

pragmatist reasons. For Danforth, JDP has been trying to balance Turkey's strategic relationships rather than prioritizing relations with the West (EU, U.S. and NATO). Thus, the author concludes that the JDP era does reveal continuities not only with neo-Ottomanism of Özal, but also with the non-alignment policy of Atatürk and İnönü (Danforth 2010, 90-94).

Nevertheless, in the second period of the JDP government, some shifts concerning foreign relations occurred. The most prominent one is the declining commitment to the EU membership process. In parallel with this rupture, it became obvious that JDP started to follow a more independent foreign policy from the West in terms of regional and international conflicts (Öniş & Yılmaz 2009, 13). The most important examples of this are the deteriorated relations with Israel and the attitude of Turkey to the Iranian nuclear program against the positions of the U.S., the EU and the United Nations.

There are some visible changes in the foreign policy orientation of JDP, but the continuities cannot be ignored. For instance, according to Öniş, the claim about the shift in Turkey's foreign policy orientation from the West to the East is an immature assessment, because, although the relations with the EU have been stagnated, Turkey is already integrated with the EU economically, politically and culturally. The integration is a continuing process; and no government in Turkey can afford to shift away from the EU path. Moreover, Turkey-U.S. relations have been improving after the controversy emerged during the Iraq War in March 1, 2003 (Öniş 2011, 48). Within this framework, the perceived active foreign policy orientation of the JDP government is not a new phenomenon, because it started during the governing years of Turgut Özal because of the transformation in international relations after the end of the Cold War. Likewise, during the 1999-2002 Democratic

Leftist Party-Nationalist Movement Party-Motherland Party (DSP-MHP-ANAP) Coalition government period, Ismail Cem –the foreign minister of the government– followed a multi-dimensional, pro-active foreign policy that was firmly committed to the Western axis (Öniş 2011, 49). According to Öniş, the early foreign policy of JDP maintained the same path of the previous coalition government, such as improving relations with the Middle East, Russia and the post-Soviet world.

Furthermore, since the 1980s the liberalization of the economy has strengthened the business interest groups that they started to be able to access the government and to influence the foreign policy decisions. They do not just influence the government decisions, but also public opinion. Beside, they also interact with their counterparts in other countries and cooperate with them for the lobbying activities both for their own interests and for the foreign policy considerations (Kirişçi 2009, 47). Accordingly, the ‘zero-problem with the neighbors’ policy can be reconsidered as a part of the economic integration process of Turkey into global markets under a dominant neo-liberal market policy. Although economic issues and economic interdependence was slightly addressed in Davutoğlu’s book, the role of the civil society, business organizations and numerous other organizations were taken into consideration as part of his foreign policy initiative (Davutoğlu, 2004). In this respect, in an interview Davutoğlu, pointed out that the business world in Turkey has turned out to be a fundamental driving force of Turkish foreign policy.⁵ In fact, this approach in Turkish foreign policy is not new and is not specific to the JDP era. The foundations of the economic approach in foreign policy making were laid down during the Özal era. During this period (1983-93), Özal implemented some projects so as to resolve the conflicts and increase interdependence with neighboring

⁵ Interview with Ahmet Davutoğlu “İş Dünyası Artık Dış Politikanın Öncülerinden” *Turkishtime*, April-May, 2004.

countries. Although these initiatives did not succeed, he paved a way to a new kind of foreign policy conduct.

Indeed, it is further argued that there is neither a change of direction in Turkish foreign policy nor any priorities under the JDP government, because JDP behaves in foreign policy measures in a populist manner (Criss 2010, 10). Criss describes the attitude towards the Middle East, efforts to normalize the relations with the Armenia, African initiative, and reactive discourse towards the West and Israel as the pragmatic foreign policy initiatives without ‘innocent sophistication’ and ‘managerial acumen’ (Criss 2010, 10). She criticizes the populist concerns of the JDP government, because populism creates confusion, weakens credibility and eventually leads to loss of prestige in Turkish foreign policy (Criss 2010, 12).

Moreover, Criss underlines how JDP uses and abuses the history under the concept of ‘neo-Ottomanism’ to legitimize their behavior, but with false analogies (Criss 2010, 12-13). Neo-Ottomanism first appeared in the 1990s during Turgut Özal’s prime ministry and presidency period, but because of the domestic security issues –terrorist threat of PKK– during the late 1990s an active foreign policy could not be conducted. However, the concepts of ‘soft power’, naturalization of foreign policy and democratization process have been revitalized since the JDP came into power in 2002 (Criss 2010, 13). The government sometimes uses these concepts to attack the ‘Kemalist’ foreign policy vision, which did not put emphasis on the relations with the Middle East and became an obstacle before the democratization of the country. Uzgel defines ‘neo-Ottomanism’ as a comprehensive transformation of domestic and foreign policies through redefining Kemalizm, politics, society and identity. In this process, the first aim is to soften the understanding of secularism and

the second one is to resolve the Kurdish question not on the basis of Kemalist-assimilationist models, but on the basis of religious partnership (Uzgel 2009, 359).

Another point Criss criticizes is the way the JDP government proceeds under the label of the Kurdish Initiative. She states that although this was a good starting point, JDP could not succeed since it did not try to make compromise with the major political parties on the issue of basic premises. Thus, this created another tension and polarization between the Kurds and the non-Kurds.⁶ For example, the government did not even establish a dialogue with the Democratic Society Party (DTP) as the legally elected representative party of the Kurds. This shows that the notion of religious brotherhood based on a neo-Ottomanist approach as a solution to the Kurdish question could not be achieved because of the ‘hubris and unilateralism’ of JDP which is also the case in its foreign policy vision (Criss 2010, 15).

To summarize, it seems that the most important driving force behind the foreign policy vision of the JDP government is economic considerations. In fact, what Davutoğlu suggests as new principles for Turkish foreign policy orientation like ‘zero-problem with neighbors’, ‘multilateralism’ and ‘pro-activism’ are the tools to improve foreign relations with other countries and by that way to create an area of influence on the region. The assumption is that if Turkey has strong bilateral economic relations, then such an economic background would resolve the political disputes in a more compromising and peaceful manner. Thus, while the JDP government has been trying to soften the problematic relations with neighboring Syria or Armenia, its foreign policy has been operating on such liberal perception.

Similarly, at the domestic level, the JDP government has a political interest in improving bilateral economic relations with countries in Turkey’s surrounding

⁶ Criss used the term non-Kurds to emphasize the profile of the multi-ethnic Turkish Republic although the majority of the population is composed of the ethnic Turks.

regions. There has been a newly emerging conservative business class in Anatolia, which is closer to the JDP government in light of similar identities shared by their members. Given their rise in the domestic markets, this emerging group needs new markets to expand their business by more exports. Thus, it can be argued that the need for new export markets and the JDP's foreign policy have been mutually reinforcing the interests and identities of both the JDP government and the newly emerging Anatolian business class.

Given the assessment above, in the next chapter I will look at TÜSİAD's and MÜSİAD's roles and their preferences in the foreign policy making during the two eras of the JDP governments. While these two economic interest groups have differences in their identities and political preferences, both have the same economic goal which is to maximize their profits. Thus, MÜSİAD and TÜSİAD are interesting cases. While they are voluntary business associations sharing similar economic concerns, the question remains to be examined is whether their distinctive characteristics have a role in foreign policy of the JDP government.

CHAPTER 4

ECONOMIC INTEREST GROUPS IN TURKEY: THE CASES OF TÜSİAD AND MÜSİAD

In this chapter, based on the distinctive characteristics of MÜSİAD and TÜSİAD, the mutually reinforcing relationship between the economic considerations of the economic interest groups, their identities and the foreign policy of the JDP will be discussed. Accordingly, first, an outline of the main characteristics of TÜSİAD and MÜSİAD as two major economic interest groups in Turkish politics will be presented. Then, the relation between the exports of MÜSİAD and TÜSİAD will be explored to discuss their foreign policy preferences and the JDP government's foreign policy between 2002-2011.

4.1. The Historical Background of the Economic Interest Groups in Turkey

After the end of the Second World War and with the transition to the multi-party period in Turkey, various interest groups emerged and started to exert influence on Turkish political life (Bianchi 1984, 3). The interest groups in Turkey, due to their interactions and affiliations with political parties and governments, had highly politicized natures (Bianchi 1984, 3). Besides, the unstable political environment in Turkey urged them to get involved in the politics in order to meet their demands and realize their goals.

According to Buğra, after the foundation of the Turkish Republic, for a long period of time, businessmen in Turkey did not have the necessary capital power to constitute their social status. Consequently, they were not aware of what their role was in the society (Buğra 1995, 189). In 1950, TOBB was established by the government as a legal representative of the private sector and it was compulsory for the businessmen to be member of TOBB. At the end of the 1950s, it was seen that the private sector was trying to have and maintain good relations with the government while avoiding being friendly with the opposition parties (Buğra 1995, 189). In the 1960s, the import-substitution development program started to be implemented and during that period there was an increase in the wealth of the private sector. As a result, by the 1980s a more mature business class emerged and since then became a potential power to pressurize the governments to make them meet the private sector's demands (Türk 2009, 5).

TÜSIAD was established in 1971 as a counter organization against TOBB in the background of an emerging more mature business class. The founders of the

TÜSİAD were members of TOBB, but they were discontented with the under-representation in the TOBB as the big businessmen and industrialists, because they were subject to the same legal arrangements with the small and medium sized entrepreneurs (Kalaycıoğlu in Heper 1991, 80). In the 1990, another business association was established, MÜSİAD. MÜSİAD members were different from those in TÜSİAD in three distinctive ways. First, they were mainly composed of small and medium-sized entrepreneurs of Anatolia, which were not allowed to be members of TÜSİAD since they could not meet the requirements of the TÜSİAD. Second, they had a different background in terms of identity from TÜSİAD members. Third, MÜSİAD members are mainly located in Anatolia (known as Anatolian Tigers); and TÜSİAD members are located in the big cities mainly in İstanbul, İzmir and Ankara. In fact, “MÜSİAD brought together a large group of enterprises that manifest a much greater diversity of size and geographical location than those represented by TÜSİAD” (Buğra 1998, 524). Thus, it can be said that the developing private sector in Turkey within the framework of state-business relations has created different business groups varying from each other in terms of size, identity, economic and political preferences.

According to Bianchi, there were two different types of interest group organizations in Turkey. The first one is based on a pluralist perspective called ‘pluralist network of private voluntary associations’ and the second one is the ‘corporatist network of semi-official compulsory associations’ (Bianchi 1984, 3). That is to say that, the first group includes the business associations autonomous from government affiliations while the second group is intentionally established and supported by the government itself to have a controlling power over the society. Bianchi says that these efforts were made for “corporating the most important areas

of Turkish associational life in order to limit political participation and reduce demands for economic redistribution without abandoning the formal framework of liberal democracy” (Bianchi 1984, 3). Thus, TÜSİAD and MÜSİAD can be classified in the first groups whereas TOBB, which is known with its pro-government attitude in the past, is an example of the second group.

4.2. General Characteristics of TÜSİAD

The first feature of TÜSİAD is that it is a voluntary organization meaning there is no obligation for businessmen and industrialists to become a member. The second feature, according to Vehbi Koç and TÜSİAD’s Charter, is that TÜSİAD is more interested in the general problems of the country and providing solutions for those problems rather than individual interests of the organization members (Koyuncu 2003, 132; TÜSİAD’s Charter/Article 2).⁷ The third feature is TÜSİAD’s elite status in terms of the members’ socio-cultural and economic status in society. The small number of members in this interest groups, the large size of the member firms, and their geographical concentration in İstanbul are attributed to their elitist background (Buğra 1998, 526).

In Turkey, as the private-sector had been developing business people were at the same time trying to break the dominant role of the state to establish ‘a secure basis for their property’ and to maintain ‘their hegemony as the dominant class’ (Buğra 1998, 526). To reach this goal, TÜSİAD embraced the European path for economic and social development in Turkey. Thus, it has been pursuing a pro-

⁷ <http://www.tusiad.org.tr/tusiad/tuzuk/>, Date of Access: 25.06.2011

European policy on economic, political and social spheres especially for Turkey's EU membership path since the 1990s (Buğra 1998, 526). For example, in the introduction part of the report entitled 'Perspectives on Democratization in Turkey' published by TÜSİAD, it is stated that to fasten economic growth and increase competition, Turkey should cooperate with developed countries rather than least developed ones (Türkiye'de Demokratikleşme Perspektifleri 1997⁸; Buğra 1998, 527). Thus it can be said that for TÜSİAD, while the West especially the EU represents the developed countries, the East is perceived as consisting the least developed countries.

Accordingly, TÜSİAD is one of the most visible economic interest groups, which strictly favors the Western type of democracy and human rights, freedom of enterprise, freedom of worship and freedom of expression and speech since the beginning of the 1990s. According to Baskın Oran, before the 1990s, TÜSİAD was very conservative and it was not interested in civil society (Oran 2011, *Radikal*). Even before becoming an advocator of democracy, TÜSİAD supported September 12, 1980 Military Coup and afraid of February 28, 1997 post-modern coup (Boratav 2005, 73; Oran 2011, *Radikal*). Oran continues with that, until the 1990s TÜSİAD had three drawbacks: communism, PKK and anti-secular actions; however, at the begging of the 1990s the fear of communism and at the mid-1990s the fear of PKK ended whereas the fear of anti-secular actions continued (Oran 2011, *Radikal*). Since then, TÜSİAD's identity started to be constituted upon the values of Western liberalism including the rule of law, secularism and free-market economy. The reason is that first, liberal economy best operates in liberal democratic regimes; second, to create a stable economy, a politically stable environment is needed. For

⁸ In the report, there are no page numbers and the cited part here is in the part titled 'Demokrasi için katkıya çağrı' (Call on contribution for democracy).

example, it is important to note that according to Haluk Tükel, then secretary general of TÜSİAD, favors political stability as the pre-requisite of economic stability and “liberal economic system needs genuine democratic rules to strengthen its legal and institutional infrastructure” (Öniş and Bayer 2010, 187). Given that free-market economy can operate properly in a democratic and politically stable environment as well as in a legal and institutional infrastructure, TÜSİAD has been lobbying for the necessary conditions and supporting such an environment and infrastructure with their members’ political stance.

Beside the domestic initiatives, TÜSİAD also works for integrating the Turkish economy with the global economic system. To fulfill this promise, in the beginning of the 1990s, TÜSİAD became the main supporter of Turkey’s EU membership and Customs Union. TÜSİAD promoted its role to integrate with the West in line with its belief that political liberalization reforms and democratization process should be carried out simultaneously with economic liberalization. TÜSİAD has been publishing reports about democratization, human rights and the importance of the rule of law, which are the core values of Western liberalism. In 2002, TÜSİAD published a report ‘Towards European Union Membership: Political Reforms in Turkey’. In this publication, the focus was on the political reforms implemented to meet the Copenhagen Criteria since the 1990s (TÜSİAD Report no. 332, 2002). Similarly, in the brochure, ‘EU and Turkey: Towards Full Membership’, published by TÜSİAD, the emphasis is on the key role of Turkey in the region and its possible benefits for the EU regarding the EU’s geo-political and geo-strategic interests (Koyuncu 2003, 154-155). In addition to the domestic efforts, it started lobbying activities abroad, for instance TÜSİAD delegates have been carrying out regular visits to the European Union member countries since the 1990s. Furthermore,

TÜSİAD has been organizing different activities to introduce and advertise Turkey and Turkish culture to the EU in order to change the perception of Turkey both in the European public and the EU (TÜSİAD Report no. 454, 2008, 37-63)⁹.

Additionally, TÜSİAD has established an interactive platform to develop the relations with its counterpart, the European business community in the EU, which might be beneficial for Turkey's EU membership path. In fact, TÜSİAD became the member of UNICE (Union of Industrial and Employer's Confederations of Europe) and established closer relations with them (Koyuncu 2003, 154). However, TÜSİAD's active lobbying for further democratization has encountered difficulties, because JDP's and the public's enthusiasm for the EU membership as an external anchor for further democratization has declined (Bayer and Öniş 2011, 197).

Consequently, since the foundation of TÜSİAD, it has embraced Western values like liberal democracy, free market economy, the rule of law, economic competition and various political, economic and individual liberties, because in order to develop, Turkey should follow the same development model as the West followed. Accordingly, at the beginning of the 1990s, TÜSİAD started to strictly support Turkey's EU membership which would eventually make Turkey politically more democratic and economically stronger. Along with support, they published various reports; established an interactive platform to cooperate with its European counterparts; organized different activities for Turkey's promotion in the EU and also tried to influence the government's decisions through its statements, declarations and reports. Thus, TÜSİAD has become one of the main supporters of Turkey's EU membership.

⁹ For detailed information please look at the report entitled 'Turkey's Promotion on the Way to the European Union', March 2008.

4.3. General Characteristics of MÜSİAD

During a particular era when the globalization process accelerated with new patterns of production and trade in addition to new economic and political developments in Turkey such as, transition from import-substitution development model to export-oriented development model and the change in the understanding of the traditional role of the state, MÜSİAD was founded in 1990 (Buğra 1998, 524). The foundation of MÜSİAD was also related to the rise of the ‘Islamic capital’¹⁰, because the Islamic capital’s rise made Islam easily integrate with the political economy of Turkey (Keyman and Koyuncu 2005, 112). Due to the rise of political Islam both in Turkey and in the Middle East, MÜSİAD became more visible and influential in its lobbying as an interest group with its particular values and identity. Further, a new rivalry emerged between MÜSİAD and TÜSİAD (Buğra 1998, 524).

According to Keyman and Koyuncu, the existence of an interest-based organization like MÜSİAD points that Islam and free-market economy can be combined and operate together (2005, 112). According to Buğra, MÜSİAD succeeds incorporating a large number of enterprises of different sizes and from different geographical regions and building a network among them based on ‘trust among believers’. Furthermore, Buğra explains this success with the possibility of coexistence between Islam and the ‘Western-rational model of organizational behavior’¹¹ (Buğra 1999, 11-2). Accordingly, the reason why MÜSİAD is categorized as ‘Muslim’ Industrialist and Businessmen lies at their affiliations with

¹⁰ Fuat Keyman also uses ‘green capital’ and ‘Anatolian capital’ to identify the ‘Islamic capital’.

¹¹ For detailed information about the ‘Western-rational model of organizational behavior’, please look at Buğra, Ayşe, Islam in Economic Organizations. İstanbul: TESEV, 1999.

religious sects, taking Islam as a legitimizing ground for their economic activities and their supportive approach to the political Islamist movement starting from the Welfare Party to the JDP in Turkish politics.

Within this framework, the major features of MÜSİAD can be described as follows. MÜSİAD is a voluntary organization in which members are small and medium sized enterprises mainly located in Central and Eastern Anatolia. In terms of the number of its members, MÜSİAD is the largest voluntary business organization in Turkey. Furthermore, MÜSİAD proposes the ‘East Asian development model’, which is based on trust and solidarity relations in economic life as opposed to the liberal capitalist model of development. MÜSİAD perceives that East Asian model is successful, because it achieves the implementation of ‘the ‘strategic fit’ between the traditional institutions that regulate social relations and the requirements of global markets” (Buğra 1998, 528). By that way, MÜSİAD’s approach based on ethical ‘*Homo Islamicus*’ can be understood as an alternative way to the ‘nonviable capitalist development’ attributed to the ‘*Homo Economicus*’¹² (Keyman and Koyuncu 2005, 118). Thus, MÜSİAD’s discourse is constructed upon communitarian values rather than liberal values based on individualism. In light of the MÜSİAD’s five goals, its mission can be summarized in terms of its role in contributing to Turkish economic development and entrepreneurship by following an export-oriented development model, which integrates with the global economy (www.musiad.org.tr)¹³,

¹² For detailed information about in what terms ‘Homo Economicus’ and ‘Homo Islamicus’ differ from each other, please look at Yusuf, Balcı. 1995. *İslam’da Çalışma İlişkileri*, (Working Relations in Islam). İstanbul: MÜSİAD Publication; Sabahattin, Zaim. 1995. *Ekonomik Hayatta Müslüman İnsanın Tutum ve Davranışları*, (The Attitudes and Behaviors of a Muslim Man in Economic Life). İstanbul: MÜSİAD Publication.

¹³ <http://www.musiad.org.tr/MusiadHakkinda.aspx?id=3>, access date: 27.06.2011

Like TÜSİAD, MÜSİAD has published various research reports on different issues in order to inform the public and businessmen. Some of these reports are selected to demonstrate examples and focus areas as evidence for the formation of MÜSİAD's foreign policy preferences and economic considerations. For example, the research report 10/1 entitled 'İslam Ülkeleri Arasında Ekonomik İşbirliği' (Economic Cooperation Between the Islamic Countries) published in 1994 focuses on economic relations among the Islamic countries and Turkey's role and potential interests in the case of cooperation. Furthermore, it emphasizes Islam's reference to social integrity and cooperation in the economic sector. Within this framework, the suggestion here is that a close cooperation between the Islamic countries is needed in order to realize their socio-economic and political goals. Organization of the Islamic Conference (OIC) has become one of the most important tools for the Islamic countries to achieve their goals in this way. Cooperation between the countries should not only be between the governments, but also between the private sectors and educational institutions of the countries (MÜSİAD Report no. 10/1, 1994). Thus, MÜSİAD's perspective on the role of Islam in the economic life can be explicitly seen in this report.

Another research report 10/2 entitled '21. Yüzyılda Türkiye'nin Hedefleri' (The Goals of Turkey in the 21st Century) published in 1994, is about Turkey's economic and political goals within the globalized system in the 21st century. The most remarkable example in this report is the paper presented by Ahmet Davutoğlu, who would be the minister of foreign affairs in the second JDP government between 2009-June 2011. In his contribution to the report by this paper, Davutoğlu summarized the 'strategic depth' doctrine in the context of history, geography, culture, politics, economy and security parameters. Evaluating and combining these

parameters, Davutoğlu argues that Turkey should take its position in the new international conjuncture after the end of the Cold War. Upon that Turkey should create an area of influence coordinately and carefully in the region in order to strengthen its global status.

Furthermore, the political status both over the region and in the global system should be combined with Turkey's economic resources and geo-economic characteristics based upon an economic development model. Since Turkey's economic resources are not sufficient to pursue a strong global strategy, Turkey should effectively seek for economic cooperation and economic alliances in the region. For Davutoğlu, to be fully integrated with the global economy, interdependence is a prerequisite by using diplomatic tools (Davutoğlu 1994, 52). Thus, while re-assessing the international status of Turkey, he suggests that Turkey could take its position first regionally, then globally in coordination with intra-state cultural, political and economic parameters. Because, he argues that a state should, firstly define its identity in order to strengthen its international and global position. In other words, according to Davutoğlu, a healthy foreign policy decision should be constructed upon an accurate self-identification as a state. If that succeeds, Turkey can take an active role in the global issues with its historical background in addition to geo-political and geo-economic advantages (Davutoğlu 1994, 53).

In the research report no. 67 entitled 'Yükselen Değer: Türkiye' (Rising Value: Turkey) published in 2010, Ömer Cihad Vardan, the president of MÜSİAD, states that after the end of the Cold War, Turkey could not achieve the expected success in the post-Cold War international political economic system due to the internal political, economic and social crises. Therefore, it is claimed that when JDP came into power as a single-party government in 2002, Turkey has emerged as a

rising power in various areas (Vardan 2010, 8). The report exemplifies Turkey's rising power with the globalized Turkish businessmen. It describes the role of Turkish businessmen now having the capacity and potential for doing business all over the world such as, in Far East Asia, in Latin America and in Africa, as well as highlighting the prestige of Turkish products rising in many parts of the world. To turn this potential into active action, the report suggests that proper political methods and tools should be used, since it is argued that economic stability has been maintained by good administration and policies in foreign affairs such as, 'zero problem with neighbors' policy (Vardan 2010, 10). Therefore, it is expected that through friendly relations with the neighbors, economic and social integration process has accelerated, which, in return, will bring welfare and peace into the region. Thus, the report indicates that MÜSİAD is very pleased with these friendly developments in the region that was neglected for a long period of time before the JDP government (Vardan 2010, 12). In fact, a large part in the report is dedicated to international relations and foreign policy. It seems that developing relations with the East and the Islamic countries has recently made MÜSİAD more interested in international relations and foreign policy decisions because of the need for new export markets for the newly rising businessmen.

Ahmet Davutoğlu has another article also in this report. He emphasizes the improving and rising economy of Turkey as well as its decreasing dependency on international financial institutions (Davutoğlu 2010, 36). Accordingly, during the JDP government between 2002-2011, the interdependence between economic activities and foreign policy has increased. While foreign policy decisions have paved the way for the new entrepreneurs and businessmen, their economic and commercial ties in the foreign countries has made Turkish diplomacy and foreign

policy stronger and more active (Davutoğlu 2010, 40). İbrahim Kalın who is the (then) Senior Advisor of Prime Minister Recep Tayyip Erdoğan, on the other hand, attributes the success of Turkish foreign policy and diplomacy to the contribution of the wide range of actors to foreign policy making such as non-governmental organizations (NGOs), business organizations, artists, media members, scientists, intellectuals, academics, humanitarian aid organizations and human rights organizations (Kalın 2010, 50).

In the following sections of the report, İhsanoğlu indicates that Turkey's participation in the Islamic Development Bank as one of the steps taken for pursuing a 'multi-dimensional' foreign policy vision, which requires diversified economic and commercial relations with the Middle Eastern, African and Asian countries along with the Western countries (İhsanoğlu 2010, 41). It is highlighted that in parallel with the diversification of economic and commercial partners, Turkey's exports to the Organization of the Islamic Conference (OIC) countries has a significant increase from \$602 million in 2000 to \$28.7 billion in 2009. Turkey's imports from the OIC countries have also increased from \$6.3 billion to \$18 billion from 2000 to 2009 (İhsanoğlu 2010, 43).

Nevertheless, in this report Şensoy criticizes some of the foreign policy tools of the JDP government. He questions the neo-Ottomanist approach in terms of how compatible and possible it is with the regional and world politics today. Another criticism is about Turkey's connections with NATO, U.S. and Israel, because it was stated that such connections still annoy some of the Islamic countries in the region (Şensoy 2010, 140). 2901240

Furthermore, MÜSİAD's Foreign Relations Commission has conducted various research on Turkey's trade potentials with foreign countries. The countries

included in these studies are mainly Middle Eastern Islamic and Asian-Pacific countries. These countries are namely Uzbekistan, Kazakhstan, Azerbaijan, Brazil, Egypt, Sudan, Pakistan, Iran, Saudi Arabia, Jordan, Bosnia-Herzegovina, Asian-Pacific countries, the USA, Austria, Hungary, the United Arab Emirates, Albania, Macedonia, Libya, Morocco and Tunisia (Koyuncu 2003, 211). All the information about trade and industrial potentials of these countries are provided to the MÜSİAD members with such research. Additionally, MÜSİAD publishes quarterly *Çerçeve* which is a magazine dealing with special issues by the contributions of intellectuals. The issues vary from domestic topics to foreign and international affairs such as the Customs Union and the IMF (Koyuncu 2003, 212). In addition to these publications, MÜSİAD organizes fairs and trips abroad to keep up with the technological developments to improve their business and also to integrate with the globalized world economy (Koyuncu 2003, 214/MÜSİAD). These trips are concentrated mostly on the Middle Eastern, African, Central and South-Eastern Asian countries, although the USA and the Western Europe are also on the list (Koyuncu 2003, 215).

Although MÜSİAD embraces the Islamist identity, economic and political considerations lead them to support Turkey's EU membership like TÜSİAD does. In the case of membership, there will be both economic and political benefits that MÜSİAD can take advantage of. Economically, MÜSİAD members will have new trade partners and new markets for their export products (Keyman and Koyuncu 2005, 118). As a newly emerging business class, such a development will highly be advantageous for their growth and improvement. Beside economic benefits, there will be political returns for MÜSİAD via further democratization which can grant it more freedom for Islamist discourse. To make it clear the political reforms and a future membership to the EU urges Turkey to be more democratic, pluralist and more

tolerable to multiculturalism. However, according to Keyman and Koyuncu, the reason behind its support is to find a more free space for Islamic discourse under the principles of democracy, pluralism and multiculturalism (2005, 119). According to Bayer and Öniş, MÜSİAD is “a conservative association with close links to the governing party, AKP, has a wider membership pool but its role in democracy discussions has been more limited” (2010, 185). In fact, according to Vorhoff, MÜSİAD started to emphasize the deficiencies in democracy, freedom of speech and religious practice after the term of Welfare Party government ended (Koyuncu 2003, 204)¹⁴.

According to Koyuncu, there should be a distinction between two periods as pre-1997 and post-1997 in order to evaluate MÜSİAD’s stance for Turkey’s EU membership. She argues that while MÜSİAD was more conservative about membership before 1997 under the influence of the ‘National Outlook’, it became more in favor of EU membership in the post-1997 period when the Welfare Party government ended due to the secularist considerations (Koyuncu 2003, 244). In fact rather than focusing on such a shift in support to EU membership, Ayşe Buğra underlines what has been the criticism of MÜSİAD which states that Turkey has been following a unidirectional foreign policy by trying to be an EU member (Buğra 2003, 9). Moreover, MÜSİAD is against the Customs Union since they think that it is harmful for Turkish economy and it limits Turkey’s freedom of maneuver in economic relations with the third-party countries (Koyuncu 2003, 244). Therefore, MÜSİAD favors a foreign policy in which Turkey should consider its other options like other Turkic countries in Central Asia, Islamic Middle Eastern, North African

¹⁴ Cited from Vorhoff, Karin (2000). “Businessmen and Their Organizations: Between Instrumental Solidarity, Cultural Diversity, and the State”. *Civil Society in the Grip of Nationalism*. İstanbul: Orient-Institut. 311-356.

and Far Eastern countries especially after the dissolution of the Soviet Union (Koyuncu 2003, 245).

In an interview made with Ömer Cihad Vardan, Chairman of the MÜSİAD January 2011, he addressed changes in foreign policy, specifically ‘axial dislocation’ and its possible future impact on trade relations. According to him, there should be diversification of the export markets for Turkey and ‘axial dislocation’ could be a chance to diversify the export markets. In addition, he emphasized Turkey’s influence over the region and argued that a politically strong Turkey would have much economic gain from the region. Accordingly, he gave examples of Turkey’s position in the United Nations Security Council, in the European Union and in the Organization for Security and Cooperation for Europe (OSCE) that could have a positive effect on the Turkish economy (*Sabah*, January 11, 2011). In fact, since the beginning of the 2000s, in addition to developing relations with the Middle East and the Asia, Turkey has also been trying to develop closer relations with African countries and the African Union. Accordingly, trade between Turkey and the African countries has significantly increased from 742 million dollars in 2000 to 5.7 billion dollars in 2008 (Oba 2010, 153). There is a close relationship between Turkish diplomacy and improving trade relations with the Africa.

4.4. Export Orientations of TÜSİAD and MÜSİAD and Turkish Foreign Policy

In light of the assessment of the general characteristics of MÜSİAD and TÜSİAD, in this section I will examine in detail export orientations of MÜSİAD and

TÜSİAD to discuss further whether such export orientation has an influence on their foreign policy preferences. While TÜSİAD is Western-oriented, MÜSİAD is mostly interested in the East and the Islamic countries. Since TÜSİAD embraces the liberal values of the West, it has been following a pro-EU policy and lobbying for Turkey's EU membership. In addition to political preferences of TÜSİAD such as further democratization, rule of democracy, freedom of speech, the economic interests of TÜSİAD is another reason why it follows a pro-European policy. European countries constitute a big market for TÜSİAD exports. On the other hand, MÜSİAD is more Eastern-oriented both because of its conservative Islamist identity and its place in the Turkish economy as a newly emerging business class. Since MÜSİAD members' capital accumulation started to happen much later than TÜSİAD members, they need new markets for their exports. Thus, Turkey's relatively indifferent attitude towards the East and Islamic countries until the 2000s has created an opportunity for the Anatolian small and medium sized enterprises to expand into these countries as new markets for their exports. Additionally, MÜSİAD's Islamist stance is another factor to establish closer relations with the Islamic countries. Although, MÜSİAD started to support Turkey's EU membership since 1997, it pays more attention to relations with the Eastern countries.

Given the data in Table 1, in terms of the number of companies of TÜSİAD and MÜSİAD in selected provinces, there is a visible difference. Although they are smaller than TÜSİAD companies in terms of size, the number of MÜSİAD companies is much more than the number of TÜSİAD companies. So, it can be said that, due to the MÜSİAD's larger number of companies, its share in trade has been increasing. TÜSİAD's share in Turkey's foreign trade is still larger than MÜSİAD. In a report published by TÜSİAD in 2010, it is stated that TÜSİAD's share in

Turkey's foreign trade is 80% and the larger share of exports to the EU belongs to TÜSİAD (TÜSİAD 2010, 10). On the other hand, it should be noted that the Anatolian Tigers have been getting stronger in the Turkish economy and the share of the top 500 Anatolian Tigers in Turkey's export is 12.3% (*Ekonomist* 2010, 16).

Table 1. Number of TÜSİAD and MÜSİAD Companies in Selected Provinces

Provinces	Number of Exporting TÜSİAD Companies in Top 1000 ¹⁵	Number of MÜSİAD Companies	TÜSİAD Companies Export in (2009, US \$)	Total Export (2009, US \$)
İstanbul	38	1052	9.034.323.236	55.539.993.000
Manisa	1	1	163.039.435	911.957.000
İzmir	11	72	719.821.448	6.118.729.000
Bursa	4	212	371.117.889	9.056.712.000
Gaziantep	5	108	238.230.323	2.952.992.000
Ankara	5	150	229.115.922	4.911.247.000
Kocaeli	1	73	138.020.963	4.577.506.000
Kayseri	1	124	116.163.351	964.319.000
Hatay	1	30	64.783.947	1.417.802.000
Tekirdağ	1	5	53.231.361	483.239.000
Aydın	2	1	43.207.927	424.471.000
Samsun	1	39	39.812.635	304.163.000
Sakarya	1	74	17.424.531	1.722.374.000
Kırklareli	1		16.504.354	68.620.000
Mersin	1	87	15.988.766	1.048.626.000
Total	74	2028	11.260.786.088	90.502.750.000

Source: Turkish Exporters Assembly Website, <http://www.tim.org.tr/tr/ihracat-ihracat-rakamlari.html>, access date: July 08, 2011; TÜSİAD Annual Report 2010 and MÜSİAD Members Report.

Given the data in the Figure 3 in chapter 2, there is a notable increase in exports to the Middle Eastern countries starting from the 2000s. Additionally, there is an increasing tendency in exports to Africa, the C.I.S., Asia and the Pacific. It can be argued that the increased export volume to the latter countries is not remarkable;

¹⁵ The top 1000 exporters report is prepared by Turkish Exporters Assembly.

however, the rise in exports to these regions is an example of the newly emerging Anatolian business class' demand for new export markets in tourism, exportation, investment and energy sectors. Since MÜSİAD includes most of the Anatolia-based small and medium sized enterprises, it seems that the larger portion of exports to those regions has been realized by MÜSİAD¹⁶. Accordingly, the large number of MÜSİAD companies might be another indicator of the increasing share of MÜSİAD in exports.

Within this framework, the different identities of MÜSİAD and TÜSİAD need to be discussed further. While we observed that MÜSİAD companies have a relatively increasing role in the exports of Turkey, despite their relatively smaller share in total exports, both their identity and their need for new markets might influence their preferences towards the Middle East, Africa, C.I.S., Asia and the Pacific. However, I would argue that there is a mutual reinforcement of economic considerations between MÜSİAD and the JDP government.

MÜSİAD is one of the supporting constituencies of the JDP government and both have common grounds in their identity formation. Thus, it can be argued that, while MÜSİAD has been in search for new export markets, the JDP government has been trying to establish politically and economically closer relations with the Middle East, North Africa and some Asian countries. In other words, rather than a considerable influence of identity dominated preferences, economic considerations legitimized their focus on these relatively new export regions.

In the process of neo-liberal transformation in Turkey, which has accelerated starting from the 1980s, MÜSİAD's role within the state-society relations has been reshaped as a newly emerging business class. In this respect, the mutual

¹⁶ There is no data available for exports of MÜSİAD members by provinces.

reinforcement of economic considerations between MÜSİAD and the JDP government has been legitimized through the influence of the shared identity, particularly in domestic politics.¹⁷

Social forces such as MÜSİAD as a business interest group should be studied empirically within the state structure which is composed of a political community. In other words, the coercive means of the state like ministries and other public institutions act together with social forces like political parties, labor unions, business organizations and religious organizations within the political community including civil society at local, international and transnational level. Consequently, I would argue that MÜSİAD has been operating within the neo-liberal integration model of Turkish economy in the globalization process at local, international and transnational levels through the ‘historic bloc’.

¹⁷ For the detailed information about capital-state relations and the transformation of the politics in Turkey within the framework of neo-liberal transformation see Pınar Bedirhanoglu and Galip Yalman. 2009. “Neoliberal Küreselleşme Sürecinde Türkiye’de ‘Yerel’ Sermaye: Gaziantep, Denizli ve Eskişehir’den İzlenimler”, *Praksis*, vol.19, no. 1; Pınar Bedirhanoglu.2006. “Yolsuzluk, Yeni Sağın Hegemonya Mücadelesi ve Devletin Dönüşümü”, in *İktisat, Siyaset ve Devlet Üzerine Yazılar: Prof.Dr.Kemali Saybaşılı’ya Armağan*. Eds. Burak Ulman ve İsmet Akça, İstanbul: Bağlam Yayınları, pp. 187-198; Korkut Boratav.2010. *Türkiye İktisat Tarihi 1908-2007*, 14th Edition, Ankara: İletişim Yayınları; Korkut Boratav.2010. *Emperyalizm, Sosyalizm ve Türkiye*, İstanbul: Yordam Kitap; Nergis Mütevellioğlu ve Sinan Sönmez (eds).2009. *Küreselleşme, Kriz ve Türkiye’de Neoliberal Dönüşüm*, İstanbul: Bilgi Üniversitesi Yayınları .

CHAPTER 5

CONCLUSION

In this thesis, the role of the economic interest groups in Turkish foreign policy during the two JDP governments period is analyzed. During the JDP governments, there have been significant foreign policy developments. As a result, there have been debates in the academic circles about the motives behind these developments and the relationship between these developments and economic considerations. When we consider the interest groups in Turkey, we see that since the transition to the multi-party period in Turkey, various interest groups have arisen; and they have had a sort of and gradually increasing influence in the Turkish political life. Furthermore, during the JDP government the influence of the interest groups has become been reconsidered in light of the developments in Turkish foreign policy and the economy.

TÜSİAD and MÜSİAD have been selected as the cases for the economic interest groups in Turkey. I have chosen two of them, because first one represents the small-numbered large firms and industrialists; and the second one represents the large-numbered small and medium sized firms and industrialists. Thus, they are the

most important groups in terms of their visibility in the media as well as their role in Turkish economic and political life when we consider the developments in Turkish foreign policy together with the economic considerations.

Within this framework, first the general characteristics of the foreign policy of the JDP government have been examined. In this regard, the transformation of the JDP and the motives behind this transformation has been explained. Then, Turkey's bilateral relations with other countries have been focused under the topic of foreign policy developments during the JDP governments. By this way, the continuities and the changes in Turkish foreign policy under the JDP government have been explored. In light of these examinations, economic considerations in the foreign policy of the JDP government have tried to be revealed.

In the literature, there have been various explanations which are interconnected with each other, about what the motives are behind any change in the JDP government's foreign policy. The first cause of the change in Turkish foreign policy is the change in the international political conjuncture after the end of the Cold War. With the dissolution of the Soviet Union, the security and identity concepts have been reshaped both globally and regionally. Turkey as a country between the different important regions also has started to re-identify its internal and external identity in addition to its security understanding. Thus, in such an environment, geopolitics of Turkey's surrounding region has become another tool for the JDP's foreign policy conduct.

The second driving force is identified as 'Europeanization'. This means that, the increasing and developing relations with the EU have urged Turkey to get more democratized by harmonization packages. As a result, different social actors have gained a chance to be involved in domestic and foreign policy decision-making

procedure directly or indirectly. Thus, the interest groups and the newly emerged business elite class have also gained access to influence the Turkish foreign policy.

Another variant is the newly emerging conservative business class in Anatolia and its economic considerations. This new class emerged in the 1990s and it has needed new export markets for its goods. Since its capital accumulation phase started to happen late, its access to the old markets like the EU is not easy. Therefore, the other regions around Turkey like the Middle East, Africa, the post-Soviet region and the Asia have a great potential for this new business class' exports. On the other side, this new elite is one of the important supporters of the conservative JDP government. Thus, there is a mutual relationship between the new elite and the JDP government. While it has been supporting the JDP government, the JDP has met the new class' need for new export markets with its more Eastern-oriented foreign policy initiative.

In light of the findings in Chapter 3 and specifically the Figure 3, it can be seen that there has been a visible increase in exports to the Middle East. Also, there is an increasing tendency in exports to Africa, the C.I.S. and Asia and the Pacific regions. This increasing tendency can be explained with the new Anatolian business class' need for new markets. Furthermore, given the data in Figure 1 and 2 in chapter 3, Turkey's urge in fixing the current account deficit via increasing exports can be another explanation for the closer relations established with these regions.

Consequently, in light of the changes and the continuities of Turkish foreign policy during the JDP government, I would argue that economic considerations within the framework of the JDP's transformation, the rise of the new social groups and their increasing involvement in policy making procedure via democratization process seems more influential in JDP's foreign policy conduct. Furthermore, the new foreign policy principles introduced by Ahmet Davutoğlu like 'zero-problem

with neighbors’, ‘multilateralism’ and ‘pro-activism’ are the means to improve economic relations with the other countries in the region. Thus, the need for new export markets and the JDP’s foreign policy have been reciprocally consolidating the interests and identities of both the JDP government and the newly emerging Anatolian business class.

In order to elaborate further the influence of the interest groups in the foreign policy of the JDP government, I selected TÜSİAD and MÜSİAD as the cases for empirical investigation. The case studies examined that whether they have different foreign policy preferences due to their distinctive characteristics. When we look at TÜSİAD, we see that it is composed of big industrialists and large firms, but small in size of the number of its members. It embraces the Western values such as, democracy and free market economy. In political terms, it supports further democratization and in economic terms it demands for a properly operating free market economy in Turkey. Its trade relations with the EU combining with its support for the Western values have made it follow a pro-EU foreign policy. For this purpose, it has been working on lobbying activities like publishing reports and organizing meetings with its counterparts in the EU. However, due to the stagnation period in Turkey-EU relations during the second JDP government, TÜSİAD’s role in the Turkey’s EU membership path and lobbying activities for this cause has decelerated.

On the other side, MÜSİAD is composed of small and medium sized industrialists and firms, but large in size of the number of its members. Its fundamental values are based on the conservative Islamist features and it embraces the Asian model of development in its business. Since MÜSİAD and the JDP share the similar conservative Islamist values, it is known that MÜSİAD has closer ties

with the JDP. Even, in line with the JDP's transformation from a political party embracing 'National Outlook' vision to a conservative liberal political party, MÜSİAD transformed itself too simultaneously. Thus, once it was perceiving the EU as a Christian club threatening Turkish culture, then it started to see the EU as the guardian of democracy, pluralism and multiculturalism. However, its pro-EU stance is limited in support, while it advocates that Turkey should follow a multilateral foreign policy and develop its relations with the Islamic countries as an alternative to the EU.

While MÜSİAD's pro-Islamic stance in its foreign policy preferences can be attributed to its conservative Islamist identity, I argue that economic considerations are outweighed to identity-based approach. Given the data in Table 1 in Chapter 4, although MÜSİAD's exports have smaller share in total exports, the relatively larger number of the MÜSİAD companies in compared to the TÜSİAD can be interpreted as MÜSİAD's increasing share in Turkey's exports. In this regard, the increase in exports to the Middle East, Asia, the C.I.S and Asia and the Pacific demonstrates that MÜSİAD's increasing exports have been oriented to these regions, which in return meet its need for new export markets since the beginning of the 2000s.

Accordingly, the findings of the thesis and my argument needs to be discussed in terms of the relevant IPE theories.. In the literature review, I have chosen three theoretical approaches which could explain the influence of the economic interest groups in Turkish foreign policy. When I evaluate the findings within the framework of state-society relations, neo-Gramscianism seems the be most plausible theoretical approach which explains the economic considerations in Turkish foreign policy and the role of the business interest groups in the JDP's foreign policy.

Nevertheless, there was no data available for TÜSİAD's and MÜSİAD's export volumes and their export orientation. That is why a further research must be done on TÜSİAD's and MÜSİAD's export volumes and to what region their exports are oriented in order to reach more accurate and concrete results in the relationship between the JDP government and MÜSİAD ,

When MÜSİAD is evaluated within the framework of changing state-society relations, the increasing importance of Turkey's geopolitics and 'Europeanization' has prepared a convenient environment to re-constitute its role and status among the other social forces in the globalization process as well as to integrate further with global markets under a neo-liberal ideology.. The changed international political conjuncture after the end of the Cold War has made Turkey's geopolitics gradually more important considering the regions surrounding Turkey. Then, democratization process strengthened by 'Europeanization' has enabled different social forces to take initiative in policy-making. Turkey's geopolitical status in the region created an opportunity for MÜSİAD, as a newly emerging class, while it needed new export markets. In addition, democratization process in Turkey via 'Europeanization' also has enabled MÜSİAD to express its ideas more freely and to be more involved in policy-making procedure.

In parallel with these developments, Turkey has become more autonomous from the international financial institutions due to the decreasing rate of the official loans and credits borrowed from the IMF and the World Bank. However, there has been an increase in Turkey's private and public sector debt in its total external debt. Turkish economy still suffers from its chronic problem of current account deficit and the consequent dependency to attract portfolio investment, FDI or debt into its capital account. Thus, the increasing exports to the Middle East, Africa, the C.I.S. and Asia

and the Pacific can be seen as an instrument for overcoming the current account deficit.

Within this framework, distinctive identities of TÜSİAD and MÜSİAD matter for legitimacy in domestic politics. However, overall state-society relations within which specifically we see a perhaps a ‘hegemonic project’ based on the capitalist development and neo-liberal dominance at global level, or a ‘new historic bloc’ at domestic level based on the newly emerging business class transformed through this ‘hegemonic project’ matters.

The term ‘hegemony’ is defined in neo-Gramscianism as controlling power over the masses in class-based terms with shared values, ideas and material interests among the class. This type of suppression is provided by the consent of the subordinate class through ‘intellectual hegemony’ referring the production and promulgation of an ideology or a worldview by the dominant class to make the subordinates support and legitimize interests. Another term ‘historic bloc’ is a constitutive element of the intellectual hegemony. It refers to the conformity between state power and the ideas directing society and economy.

Accordingly, the mutual dependency between MÜSİAD and the JDP government should be evaluated in light of the state-society relations within a neo-Gramscian theoretical perspective. In this regard, MÜSİAD’s role in politics, economy and society is constituted upon a ‘hegemonic project’ at domestic level under the global dominance of the neo-liberalism. I used the term ‘hegemonic project’, because MÜSİAD does not have a hegemonic power in the society. However, due to the necessities and economic considerations of the JDP government combined with MÜSİAD’s economic interests, the rise of MÜSİAD in economics and foreign relations can be attributed to the capitalist development and liberalization

process in Turkey which reinforce its role in hegemony. Thus, the shared values, ideas and material interests between MÜSİAD and the JDP government and their cooperative behavior in economics and foreign policy preferences can be the indicator of the ‘historic bloc’ formed by them.

Consequently, it seems that the increasing economic and diplomatic relations with the Middle East, Africa, the C.I.S. and Asia and the Pacific is the result of the common economic interests pursued by MÜSİAD and the JDP government. Under these circumstances, their shared values, ideas like conservatism and Islam and material interests such as, the need for increasing export volumes and new export markets have transformed state-society relations as well as the role of business groups in foreign policy through a ‘hegemonic project’ based on the capitalist development and neo-liberal dominance at global level and a ‘new historic bloc’ at domestic level.

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