The transformation of Turkish foreign policy: The rise of the trading state

Kemal Kirisci

Abstract
Recently, Turkish foreign policy, compared to the 1990s, has manifested a number of puzzlements. They range from the rapprochement with Greece, the turnabout over Cyprus, mediation efforts involving a series of regional conflicts to a policy seeking an improvement in relations with Armenia and Kurds of Northern Iraq. These puzzlements have increasingly transformed Turkey from being cited as a “post-Cold War warrior” or a “regional coercive power” to a “benign” if not “soft” power. Academic literature has tried to account for these puzzlements and the accompanying transformation in Turkish foreign policy from a wide range of theoretical perspectives. This literature has undoubtedly enriched our understanding of what drives Turkish foreign policy. At the same time, this literature has not paid adequate attention to the role of economic factors shaping Turkish foreign policy as we approach the end of the first decade of the new century. This article aims to highlight this gap and at the same time offer a preliminary conceptual framework based on Richard Rosecrance’s notion of the “trading state” and Robert Putnam’s idea of “two-level diplomatic games” to explore the impact of economic considerations on Turkish foreign policy.

Keywords: Trading state, Turkish foreign policy, transformation, conflict

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Author’s Note: I would like to acknowledge the assistance of Asli Erdem, research assistant at Bocagiz University. I would also like to thank Mustafa Aydin, Can Buharali, Patrick Georges, Thomas Juneau and Zafer Yenal, as well as the anonymous referees for their constructive comments.
Introduction

In March of 1995, the Turkish military launched one of the largest military operations in Republican history. The operation aimed to destroy camps of the Kurdistan Workers’ Party (PKK) and bases in Northern Iraq. At its peak, the operation involved more than 35,000 troops and heavy armory, including tanks as well as fighter planes. In February of 2008, a similar military intervention in Northern Iraq occurred. However, on a number of accounts these two operations were starkly different from each other. Firstly, the former operation, unlike the latter, involved practically no public or parliamentary debate. It was first and foremost a military operation based on military decisions. Secondly, the decision-makers involved in the preparation and launching of the operation saw the matter from a narrowly defined national security perspective. Thirdly, the decision-making process did not involve any consultations with the international community at all, except for “informing” on short notice the Kurdistan Democratic Party (KDP) who nominally controlled the region and had been cooperating with the Turkish military at the time. Fourthly, scant attention was given to public opinion domestically, regionally, or for that matter internationally.

The operation in 2008, on the other hand, was preceded by a lively even if at times divisive and acrimonious public debate. The debate took place in a multitude of forums, ranging from the parliament, the media, the government, and the military, to a number of interest groups. It was also a long and exhaustive debate that had started late in 2006 in response to growing PKK attacks on military targets. The operation was preceded by an exceptional if not unique effort to mobilize international support. This involved not only efforts to convince the Iraqi government but also the Kurdish Regional Government (KRG). Similarly, there was a concerted effort to gain the support of the wider Arab world as well as the United States and the European Union. These efforts took place not only through traditional diplomatic channels, but also via non-governmental channels, such as business associations, think tanks, the media and so forth. Furthermore, the government and, much more fascinatingly, the military went out of their way to emphasize that the operation would be limited in its nature, that it would only target the PKK, and

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1 For more information on the actual details of this and similar operations in the mid-1990s see, Fikret Bila, Komutanlar Cephesi (İstanbul: Detay, 2007), Kemal Kirişci, “Turkey and the Kurdish Safe-Haven in Northern Iraq,” Journal of South Asian and Middle Eastern Studies 19, no. 3 (1996), Gencer Özcan, “Dört Köşeli Üçgen Olma: Irak Savaşı, Kürt Sorunu ve Bir Stratejik Perspektifin Kırılması?,” Foreign Policy (June 2003), Ümit Özdağ, Türk Ordusunun PKK Operasyonları (1984-2007) (İstanbul: Pegasus, 2007). Bila covers each of these operations based on interviews with chief commanders in charge of the operations.
that utmost attention would be paid so as to ensure that no damage
would be inflicted on civilians. Lastly, unlike the 1995 operation, the
February 2008 operation was based on an explicit authorization adopt-
ed by the Turkish parliament in October of 2007.²

Symbolically, it can be argued that these two operations represent two
different eras in Turkish foreign policy. The first one coincides with a
Turkey that had serious internal problems and viewed its neighborhood
through the lens of national security. Turkish foreign policy-making at
the time was dominated by the military establishment and the Minis-
try of Foreign Affairs. Both institutions perceived threats to Turkey’s
territorial integrity and unity emanating from various quarters around
Turkey, including Northern Iraq. During this period, Turkey came close
to a military confrontation with Greece in 1996, as well as with Syria in
1998. Furthermore, Turkey threatened Cyprus in 1997 with military ac-
tion if Russian S-300 missiles were to be deployed on the island. There
were also threats of use of force made against Iran, and relations with
Russia were particularly strained. Relations with an important part of
the Arab world were foul, aggravated by an exceptionally intimate mili-
tary relationship with Israel. The mood of the foreign policy-makers was
probably best captured by a leading figure in Turkish diplomacy, Şükrü
Elekdağ, a retired ambassador and former deputy undersecretary of the
Ministry of Foreign Affairs. He advocated that Turkey should prepare
itself to fight “two and a half wars” simultaneously against Greece, Syria,
and the PKK.³

These policies became a major source of negative attitude and resent-
ment against Turkey. This was best symbolized at the Tehran Summit
of the Organization of the Islamic Conference (OIC) in December of
1997. With the support of the host country, Syria and a number of other
Arab countries at the summit’s plenary session voiced strong criticism
against Turkey and Turkey’s relations with Israel. The then President of
Turkey, Süleyman Demirel, found himself having to leave the summit
prematurely.⁴ Interestingly, this event coincided with a European Union
(EU) decision that excluded Turkey from the next round of enlarge-

² The military operations throughout the mid-1990s were based on a parliamentary decision taken ear-
erlier in January of 1991, in the context of the then Gulf War authorizing the government to send troops
abroad if necessary. The government of the time had authorized the General Staff to use the decision
at its discretion. However, the use of this decision almost five years later, with minimal or no consul-
tation with the government, was considered rather unconventional. For details see, Gencer Özcan,
“Türk Dış Politikasında Oluşum Süreci ve Askeri Yapı,” in Günümüzde Türkiye’nin Dış Politikası, ed.
Barry Rubin and Kemal Kirişci (İstanbul: Boğaziçi Üniversitesi Yayinevi, 2002), 29.
ment, provoking a harsh reaction from Turkey in the form of discontinuing political relations with the EU. These two events are very reflective of the image of Turkey at the time and sharply contrast with the one held by the membership of OIC roughly a decade later.\textsuperscript{5}

The extent of the transformation of Turkish foreign policy and the accompanying attitudes towards Turkey is probably best captured by the standing ovation that the then Minister of Foreign Affairs Abdullah Gül received at the OIC meeting again in Tehran in late May of 2003. The fact that Gül on this occasion had delivered a speech bitterly critical of the Muslim world’s performance regarding democracy, human rights and especially women rights lends added significance to the event. In between the two events, Turkish foreign policy had been characterized by efforts at reconciliation with Greece, led by İsmail Cem and his counterpart George Papandreou. Cem had also led efforts to improve relations with the Arab world. Of course, the most conspicuous and little expected example of the transformation of Turkish foreign policy came with the decision in 2004 to support the reunification of Cyprus under the Annan Plan. Undoubtedly, the massive reforms undertaken to meet the EU’s Copenhagen political criteria and subsequently the beginning of accession negotiation in October of 2005 reinforced the positive image of Turkey.

Today, Turkish foreign policy continues to receive general praise in its neighborhood as well as around the world.\textsuperscript{6} In October of 2008, the election of Turkey as a non-permanent member of the United Nations Security Council for the first time since the early 1960s is seen as one concrete example of the approval expressed in support of Turkish foreign policy. The decision of the president of Turkey to visit Armenia early in September and the subsequent efforts to deepen the dialogue with Armenia are yet two more conspicuous examples of a transformed Turkish foreign policy. Similarly, Turkey’s efforts to mediate between Afghanistan and Pakistan, on the one hand, and Israel and Syria, on the other, are diplomatic exercises that would have been unimaginable a decade ago. The full list of similar events is much more extensive. What is happening to Turkish foreign policy? What lies behind the above puz-

\textsuperscript{5} For a detailed examination of the transformation of Turkish foreign policy both in terms of substance and policy making see, Kemal Kirişçi, “Turkey’s Foreign Policy in Turbulent Times,” in Chaillot Paper 92 (Paris: EU-ISS, 2006).

\textsuperscript{6} The European Commission noted Turkey’s “constructive role in its neighborhood and the wider Middle East through diplomacy” Turkey 2008 Progress Report (Commission of the European Communities, Brussels, 05.11.2008, SEC (2008) 2699 Final), 5. Similarly, general praise for Turkish foreign policy was also mentioned in Enlargement Strategy and Main Challenges 2008-2009 (Commission of the European Communities, Brussels, 05.11.2008, COM (2008) 679 Final).
lements and transformation of Turkish foreign policy? How come that the “post-Cold War warrior” of the mid-1990s today is referred to as a “benign” or even “soft” power? How can we explain such a transformation?

These questions have received considerable academic attention. The causes of the transformation of Turkish foreign policy clearly are numerous. They range from reasons attributed to Turkey’s Europeanization, to domestic developments as well as geopolitical transformations in regions surrounding Turkey. There are also constructivists who have attributed this transformation to the changes taking place in Turkey’s self-identity and conceptions of security. The following section of this paper will offer a brief literature survey of these explanations. All these explanations do indeed enrich our understanding of the massive changes characterizing Turkish foreign policy of the last few years. However, little attention has been paid to economic factors and their impact on Turkish foreign policy. A more parsimonious explanation can be achieved if such factors are also included in addressing what drives the transformation of Turkish foreign policy. In the following section, Richard Rosecrance’s idea of a “trading state,” and Robert Putnam’s “two level diplomatic games,” two concepts that can enrich explanations of contemporary Turkish foreign policy, will be discussed. The third section aims to substantiate how Turkey between the mid-1990s and today has been in the process of becoming a “trading state,” as foreign trade has steadily grown and come to constitute a growing proportion of its economy. This is a process that originally started during the reign of Turgut Özal, prime minister and president of Turkey in the 1980s, but was interrupted in the 1990s. Furthermore, the formation of a customs union between Turkey and the EU in 1996 would also come to play an important role in creating an environment conducive to the eventual emergence of a trading state. The nature of a trading state is such that a wider range of actors come to participate in foreign policy-making or diplomatic games and that the interests and priorities of these actors are quite different from those of traditional foreign policy-makers of Turkey. Furthermore, the rise of the trading state has transformed and is transforming traditional foreign policy-makers, too. They are increasingly coming to recognize that Turkey’s national interest cannot be solely determined in terms of a narrowly defined national security, and that economic considerations

such as the need to trade, expand export markets, and attract and export foreign direct investment are just as important. The conclusion will argue that Turkey’s trading state status still needs to be consolidated, and that Turkey faces a number of domestic and external challenges in doing so. Yet, in the meantime a research agenda looking at the role of economic factors in the transformation of Turkish foreign policy needs to be developed.

A survey of the causes of the transformation in Turkish foreign policy

The purpose of this section is to offer a brief survey of the academic literature addressing the transformation of Turkish foreign policy, with the aim to highlight some of the more common causes discussed. This survey does not claim to be exhaustive, but aspires to show how it is possible to identify roughly five sets of explanations for this transformation. One commonly cited cause is “Europeanization.” There is a burgeoning literature that examines the impact that the engagement of Turkey with the EU has had on both domestic politics, as well as on Turkey’s foreign policy. Many contributors have argued that the EU’s “conditional-ity” principle and the need to meet certain criteria for starting accession talks and then gaining membership has been an important transformative force. In relation to foreign policy transformation, Mustafa Aydın and Sinem A. Açıkmeşe have employed the concept of “conditionality” and Europeanization. In this respect, one of Ziya Öniş’s contributions needs to be highlighted in particular, because he refers to Turkey of the 1990s as a “coercive regional power.” He then goes on to underline the importance of the EU in Turkey’s gradual transformation into a “benign power.” Mesut Özcan has extensively studied the impact of Europeanization on Turkish foreign policy, with particular attention to the Middle East.

A second body of literature influenced by constructivism in international relations attributes the changes in Turkish policy to a refor-
mulation of how the Turkish state defines its own identity internally and externally. There are several variants of this literature. Some authors put emphasis on the change of foreign policy culture, while others point out the transformation of the way in which national security is redefined and perceived. This literature, too, is extensive. In this respect, Yüksel Bozdağlıoğlu provides an analysis of Turkish foreign policy transformation from a constructivist perspective.\textsuperscript{13} Zeynep Dağı, Ayten Gündoğdu, and Bahar Rumelili can be cited as other scholars who have made use of a constructivist approach.\textsuperscript{14} Pınar Bilgin and Ümit Cizre have attributed changes in foreign policy to a reformulation or reconceptualization of national security.\textsuperscript{15} Others have employed similar approaches to explain in detail the transformation of Turkish foreign policy towards specific countries and issues, such as Cyprus, Iran and Syria.\textsuperscript{16}

A third body of literature examines the transformation of Turkish foreign policy from the perspective of the impact of domestic political developments. The rise of the Justice and Development Party (AKP) to power, together with a new elite and political agenda, is seen as an important force reshaping Turkish foreign policy.\textsuperscript{17} The influence of Ahmet Davutoğlu’s thinking as the chief foreign policy advisor to the prime minister is especially underlined.\textsuperscript{18} However, contrary to the speculations that often appear in Turkish and western media, there seems to be a consensus in the literature that it would be exaggerated to claim

\textsuperscript{13} Yücel Bozdağlıoğlu, Turkish Foreign Policy and Turkish Identity: A Constructivist Approach (London: Routledge, 2003).


\textsuperscript{17} Hasret Dikici Bilgin, “Foreign Policy Orientation of Turkey’s Pro-Islamist Parties: A Comparative Study of the AKP and Refah,” Turkish Studies 9, no. 3 (2008), Burhanettin Duran, “JDP and Foreign Policy as an Agent of Transformation,” in The Emergence of a New Turkey: Democracy and the AK Parti, ed. Hakan Yavuz (Salt Lake City: The University of Utah Press, 2006).

\textsuperscript{18} For a detailed elaboration see Meliha Altunışık in this special issue.
that there is an “Islamization” of Turkish foreign policy under the AKP government. Mustafa Aydın has noted that Islamist considerations are more likely to be used as a cover, rather than as actual motivation behind foreign policy preferences.\(^{19}\) Democratization, accompanied by the growing role of civil society and interest groups impacting on Turkish foreign policy, has also received increasing attention.\(^ {20}\) Bahar Rumelili, for example, demonstrates the role of civil society in supporting growing cooperation between Greece and Turkey.\(^ {21}\) There are also scholars who have noted the transformation of critical state actors (such as the military) as yet another domestic factor explaining changes in Turkish foreign policy.\(^ {22}\)

The geopolitical factors resulting from institutional changes and the altered balance of power after the end of the Cold War as sources of foreign policy change have also drawn considerable academic attention. Sabri Sayarı and Ali Karaosmanoğlu have highlighted such factors at a time when Turkish foreign policy was in its very early stages of transformation.\(^ {23}\) However, in recent times, whenever the role of geopolitical factors in shaping Turkish foreign policy is invoked, the work of Ahmet Davutoğlu is most frequently cited. Davutoğlu makes extensive use of the concept of geopolitics in his 2001 book publication. The significance of the book arises from its prescriptive nature and its introduction of the concept of strategic depth as a factor that should characterize Turkish foreign policy.\(^ {24}\) He has also argued that, besides geopolitical advantages, Turkey also enjoys strong historical and cultural connections to surrounding regions, giving Turkey a geopolitical strategic depth. He has advocated the need to develop an activist foreign policy, aiming to engage all countries in these regions. Subsequently, his ideas depicting Turkey as a central country and developing a “zero problem policy” with neighboring countries has indeed left an imprint on the transformation

\(^{19}\) Mustafa Aydın, “Twenty Years Before, Twenty Years After: Turkish Foreign Policy at the Threshold of the 21st Century,” in Turkey’s Foreign Policy in the 21st Century: A Changing Role in World Politics, ed. Tareq Ismael and Mustafa Aydın (Aldershot: Ashgate, 2003), 13. For a more recent assessment of the same issue see, İbrahim Kalın, “Turkey and the Middle East: Ideology or Geo-Politics?,” PrivateView (Autumn 2008).

\(^{20}\) Semra Cerit-Mazlum and Erhan Doğan, eds., Sivil Toplum ve Dış Politika (İstanbul: Bağlam, 2006).


\(^{24}\) Ahmet Davutoğlu, Stratejik Derinlik (İstanbul: Küre Yayımları, 2001).
of Turkish foreign policy.\textsuperscript{25} As the prime minister’s chief advisor on foreign policy, Davutoğlu’s ideas and thinking have become closely associated with the transformation of Turkish foreign policy.\textsuperscript{26}

The fifth and last approach heavily relies on the concept of soft power that has been popularized by Joseph Nye’s book.\textsuperscript{27} In fact, today the term “soft power” is frequently employed by a wide range of politicians, columnists and academics inside and outside Turkey in reference to Turkish foreign policy. The advocates of this approach attribute the transformation of Turkish foreign policy to Turkey becoming a soft power. Tarık Oğuzlu offers the most elaborate analysis in this respect.\textsuperscript{28} However, he is not alone. In 2008, a Turkish journal, \textit{Insight Turkey}, published a special issue entitled “Turkey’s Rising Soft Power,” with a great number of articles. Compared to the days when Turkey was referred to as a “coercive regional power” or “post-Cold War warrior,”\textsuperscript{29} there is no doubt that Turkish foreign policy does indeed look like the foreign policy of a soft power. However, it is not always evident in this approach whether soft power constitutes the cause or an outcome of the transformation of Turkish foreign policy.

These approaches, of course, are not mutually exclusive. There are many scholars who make use of more than one approach. Duran and Saban Kardaş, for example, try to show how considerations of a very \textit{realpolitik} nature interact and prevail over identity-related factors in shaping Turkish foreign policy in general, or in respect to the US decision to invade Iraq.\textsuperscript{30} Aydın, too, in a broad survey of Turkish foreign policy identifies a wide range of factors falling into all of the above approaches, with the possible exception of the constructivist one, which is increasingly shaping Turkish foreign policy in the twenty-first century.\textsuperscript{31} All of these five approaches do enhance our understanding of Turkey’s changing foreign policy, and each approach does capture an aspect of reality.


\textsuperscript{26} For a prescriptive assessment of a transformed Turkish foreign policy by Davutoğlu himself see, Ahmet Davutoğlu, “Turkey’s New Foreign Policy Vision,” \textit{Insight Turkey} 10, no. 1 (2008).


\textsuperscript{28} Tarık Oğuzlu, “Soft Power in Turkish Foreign Policy,” \textit{Australian Journal of International Affairs} 61, no. 1 (2007).


\textsuperscript{31} Aydın, “Twenty Years Before, Twenty Years After.”, Mustafa Aydın, \textit{Turkish Foreign Policy Framework and Analysis} (Ankara: Strategic Research Center, 2004).
However, it is striking that in these approaches there is little and often only passing reference made to the role of economic factors in shaping or transforming Turkish foreign policy. The following section will briefly reflect on these references and discuss a broad conceptual framework for incorporating economics and especially trade concerns as a factor deeply affecting Turkish foreign policy.

The role of economic factors and the rise of the trading state

There is a rich body of political economy literature that examines the interaction between the global and the Turkish economy. This literature does highlight how the decision in the early 1980s to open up and liberalize the Turkish economy led to the growth of a new business elite and Turkey’s trade relations with the external world. There is also a focus on assessing how well or poorly Turkey is harmonizing its economic policies with the EU, as well as adjusting to globalization and international economic competition. For example, William Hale has offered an extensive survey of Turkey’s expanding commercial and trade relations in the 1980s and 1990s. He raises the issue of whether “trade follows the flag,” or vice versa, and notes that, although during the Cold War politics determined trade, this is changing fast. On the other hand, Mine Eder also critically examines Turkey’s liberalization policies and concludes that these policies fall short of being successful. She suggests that one of the ways to overcome these shortcomings is to introduce proactive diplomacy.

There is also a body of literature focusing on Turkish foreign policy that does indeed note the role of economic factors, even if to a limited extent. Sencer Ayata, for example, underlines how economic liberalization has helped create a new business class closely associated with the AKP and that, by and large, they have been supportive of the government’s efforts to integrate Turkey with the EU and resolve some of Turkey’s tougher foreign policy challenges, such as Cyprus. Öniş and Yılmaz in their assessment of the improvements in Greek-Turkish relations high-

light the importance of economic factors, in particular trade. Among these authors, Mustafa Aydın probably pays the greatest attention to economic factors in his survey of Turkish foreign policy at the turn of the century. He notes how the Ministry of Foreign Affairs already as early as in the late 1980s and early 1990s began to pay more attention to economic considerations, as it “became increasingly concerned with obtaining necessary loans, opening up markets for Turkish goods, and striking deals with foreign governments and, sometimes, even with private companies, in order to bring more investment into the country.” He even goes on to predict that economic factors may still be expected to shape Turkish foreign policy in the coming years, even if only “loosely.”

Yet, these references remain rather isolated ones and are not accompanied by any systematic research agenda. The general trend still seems to oversee any direct causal relationship between broad changes and more recent puzzlements in Turkish foreign policy behavior and economic factors. Turkish foreign policy in the last couple of years has increasingly been shaped by economic considerations — such as export markets, investment opportunities, tourism, energy supplies and the like. 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. Possibly the best indicator of this is the sensitivity of Turkish financial markets to a host of foreign policy issues, ranging from relations with the EU to expanding relations with Northern Iraq. It is not just the government that is sensitive to these relations, but also traditional foreign policy-making institutions, such as the military. The then Chief of Staff Yaşar Büyükana, for example, betrayed his recognition of the importance of economic factors when he acknowledged how the Turkish stock exchange was sensitive to his remarks. Interestingly, only a few weeks later Büyükana’s predecessor, Hilmi Özkök, made similar remarks, too. He noted in an interview how, when he had held office, he had been acutely aware that just how a few

36 Aydın, “Twenty Years Before, Twenty Years After,” 12 and 20.
37 Murat Yetkin, “Büyükanat Dertli: Ben Susunca da Borsa Düşüyüormuş!,” Radikal, 17 August 2007. These comments came at a time when the military had been taking publicly an aggressive and critical position on a range of issues, including the debate over intervention in Northern Iraq. This accentuated sensitivity to economic consequences of one’s acts is especially striking if one considers that in the early 1990s there were high-ranking generals who could, in a manner oblivious to economic considerations, talk about Turkey developing aerial and naval capabilities for striking Chile and returning to base in Southeastern Turkey. “Korgeneralin İddiası: Şiliyi Bile Vuracak Güçteyiz” Hürriyet, June 10, 1996 quoted in Gencer Özcan, “Türkiye Diş Politikasında Algılamalar, Karar Alma ve Oluşum Süreci,” in Türk Diş Politikası’nın Analizi, ed. Faruk Sönmezoglu (İstanbul: Der Yayınları, 2004), 837.
misplaced words from a chief of staff could undermine the performance of Turkey’s stock exchange and push up interest rates, adversely affecting the economy of the country. Hence, today, if one wanted to understand why the military intervention in February of 2008 in Northern Iraq took the form it did and why it was managed in a manner very different from previous occasions, at least one major consideration would have to be the economy. In other words, the negative impact that the intervention could have had on the Turkish economy, had it been an intervention without broad international and regional support, was as much on the minds of the decision-makers as other considerations. Similarly, the Turkish government’s efforts to mediate between Israel and Syria and to initiate a rapprochement with Armenia are driven as much by economic considerations as by other reasons.

How to explain the relationship between economics and foreign policy? Without a doubt, the relationship is a complex and multivariate one. Capturing this relationship thoroughly would be an ambitious project. The purpose of this section is a much more modest one. It aims to offer a broad and preliminary conceptual framework to help better explain the puzzles in Turkish foreign policy, by introducing the role of economics. In this regard, Rosecrance’s idea of the “trading state” and Putnam’s concept of “two level diplomatic games” will be employed. In the mid-1980s, Rosecrance argued that a new trading world was emerging, one that was increasingly replacing a world characterized by a “military-political and territorial system.” The first one is characterized by economic interdependence, while in the second one “war and the threat of war are omnipresent features of inter-state relationships and states fear a decisive territorial setback and even extinction.”

States can basically choose between two strategies. The first strategy relies on cooperation and dialogue, while the second one emphasizes military capabilities, control of territory and power struggle in international relations.

Rosecrance has argued that the “new trading world” does not favor countries employing the second strategy and notes how the Soviet Union and many Third World countries are likely to face difficulties in adopting the trading strategy. This is primarily because they would fail to put into place one of the important requirements of becoming a trading state, which is “setting free the productive and trading energies of people and merchants who would find markets for their goods

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overseas.” He has also argued that the trading strategy is more likely to generate influence than the military-political strategy and that “if war provides one means of national advancement peace offers another.” In his *The Rise of the Virtual State*, he has also highlighted how, in an ever-trading world, resolving disputes with neighbors becomes vital in terms of promoting trade and investment. He also explains the futility of war because of the adverse impact that it would have on a national economy interdependent with the global one. Thus, he notes that seizing another state’s land, national resources or population does not make sense, as it would induce factors of production to flee the war zone.

Rosecrance does point out that no state will neglect its territorial defense and stake its livelihood solely on trade. Inevitably, what each state does will be a function of the balance that will emerge from the interaction of the advocates of each strategy and the overall balance between the two at any point in time. It is Robert Putnam’s notion of two-level diplomatic games that seems to provide a useful framework to understand how the politics surrounding this balance is likely to unfold. Putnam points out that diplomacy can be envisaged as composed of two sets of games that are being pursued simultaneously. There are the negotiations between diplomats or decision-makers representing states on one level, and then there are also the negotiations taking place between these decision-makers and their respective national constituencies. In other words, these decision-makers have to be able to “sell” the decision made on the first level to the actors on the second level, or to the public in the largest sense of the word. In a democratic environment, this means that a range of interest groups representing civil society will be able to participate in the broader decision-making process. In other words, even if they may not actually sit around an official or formal negotiating table, they will enjoy access to “official” decision-makers and be able to exert influence on them. Furthermore, Putnam’s model also allows us to envisage that foreign policy-making will not be restricted to “traditional” foreign policy actors only and that other bureaucracies will become involved. Lastly, and maybe most importantly, Putnam’s model also allows us to include the impact that actors from other countries may have on the politics surrounding foreign policy-making.

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41 Ibid., 27.
42 Ibid., 9.
44 Putnam, “Diplomacy and Domestic Politics.”
Turkish foreign policy and Turkey as a trading state

The zero-problem policy with the neighbors of the AKP government could be considered a blue-print manifestation of the foreign policy of a trading state. However, it is of course ironic that the primary author of this policy, Davutoğlu, in his earlier thinking made scant reference to economics and interdependence as factors shaping foreign policy. In his substantive book composed of more than 580 pages, economics receives attention very briefly and then only in the context of the composition of a country’s power capabilities. However, he does make the important point, very much relevant to Turkey’s experience, that those countries that have tried to make the transition from import substitution policies to export-oriented development models have found it necessary to make the pursuit of economic interest the main element of their country’s diplomacy. Even if there is no elaboration of this point in relation to foreign policy-making and the shaping of foreign policy outcomes, he does return to the issue of economics in his coverage of geo-economic factors (such as oil) and assesses the importance of the Middle East for Turkey from this perspective.

None of the five principles he cites in describing Turkey’s “new foreign policy” directly deal with economic issues. However, he does, even if only in passing, refer to the growing significance of economic interdependence in shaping Turkey’s relations with most of the neighboring countries. He also goes on to note how the “activities of civil society, business organizations and numerous other organizations” are part of this new foreign policy vision. In this regard, it is also interesting that, during an interview, Davutoğlu noted how the business world has become a primary driver of foreign policy. More importantly, from the perspective of the priorities of a trading state, he attributes some importance to economic interdependence as a means of achieving “order” (presumably meaning peace and stability) in the Middle East. Interestingly, he goes on to note that this order in the Middle East “can not be achieved in an atmosphere of isolated economies.” In this context, interdependence can be read to serve two functions: first, interdependence is seen as a functionalist tool for conflict resolution and peace building; second, interdependence provides markets for Turkish exports and businesses.

45 Davutoğlu, Stratejik Derinlik, 25.
46 Ibid., 332.
47 Ibid., 83.
49 Davutoğlu, Stratejik Derinlik, 85.
Interdependence, in these two senses of the word, is not new to Turkish foreign policy. Its origins go back to Turgut Özal’s policies in the 1980s and early 1990s. It is closely associated with the decision in 1980 to replace the import substitution model of development with an export-oriented one accompanied by liberal market policies. The difference might be that, when policies associated with interdependence were first advocated by Özal, it was more often than not resisted by the security and foreign policy-making establishment, while today it has become a major, if not the main consideration driving Turkish foreign policy. Particularly two developments have increasingly made interdependence a central characteristic of Turkish foreign policy as a trading state. Firstly, the decision in 1980 to liberalize the Turkish economy and adopt the precepts of the Washington Consensus led to the gradual emergence of export-oriented Anatolian Tigers as constituencies seeking markets abroad. This development is very much in parallel with Rosecrance’s observation that the abolishment of “mercantilist controls” leads to “trading cities with a wide range of independence [growing] up inside territorial states.” The rise of Anatolian Tigers and the idea of business interest groups as autonomous players shaping Turkish domestic politics have been studied extensively. These players in due course have also come to influence Turkish foreign policy, and especially the current government’s orientation towards the EU.

The second development is the gradual shift from policies derived from a repertoire based on the military-political and territorial system to policies associated with a trading state in foreign policy. In the case of Turkey, this process took a number of forms and was very much encouraged by Özal. Firstly, Özal adopted projects meant to achieve conflict resolution and increased interdependence with neighboring countries. A case in point was his unsuccessful effort to resolve major issues of conflict in Greek-Turkish relations in the late 1980s in the context of the

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51 The term “Anatolian Tigers” is used for the cities in Anatolia where “in the 1980s a boom has been observed in production and capital accumulation by companies in Konya, Yozgat, Denizli, Çorum, Akşaray, Gaziantep.” Ömer Demir, Mustafa Acar, and Metin Toprak, “Anatolian Tigers or Islamic Capital: Prospects and Challenges,” Middle Eastern Studies 40, no. 6 (2004): 168. The list is actually considerably longer. For example, Islamic Calvinists: Change and Conservatism in Central Anatolia (Berlin, European Stability Initiative, September 2005) focuses on the city of Kayseri.


54 See for example, Duran, “JDP and Foreign Policy as an Agent of Transformation.”
“spirit of Davos.” Another personal, failed initiative involved the Middle East. His infamous water pipeline project of 1986 had envisaged the construction of a pipeline that would carry Turkish water to the Gulf countries as well as Israel; this was meant to promote interdependency as a step towards peace-building. He also tried very hard to have Turkey involved in international efforts to address the Arab-Israeli conflict after the end of the first Gulf crisis over the Iraqi invasion of Kuwait. A project of Özal that did see the light of day was the establishment of the Black Sea Economic Cooperation (BSEC) in 1992, in order to encourage regional interdependence between countries that had remained separated by the Cold War. Özal also worked very hard to open up export markets for Turkey, especially in the Middle East, but also in the former Soviet Union. In this respect, he initiated the practice of taking ever larger delegations of business people to state visits. Thirdly, he worked hard to relax visa requirements to enter Turkey. He saw greater movement of people across borders not only as a mechanism for peace-building, but also for trade and interdependence. In 1988, against the resistance of the security and foreign policy establishment, he lifted visa requirements for Greek nationals. Subsequently, he had the practice expanded first to Soviet nationals and then, after the Soviet Union’s collapse, to its former nationals.

However, pushing for policies typically associated with a trading state was not an easy task. Rosecrance does note that at any point in time the policies of a state may be the outcome of the balance of the two main approaches to foreign policy. He also notes “how leaders act is partly determined by the theories and past experience that they bring with them.” Özal faced a security and foreign policy establishment very much steeped in a world of military-political and territorial considerations, rather than those of a trading state. Soli Özel provides a detailed analysis of the

56 Graham Fuller, Turkey Faces East: New Orientation toward the Middle East and the Old Soviet Union (Santa Monica: Rand, 1997). Fuller notes how the “emergence of export oriented economic policy” led to closer economic ties with the Arab and former Soviet world.
58 Rosecrance, The Rise of the Trading State, 42.
clash between what he calls the “internationalist” views of Öal and the more inward-looking and “traditionalist” stance of the establishment. Nevertheless, in the Ministry of Foreign Affairs there were a number of prominent diplomats who did take to Öal’s ideas, and especially to the idea of interdependence as an alternative concept to pursue Turkey’s national interests. They played a critical role in promoting the BSEC, as well as in making personal efforts to promote Turkish business interests abroad.

As Özel points out, Öal’s thinking and priorities by the early 1990s succumbed to the traditional approach. The instability and insecurity reigning within Turkey and Turkey’s immediate neighborhood culminated in a national security-centered understanding of foreign policy to reassert itself. A very important consequence of this was that the military, especially through the National Security Council, acquired a greater say in foreign policy and indeed in domestic politics, too. The March 1995 intervention in Northern Iraq and a set of other policies that earned Turkey the reputation of a post-Cold War warrior was the product of this approach. However, by the late 1990s the balance once more began to change, as policies much more closely associated with a trading state began to make a comeback. There were a number of reasons for this.

Leadership was an important factor. The then Foreign Minister İsmail Cem’s approach to foreign policy in the late 1990s was a critical development. He, too, was a leader that put considerable emphasis on the importance of economics for Turkish diplomacy, and in an interview

59 Özel, “Of Not Being a Lone Wolf.”
60 In this respect see, for example, the articles of two diplomats; Ünal Çeviköz, “European integration and the New Regional Cooperation Initiatives,” NATO Review 40, no. 3 (1992), Tansuğ Bleda, “Black Sea Economic Cooperation Region,” Turkish Review Quarterly Digest (Spring 1991).
61 Many former ambassadors (such as Onur Öymen, Özdem Sanberk and Volkan Vural) are cited as having taken into account economic issues as early as in the late 1980s and early 1990s. Öymen subsequently published a book advocating that Turkey had become a major power, partly because of its economy, see, Onur Öymen, Türkiye’nin Gücü (İstanbul: Ad Yayıncılık, 1998). An official of the MFA recently reflected on the period in a conversation with the author of this article and recalled how, as a then junior staff member of a Turkish embassy, the ambassador at this particular point was not interested in economic issues at all. The official also reflected on how the ambassador was so much more keen on spending time dealing with traditional issues (such as Cyprus) and how on one occasion even refused to meet with a prominent and leading Turkish businessman visiting the country. He accepted to meet the businessman only after it became clear that the businessman had an appointment with the president of the country. The official noted that the situation today is very different: today, the success of an ambassador is often judged on the basis of the increase of Turkish exports to the country during his term of tenure. (Interview with the author, 24 December 2008)
in July of 1998 he noted how the Ministry of Foreign Affairs had been re-organized to reflect this importance.\textsuperscript{63} Subsequently, the arrival of the AKP to power and the abovementioned stance of the party on foreign policy, but especially the importance it attributed to trade, reinforced the trend. Kürşat Tüzmen’s name as the state minister responsible for Turkey’s external economic relations needs to be singled out. In this context, the close cooperation between the minister and the Undersecretariat for Foreign Trade in encouraging and supporting the export efforts of Turkish business helped the emergence of an ever-growing constituency with an interest in a trading state. An additional factor may well have been what Rosecrance calls ‘social learning.’\textsuperscript{64} This is a broader process whereby in Turkey the importance of the idea of advancement through economic development and trade has been increasingly advocated and learned. Here again the role of Özal and other leaders with a similar line of thinking needs to be highlighted. There are other additional factors of a more structural nature — such as the emergence of a civil society with a stake in trade, the actual growth of foreign trade itself and its ever-growing importance in Turkey’s economy accompanied with an explosion in the movement of people in and out of Turkey.

This is where Putnam’s model of two-level diplomatic games becomes important. The liberal market policies put into place in the 1980s eventually led to the emergence of strong business interest groups increasingly able to access the government as well as foreign policy decision-makers. The Independent Industrialists and Businessmen’s Association (MÜSİAD), especially since the AKP government has come to power, the Turkish Industrialists and Businessmen’s Association (TÜSİAD), and the Turkish Union of Chambers and Commodity Exchanges (TOBB), not to mention the Turkish Exporters Assembly (TİM), the Foreign Economic Relations Board (DEİK), the International Transporters Association (UND), and the Turkish Contractors Association (TMD) are some of the more influential and powerful business associations. It is also possible to add local business associations, such as the İstanbul Chamber of Commerce (İSO), as well as numerous bilateral business associations with most countries with which Turkey trades as actors capable of shaping and influencing Turkish foreign policy. These interest groups not only interact with various government agencies, but also have direct access to the government itself and are capable of shaping public opinion. They are also

\textsuperscript{63} Quoted in Özcan, “Türkiye Dış Politikasında Algılamalar, Karar Alma ve Oluşum Süreci,” 835.

\textsuperscript{64} Rosecrance, \textit{The Rise of the Trading State}, 41-43.
able to form alliances with government agencies as well as their counterparts in other countries, for the purposes of lobbying in support of policies typically associated with a trading state.

Any attempt to explain the transformation of Turkey’s foreign policy on Cyprus without, for example, including the role of TÜSİAD in mobilizing support for change to Turkey’s traditional “no solution is the solution” policy as well as support for the Annan Plan would be an incomplete one. MÜSİAD, TÜSİAD, and especially the Economic Development Foundation (İKV), active since the 1960s, have been particularly influential in respect to Turkey-EU relations. Similarly, any explanation of why the Turkish military intervention into Northern Iraq in February of 2008 took a very different form than the ones in the mid-1990s would not be complete without the role of various economic actors, including the Diyarbakır Chamber of Commerce, not to mention the lobbying of various Turkish businesses operating in Northern Iraq. Trade and the construction market in Northern Iraq constitute an important source of income and employment for Turkey and Turkish companies. The lobbying in this case would not have targeted just the Turkish government, but also the Iraqi central government as well as the KRG. An explanation of the historical visit of the Turkish president, Abdullah Gül, to Armenia in September would also need to include an analysis of the modest efforts of the Turkish-Armenian Business Development Council, among many other actors. Similarly, an explanation of the foreign policy-making process behind the visit of Shimon Peres and Mahmud Abbas to Turkey in November of 2007 would not be complete without the behind-the-scenes role of TOBB. TOBB had initiated and been involved in a project centered on the management of the Erez Industrial Zone on the border area between the Gaza Strip and Israel after Israel’s withdrawal in 2006. In promoting this project, TOBB had succeeded in gaining the trust and support of all parties involved, including the Israeli government. A prominent Turkish columnist commenting on these efforts described TOBB as the soft-power face of Turkey.


66 The size of the two-way trade with Northern Iraq was noted by the state minister responsible for trade, Kürşat Tüzmen, to be about USD 3.5 billion; he expected it to reach 6 billion in 2008 and 10 billion in 2009, as reported in Hürriyet, 10 March 2008. USAID estimated the size of the construction market in the region to be USD 2.8 billion, with 95% of the market controlled by Turkish companies. Reported in “Kurdistan Region Economic Development Assessment,” (USAID Report, December 2008).

There is also the sheer weight of the Turkish economy’s integration into the global economy that is compelling Turkey to become a trading state. Table I demonstrates the manner in which the place of foreign trade has expanded within the gross national product of Turkey over the decades, from 1975 when Turkey was still a typical import substitution economy, through its transformation in the 1980s and 1990s, to an open liberal market economy in the 2000s. This reality, the growth of foreign trade, has a direct bearing on employment, growth, investments, tax revenues, and wealth generation in Turkey and inevitably enters the decision-making matrix of the governments as well as traditional foreign policy-makers, such as the military and the Ministry of Foreign Affairs. The military’s concern not to inflict damage on civilians and civilian infrastructure in Northern Iraq and the government’s efforts to keep open trade routes to Iraq during the military operation in February should not be surprising. It falls very much in line with Rosecrance’s remark that “to attack one’s best customers is to undermine the commercial faith and reciprocity in which exchange takes place.” Hence, the zero-problem policy of the AKP government with the countries in Turkey’s neighborhood can also be seen from this particular economic perspective, as well as the urge to find new export markets. Table II shows the extent to which Turkey’s foreign trade with countries in its neighborhood has increased more than six-fold, from USD 9.6 billion in 1995 to USD 67.7

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<tbody>
<tr>
<td>GDP</td>
<td>64.5</td>
<td>67.5</td>
<td>244.9</td>
<td>484</td>
<td>657.1</td>
</tr>
<tr>
<td>Total export</td>
<td>1.4</td>
<td>7.9</td>
<td>21.6</td>
<td>73.5</td>
<td>107.3</td>
</tr>
<tr>
<td>Total import</td>
<td>4.7</td>
<td>11.3</td>
<td>35.7</td>
<td>116.8</td>
<td>170.1</td>
</tr>
<tr>
<td>Overall trade</td>
<td>6.1</td>
<td>19.3</td>
<td>57.3</td>
<td>190.2</td>
<td>277.3</td>
</tr>
<tr>
<td>Overall trade as percentage of GDP</td>
<td>9%</td>
<td>29%</td>
<td>23%</td>
<td>39%</td>
<td>42%</td>
</tr>
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**Table I**

**Foreign trade and the Turkish economy between 1975 and 2007 (in USD billion)**

References:

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68 It is interesting that, as soon as the military operation started, the state minister responsible for trade, Kürşat Tüzmen, noted how trade with Iraq had not been affected and was at its usual normal level, as reported in Radikal 3 March 2008.

billion in 2007. More importantly, exports to the neighborhood have increased from 16 percent to almost 22 percent of overall exports, with much room for expansion. Iran, Russia and the Ukraine are the three countries with which Turkey is running a large trade deficit; therefore, it is especially keen to expand its exports.

Table II
Foreign trade relations between Turkey and its neighbors, 1995 and 2007

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<tr>
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<th>1995</th>
<th></th>
<th>2007</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Export</td>
<td>Import</td>
<td>TOTAL</td>
<td>Export</td>
</tr>
<tr>
<td>Greece</td>
<td>210</td>
<td>201</td>
<td>411</td>
<td>2,262</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>183</td>
<td>402</td>
<td>585</td>
<td>2,061</td>
</tr>
<tr>
<td>Romania</td>
<td>301</td>
<td>437</td>
<td>738</td>
<td>3,651</td>
</tr>
<tr>
<td>Moldova</td>
<td>7</td>
<td>15</td>
<td>22</td>
<td>146</td>
</tr>
<tr>
<td>Ukraine</td>
<td>199</td>
<td>856</td>
<td>1,055</td>
<td>1,481</td>
</tr>
<tr>
<td>Russia</td>
<td>1,238</td>
<td>2,082</td>
<td>3,321</td>
<td>4,727</td>
</tr>
<tr>
<td>Georgia</td>
<td>68</td>
<td>50</td>
<td>118</td>
<td>646</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>161</td>
<td>22</td>
<td>183</td>
<td>1,046</td>
</tr>
<tr>
<td>Iran</td>
<td>268</td>
<td>689</td>
<td>958</td>
<td>1,387</td>
</tr>
<tr>
<td>Iraq</td>
<td>371</td>
<td>488</td>
<td>859</td>
<td>2,812</td>
</tr>
<tr>
<td>Syria</td>
<td>272</td>
<td>258</td>
<td>530</td>
<td>797</td>
</tr>
<tr>
<td>Egypt</td>
<td>246</td>
<td>211</td>
<td>457</td>
<td>903</td>
</tr>
<tr>
<td>Israel</td>
<td>240</td>
<td>117</td>
<td>356</td>
<td>1,658</td>
</tr>
<tr>
<td>Total</td>
<td>3,764</td>
<td>5,828</td>
<td>9,592</td>
<td>23,577</td>
</tr>
</tbody>
</table>


As it has already pointed out, at least a few diplomats in the Ministry of Foreign Affairs had become involved in efforts to expand Turkey’s exports as early as in the late 1980s and 1990s. Today, it would not be misleading to argue that the ministry is institutionally much more involved in a similar exercise and cooperates with the business world much more closely. One conspicuous recent manifestation is the Ambassadors’ Conference held in July of 2008. This was a gathering of practically all Turkish ambassadors, and economic considerations were at the top of the agenda.70 Even more striking was the manner in which two major

70 “Diş Ekonomik İlişkiler Kurulu, Büyükelçilerle Özel Sektör Temsilcilerini Buluşturdu” July 17, 2007,
business organizations, TOBB and DEİK, were the main organizers of this conference, held as a “working dinner.” The event gave representatives of major business associations the opportunity to speak about their activities abroad, their projects for the future and their problems to more than one-hundred Turkish ambassadors. Another practice that both highlights the importance attributed to economics and shows, in Putnam’s sense of the word, the possibility of business people to influence policy is their frequent participation in major state visits. This is a practice that Özal as prime minister and later as president instituted, and it has been extensively revived by the current AKP government.

These occasions are not only significant in terms of offering business people the opportunity to develop contacts with their counterparts in the countries being visited, but also because it gives business people an opportunity to interact with important Turkish decision-makers directly. The large delegation of the prime minister on his visit to India in December of 2008 is a case in point. One final example of the influence of economic considerations and the business world is the way in which TOBB and DEİK in cooperation with the Undersecretariat for Foreign Trade held a Turkish-African Business Forum in Istanbul in August of 2008. The forum was held in parallel with the Turkish-African Summit organized by the Ministry of Foreign Affairs and attended by representatives of fifty African countries. This summit took place just about a year after the government had first announced that it would open ten new embassies in Africa. Africa is not exactly a part of the world where Turkey has geo-political or geo-strategic interests beyond the short-term interest of mobilizing African support for a non-permanent seat in the Security Council, which Turkey was seeking. Hence, Rosecrance would have probably considered Turkey’s interest in Africa by and large a typical manifestation of the rise of the trading state.

Another structural factor enhancing Turkey’s transformation into a trading state is the massive explosion in the number of people moving in and out of Turkey from its immediate neighborhood, especially over the last decade or so. Since the early 1990s, there has been a steady growth in the number of people entering Turkey. The total number of third-country nationals entering Turkey increased from just over 10 million in 2000 to around 23 million in 2007. This is a trend that started with the collapse of the Soviet Union, but has gathered further momentum

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over the last few years. Most of the entries into Turkey still are from western European countries. However, an ever larger number of people are entering Turkey from the surrounding regions. In 1964, a mere 414 person from the Soviet Union entered Turkey, compared to a grand total of approximately 230,000 persons, mostly from western Europe. Just before the collapse of the Soviet Union, the entry of Soviet nationals had gone up to just over 220,000, out of a total of 2,3 million entries. By 2007, the figure had increased to almost 4,8 million entries from the ex-Soviet world, constituting almost 25 percent of the overall entries — an increase from less than 10 percent in 1990. A similar trend can also be observed for the Balkans and, to a lesser extent, the Middle East. The number of entries in the post-Cold War era has steadily increased, especially from Iran and Bulgaria, but also from a number of other Balkan countries. In 2007, over 4 million entries were recorded from these two regions.

An important proportion of this movement of people involves tourism, especially from West European countries and Russia. Their contribution to the Turkish economy need not be stressed. This undoubtedly influences Turkey’s foreign policy. It would not be wrong to expect that, when Turkey’s foreign policy towards Russia takes shape on any particular issue, the tourism factor does enter the policy process. Furthermore, the fact that crises in the regions around Turkey undermine tourism constitutes an additional reason for Turkey’s interest in greater stability in its neighborhood. Yet, even more important is the interdependence that this movement of people creates, not only in respect to business and joint ventures, but also in the cultural and political realm. Any attempt to understand Greek-Turkish rapprochement would have to take into consideration the impact of Özal’s decision to lift visa requirements for Greek nationals in 1988. Interestingly, entries of Greek nationals very quickly increased from less than 20,000 in 1980 to over 200,000 in 1990 and did not significantly fall in 1996 when the Imea/Kardak crisis occurred. Turkey’s open-door policy also allows for the diffusion of democratic civil society and liberal market values, as people and especially business people move back and forth. More fascinating is, of course, the efforts of various Turkish organizations to promote such values. A case in point particularly relevant to Turkey’s rise as a trading

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73 See, Table 1 in Kirisci, “A Friendlier Schengen Visa System.” Data for 2007 used in this section has been obtained from the Foreigners Department of the General Directorate of Security and State Statistical Institute Annual Reports.
74 Ibid.: Table 2.
75 For the notion of this liberal visa policy as a tool of soft power see Ibid.
state is TÜSİAD’s successful efforts in promoting the establishment of organizations similar to itself and the establishment of the Union of Black Sea and Caspian Confedera
tions of Enterprises (UBCCE) in November of 2006. The UBCCE has become active in a very short time and can be viewed as a typical region-wide actor in support of a trading state in the respective countries making up its membership. The above list of factors playing a role in the transformation of Turkey into a trading state is not an exhaustive one. There are, of course, other structural factors that contribute to pushing Turkey in the direction of a trading state. The fact that Turkey is becoming a country exporting capital and that Turkish companies are engaging in foreign direct investment abroad are two such structural factors that have emerged less than a decade ago. Some of these companies have large investments and inevitably enjoy access both to the Turkish government and to the authorities of the respective countries where they operate. They clearly have a major stake in relations between Turkey and the countries where they have their investments and do not want these to deteriorate. There is also the Turkish construction industry, active in a wide range of countries in Turkey’s neighborhood and beyond. It would be difficult to account for the decision of the government to open up a whole new set of embassies in Africa without the lobbying of the Turkish construction industry.

Conclusion
This article has argued that Turkish foreign policy has recently manifested a number of puzzlements. These puzzlements have increasingly transformed Turkey from being cited as a “post-Cold War warrior” or a “regional coercive power” to a “benign” if not “soft” power. Academic literature has tried to account for these puzzlements and the accompanying transformation in Turkish foreign policy from a wide range of theoretical perspectives. This literature has undoubtedly enriched our understanding of what drives Turkish foreign policy. At the same time, it seems that this literature has paid inadequate attention to the role of economic factors shaping Turkish foreign policy as we approach the end of the first decade of the new century. This article has aimed to highlight this gap and at the same time offer a preliminary conceptual framework based on Rosecrance’s notion of the trading state and Putnam’s idea of two-level diplomatic games to explore the impact of economic considerations driving Turkish foreign policy. This article claims that behind current Turkish foreign policy lies the rise of a trading state; bearing this

76 The web page of UBCCE http://www.ubcce.org/.
in mind will help analysts to understand Turkish foreign policy better in regard to countries in its immediate neighborhood as well as countries further away. The emergence of the trading state is a process that started in the 1980s during Özal’s years, but was subsequently interrupted when the state influenced by the military-political and territorial system prevailed. Over the last few years, the trading state has made a conspicuous comeback. However, the Turkish trading state is far from being consolidated and faces a set of challenges.

These challenges have to do with both domestic and external factors. The world economy is going through a major crisis, and it is not yet certain whether the principles of free trade will continue to prevail. Since the end of World War II, free trade has served interdependence and relative peace well. However, this does not mean that trade cannot be a source of conflict and a weakening of Rosecrance’s trading state. Nevertheless, under current circumstances, in the absence of free trade, it would be difficult to see how the trading system could survive inevitable assaults coming from the state steeped in the military-political and territorial system in Turkey. It is also not clear at this stage to what extent the Turkish economy will be hit by the current global economic crisis. In the event that the free-trade world does survive, Turkey would still need to consolidate both economic and political reforms. Over the last few years, Turkish domestic politics has been characterized by considerable instability. Yet, as İlter Turan and others have pointed out, Turkish foreign policy has remained relatively successful in spite of this domestic political instability. It is not evident that this incongruence could last very long if domestic political problems persists. As Mark Webber points out, “state preferences are rooted in political and economic constellations of power at the domestic level.” If the AKP fails to ensure reforms and stability, there is no guarantee that the state and its allies once steeped in the military-political and territorial system could not make a comeback and disturb the balance

77 Since Norman Angell, The Great Illusion: A Study of the Relation of Military Power to National Advantage appeared in 1913, there has been a long academic tradition that stresses the relationship between trade, interdependence and peace. However, Robert Findlay and Kevin H. O’Rourke, Power and Plenty: Trade, War and the World Economy in the Second Millennium (Princeton: Princeton University Press, 2007), remind us that economic factors and trade have also been sources of conflict and war.


80 Mark Webber, Inclusion, Exclusion and the Governance of European Security (Manchester: Manchester University Press, 2007), 53.
that favors the trading state. This is where the manner in which the EU handles Turkey becomes critical. Past and current enlargements have shown that the EU has been very successful in assisting the transformation of countries into trading states. This applies to Turkey, too. The slackening of the EU’s engagement with Turkey and the constant questioning of Turkey’s membership prospects have undoubtedly contributed to the domestic instability in Turkey. Once, George Papan dreou, the Greek Minister of Foreign Affairs, underlined the role of self-confidence that EU membership had helped to instill. This is especially the case for Turkey, given the volatility surrounding its eastern borders. What happens in Syria, Iraq, Iran and the Caucasus is still not clear. Will they become trading states, or will they remain Third World states immersed in nationalism, which Rosecrance has seen as having few prospects of transformation? A confident Turkey as a trading state is much more likely to manage this volatility constructively than a Turkey that suffers domestic instability and is in a drift. However, these challenges in the meantime should not keep students of Turkish foreign policy from studying the role of economic factors shaping Turkish foreign policy.

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81 The minister made these remarks during his opening speech at the seminar on “Mideast Regional Security Dilemmas: Searching for Solutions,” Athens, Greece, October 5-8, 2002.
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