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To cite this article: Sadık Ünay (2012) Domestic Transformation and *Raison du Monde*: Turkey's Nascent Competition State, *Emerging Markets Finance and Trade*, 48:sup5, 7-18, DOI: [10.2753/REE1540-496X4806S501](https://doi.org/10.2753/REE1540-496X4806S501)

To link to this article: <https://doi.org/10.2753/REE1540-496X4806S501>



Published online: 07 Dec 2014.



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ABSTRACT: The complex issue of state transformation in the face of global economic integration has constituted the locus of the interdisciplinary globalization literature, attracting a myriad of contributions from the analysts rooted in various *weltanschauungs* and academic specializations. This study presents a theoretically informed comparative political economy analysis focusing on various manifestations of the competition state with special reference to Turkey. To this end, an overview of the competition state literature is presented in order to convey the main dynamics of political globalization under pressures for increased economic integration. Analytically, four crucial policy shifts propounded by the competition state theorists are taken on board. These include the transition from inflationary expansionism to neoliberal monetarism; the shift from macroeconomic to microeconomic governance; the shift from extensive interventionism to strategic targeting; and the shift from maximization of social welfare to promotion of innovation, profitability, and entrepreneurship in public and private sectors. An external dimension is added to these shifts in the form of the transition from a geopolitically determined national security mentality to the dominance of economic diplomacy and the quest for increased competitiveness. Following a vigilant analysis of Turkey's first and second generation neoliberal transformation experiments in light of these five profound policy shifts, the author concludes that the Turkish state could at best be described as a "nascent competition state" with varying levels of advancement in each of the studied dimensions.

KEY WORDS: competition state, neoliberalism, structural transformation, Turkey's political economy.

The multifaceted impact of intensive global, economic and sociocultural integration on the predominant forms of political organization triggered efforts in the fields of political science, international political economy, and development studies aimed at producing conceptual formulations that could encapsulate features of profound change. The corollary was the mushrooming of political ideal types with overlapping focal points such as the "trading state" (Rosecrance 1986, p. 11), the "virtual state" (Rosecrance 1999, p. 46), the "strategic-effective state" (Ünay 2006, p. 153), the "catalytic state" (Aysan et al. 2007a, p. 7, 2007b, p. 342), and the "reactive state" (Öniş and Şenses 2007, p. 255). The contemporary line of analysis of the "competition state" was initiated in the midst of a lively debate concentrating on the fundamental determinants and future trajectory of state transformation in the wake of economic globalization. The competition state theorists endeavored to develop a realistic image of the evolution of the socioeconomic policy rationale that motivated the national decision makers in various positions of the global pecking order. Although the competition state theory was criticized by critical analysts¹ for being state-centric and underestimating the importance of distributional struggles, objectively it represented one of the most comprehensive theoretical frameworks

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developed so far. Building upon the well-articulated body of knowledge on the “developmental states” of Japan and the so-called Asian Tigers,² the competition state authors portrayed a political form geared toward maximizing international competitiveness while maintaining humane domestic social standards. Although the original analytical model focused on the transformation of industrial welfare states to postindustrial, market-friendly competition states in Western Europe, preliminary applications have also been made in the semiperipheral areas such as Latin America (Soederberg 2010).

This study aims to make a substantive contribution to the burgeoning competition state literature by deconstructing both Turkey’s structural transformation trajectory from an inward-looking, import substitution industrialization (ISI)–based development regime to an export-oriented framework and the sociopolitical coalitions aimed at global integration. Particular emphasis is placed on the post-2001 period with regard to the evolution of the predominant political discourse under the Justice and Development Party (JDP) governments and the performance outcomes in the macroeconomic areas stressed by the competition state authors. An additional dimension relates to the critical connection between foreign policy and the macroeconomic management/development strategy. Therefore, the JDP’s proactive foreign policy attitude is also evaluated in conjunction with the domestic contours of state transformation and economic diplomacy working in tandem toward the formation of a “nascent competition state.”

Theoretical Backdrop: Unraveling the Competition State

The core of the competition state perspective chiefly propounded by Cerny (1990, 1997, 2000, 2005) and Cerny and Evans (2004) concerned the profound transformation in the policy priorities and mechanisms of the modern state in response to the “twin revolutions” of globalization and the knowledge economy (Giddens 1999, p. 163). The emphasis was on the deep-seated changes in the predominant state rationality from the classical *raison d’état* based on national sovereignty and political integrity to the *raison du monde* inspired by international competitiveness and multilayered governance (Cerny 2010, p. 11). Accordingly, the rise of a managerial mentality on the part of state managers was galvanizing an “embedded financial orthodoxy” (Cerny 1994, p. 233) that shaped the outcomes of political globalization via increased financial/economic interdependence. Moreover, while seeking to adapt to the cultural, institutional, and market-related changes, political and economic actors were collaborating with international forces to reinvent the state as a quasi-enterprise association focused on efficiency and market discipline. This process involved three main paradoxes. First, neoliberal globalization was not leading to a contraction in the scope and strength of political authority, but was promoting regulatory expansionism for increased competitiveness. Second, state actors were promoting new forms of complex globalization to deal with global realities, rather than being passively shaped by them. Third, ongoing tension between global economic integration and nationally embedded state–society relations was eroding the legitimacy, institutional power, and social enmeshment of nation-states (Cerny 1997).

The novelty of contemporary competition state theory stems from the portrayal of nation-states as promoting political globalization and competitiveness as the primary requirement for global economic expansion (Evans and Cerny 2003). The formation of new balances in the modern global political economy was perceived to proceed through complex processes of pragmatic bricolage (referring to institutional and regulatory restructuring), paving the way for peculiar and highly differentiated competition states

across the world (Cerny 2008, p. 2). In the following part, we evaluate the transformation trajectory of Turkey's political economy in light of the systemic shifts in macroeconomic management and public policy deemed critical by competition state authors.

Evaluating Turkey's "Nascent Competition State": Main Strengths and Weaknesses

Pamuk (2007) used the fitting metaphor of a half-full glass to describe the historical performance of Turkey in terms of economic growth and social development over the course of the twentieth century and stressed that the country has experienced comprehensive urbanization and industrialization.³ Yet Turkey's growth performance displayed periodical oscillations and was not matched by a corresponding momentum in terms of human development. Hence, there emerged a clear discrepancy between the overall size of the domestic economy and parameters of human development.⁴ As far as developmental strategies are concerned, before the 1980s there were only two episodes (in the 1920s and the 1950s) during which a relatively liberal attitude became central to macroeconomic governance.⁵ These were followed in the 1960s and the 1970s by an attempt to form a competition state on the basis of development planning and ISI.⁶ Although a delayed encounter with Keynesianism supported by an ISI-cum-planning strategy underpinned the structural change, rapid growth, and industrial upgrading,⁷ indiscriminate protectionism coupled with endemic export pessimism triggered economic stagnation and a balance of payments crisis.⁸

The first wave of neoliberal restructuring (in the 1980s) represented a departure from the previous trends, and the groundwork of an export-oriented economic framework was constituted.⁹ As a result, the ratio of exports to gross domestic product (GDP) increased from 4.1 percent to 13.3 percent in a decade (Ertuğrul and Selçuk 2001). However, like many others before it, this growth episode proved unsustainable because of the structural pitfalls in the domestic political economy (Öniş 1993). The loss of competitive momentum in the 1990s led to lower growth rates, hyperinflation, fiscal indiscipline, and abysmal budgetary performance, which invited the speculative attacks that resulted in the financial/macroeconomic crises of 1994, 2000, and 2001. "The Program for Transition to a Strong Economy" prepared under the leadership of Kemal Derviş¹⁰ became a new blueprint for postcrisis macroeconomic governance and indicated a transition to a form of managed neoliberalism. The post-2001 era witnessed the restructuring of the competition state through comprehensive institutional/regulatory reforms and positive macroeconomic dynamics including sustained growth, lower inflation, fiscal discipline, unprecedented levels of foreign direct investment (FDI) inflows, and large-scale privatization.

To reiterate, four interlocking policy shifts have underlined the transition to competition states in the global political economy according to Cerny and Evans (2004), and this paper adds a fifth shift pertaining to main foreign policy priorities. In the following part, these five policy shifts are addressed in turn, with reference to the peculiar encounter of Turkey with global neoliberalism, in order to highlight the formative dynamics, as well as the problems and inner contradictions of Turkey's nascent competition state.

From Inflationary Expansionism to Neoliberal Monetarism

The first fundamental policy shift deemed common among the modern competition states concerns the novel emphasis placed on the control of inflation and the neoliberal

monetarism that centers on noninflationary growth as the lynchpin of macroeconomic strategy. The new public policy rationale adopted by policymakers in industrialized and industrializing countries alike after the demise of “embedded liberalism” (Ruggie 1982) emphasized fiscal discipline to preserve stability, and financial liberalization (Cerny 1997). Throughout the transformation of Turkey’s political economy, however, the emergence of “populist cycles” triggered by politically motivated fiscal expansionism has been the norm.¹¹ The populist cycles in the 1980s and the 1990s were advanced in the midst of financial liberalization and exchange rate flexibility, increasing economic vulnerability to the global fluctuations (Alper and Öniş 2003). Reinsertion of populist expansionism into the domestic political economy had catastrophic results¹² due to the premature liberalization of the capital account and full convertibility of the lira (Ersel 1996). While dependency on short-term capital inflows increased, the political elites were able to delay painful fiscal adjustments (Rodrik 1991). Contemporaneous use of extra-budgetary funds and fiscal indiscipline aggravated hyperinflation (Oyan and Aydın 1997), and problems of private and public finance undermined Turkey’s growth momentum.¹³ The failure to construct a sound regulatory framework before financial liberalization made the financial and macroeconomic crises of 1994 and 2000–2001 inevitable (Eder 2001).

Turkey has covered a long distance in terms of the shift from inflationary expansionism to neoliberal monetarism ever since, particularly with regard to fiscal discipline and legal/institutional reforms. The European Union and the International Monetary Fund (IMF) acted as two powerful external anchors accelerating structural reforms, and with the added coordination advantages of political stability, Turkey approximated a “post-Washington Consensus–style” competition state. Substantial reforms were completed in the areas of banking regulations, the public debt regime, central bank independence, the public expenditure regime, and agricultural subsidies. The results were high growth rates, single-digit inflation, record increases in both FDI inflows and privatization revenues. Yet there remained structural weaknesses with regard to the current account deficit, low level of domestic savings, and excessive dependence on global liquidity (Öniş and Bayram 2008).

From Macroeconomic to Microeconomic Governance

The second main policy shift emphasized by the competition state authors concerns the shift from the macroeconomic to the microeconomic forms of interventionism in areas such as deregulation and industrial policy (Cerny 1997). The legacy of first-generation neoliberalism, which involved a clear disregard for accountability and the rule of law, destabilized the domestic political economy up until the twin crises (Akyüz and Boratav 2002). Hence, three forms of institutional reform were of paramount importance for the postcrisis recovery and sustainable growth: (1) improvement of transparency and accountability in public finances and the tax regime, (2) formation of a robust regulatory infrastructure to withstand financial shocks, and (3) enhancement of the central bank’s independence from discretionary interference (Bakır and Öniş 2010). The new phase of restructuring has involved a mixture of *deregulation* and *reregulation* to increase policy credibility, to improve investor confidence, and to increase private investment. Key legal and institutional reforms have consolidated a “regulatory state” built around the central bank and autonomous agencies.

Moreover, radical improvements in the investment environment for foreign investors represented one of the distinguishing features of the new era. Foreign investors benefited

from the positive macroeconomic atmosphere as well as from the crucial changes in the incentive structure comprising improved legal protection, reduced bureaucratic barriers, and lower corporate tax rate after 2005 (Çanakçı 2005). The consequences of the shift in the incentives strategy was a substantial increase in the inflow of FDI, accompanied by a record increase in privatization revenues. Yet the bulk of FDI occurred through mergers, acquisitions, or privatization rather than greenfield investments realized in strategic industries. In addition, despite considerable export diversification, “second-generation reforms” for industrial/technological upgrading followed a protracted route. Export growth and diversification were not advanced through systematic increases in the technology content of the main export items, including machinery.¹⁴ An industrial/technology policy that comprised sectoral and socioeconomic priorities to increase competitive advantage and a clear-cut division of labor among public agencies, as well as private stakeholders, remained the weakest link in Turkey’s development framework.

From Extensive Interventionism to Strategic Targeting

The third fundamental policy shift stressed by the competition state theorists concerns the shift in the nature of interventionism away from maintaining a wide range of economic activities to a strategy of developing flexible responses to changing international conditions (Cerny 1997). Devising multifaceted strategies to promote the competitiveness of nationally based companies in the global markets has become the main challenge facing modern competition states, especially in the new knowledge industries such as microelectronics, nanotechnology, genetics, and biotechnology (Thurow 1996). Judged in terms of the pursuit of competitive advantage through flexible sectoral alignments, the formation of the Turkish competition state seems to be in its preliminary phases.

Turkey managed to attract unprecedented amounts of FDI in recent years thanks to the prospects of EU membership and the favorable global investment climate. Especially after 2005, annual FDI flows reached \$20 billion and annual privatization revenues exceeded \$10 billion, with major sales in energy and telecommunications (Öniş and Bayram 2008). Yet, despite substantial increases in foreign trade volume and global integration, the import dependency of Turkish manufacturing sectors remained an endemic problem. Despite years of second-generation reform, long-standing tendencies of economic agents toward dependency on foreign capital and intermediate goods, as well as on foreign capital for economic growth, remained intact (Demir 2004; Yeldan 2006). A strategic move to locate elements of competitive advantage (such as high-quality human capital and cutting-edge technological capacity) within the socioeconomic development framework was not accomplished. In contrast to the rise of neoprotectionism among advanced industrialized countries and emerging economies with respect to high-tech sectors (Weiss and Thurbon 2006), the JDP governments largely preferred to leave the transformative initiative to private investors, most of whom were reluctant to compete against their foreign partners. Research on late industrialization is replete with references to carefully selected policies of coordination against global competition, particularly during the take-off stage of new technologies (Chang 2002). Yet Turkey’s failure to devise an effective technology/industry policy left the country far behind the Organization for Economic Cooperation and Development (OECD) averages in most of the key parameters concerning research and development (R&D) and industrial upgrading.

With regard to domestic institutional actors, the State Planning Organization (Ministry of Planning) and the Ministry of Industry and Trade (Ministry of Science, Industry,

and Technology) have not had the capacity to lead a systematic drive for industrial/technological upgrading. In the absence of more creative forms of interventionism, industrial coordination has been reduced to accelerating the privatization drive and supporting the private entrepreneurial environment through new trade opportunities abroad as well as through strong demand and macroeconomic stability at home. Consequently, Turkey's global position in terms of R&D investments, high-technology manufacturing, and export diversification remained comparatively low (World Bank 2007, 2008).

From Welfare Maximization to Innovation and Profitability

The fourth policy shift referred to in the competition state literature concerns the shift in the locus of political competition away from conventional welfare policies based on the provision of social services to the promotion of an entrepreneurial culture and profitability in both the public and private sectors. A European-style, comprehensive welfare state and universal social security system have been traditionally absent in Turkey. Moreover, organized industrial labor proved to be among the biggest losers from the neoliberal transformation, in terms of decreased real wages and repressive labor legislation aimed to weaken job security and union membership and create a more flexible labor market.

Although the JDP governments maintained the momentum of neoliberal transformation, they proved to be more socially sensitive reformers, focusing on "post-Washington Consensus" principles of sound regulation and extensive social services in health, education, and poverty reduction. While supporting private initiative and global integration, the JDP displayed a commitment to "service-oriented politics" so as to acquire deeper political legitimacy and mitigate the socioeconomic problems created by the previous reforms. This stimulated premature conclusions projecting the JDP as the representative of the "third way" in Turkish politics, balancing the interests of the business community with the needs of organized labor, rural/agricultural groups, and disadvantaged social classes (Öniş and Keyman 2003). Objectively, Turkey's economic recovery contributed significantly to a more equitable distribution and achievement of high-quality growth with a strong redistributive element.

In the years 2008 and 2009 the public expenditure regime was gradually deregulated by taking advantage of the end of the IMF standby program. In this vein, the public procurement law was changed several times to facilitate the flow of funds to local governments; the agricultural subsidy reform was overturned to increase the subsidy levels; and the pension reform was narrowed down to marginal changes in the overburdened system. Consequently, when the global recession unfolded in 2008, Turkey had already left the regime of radical economic reformism (Patton 2009). Nevertheless, Turkey's crisis response package reflected an exceptionally business friendly attitude and proved comparatively weak on social protection, categorically ruling out measures for enhanced job security or reductions in indirect taxes (Yeldan 2009). Therefore, one could conclude that Turkey has largely completed the shift toward becoming a competition state focusing on efficiency, entrepreneurship, and profitability, albeit with a considerable dose of social sensitivity.

From Geostategy and National Security to Economic Diplomacy and Market Share

This study adds a fifth policy shift, concerning the formulation and implementation of foreign policy, to the range of fundamental shifts stressed by the competition state authors.

It is argued here that there has been a shift from conventional foreign policy attitudes based on national security and geopolitical concerns to multidimensional foreign policy frameworks focusing on “soft power,” economic diplomacy, and increased global market share. The post–cold war era has witnessed a profound redrawing of lines between “high” and “low” politics in the global order, which has become a multipolar, fragmented politico-economic structure. Turkey’s neoliberal transformation was accompanied by a comprehensive transformation of traditional foreign policy priorities: The focus turned to economic matters, such as expanding trade relations; improving the quantity and quality of exports; attracting and exporting direct investment; and joining global trade, finance, communications, and energy networks.

Since the 1990s, several analysts have drawn attention to the changing rationale of Turkish foreign policy, stating that the cold war patterns in which “trade followed the flag” were in decline (Hale 2000); sustaining export diversification required a proactive and multidimensional foreign policy (Eder 2001); and the new priorities for the Turkish Foreign Ministry were opening up new markets, facilitating the flow of investment credits, striking trade deals, and supporting FDI outflows (Aydın 2003). In fact, ever since the first wave of neoliberal restructuring, there has been a tendency to use economic interdependence as a functional tool for peace building and conflict resolution as well as a rational channel through which to increase the national export potential. Political figures such as Turgut Ozal and Ismail Cem have sought to increase economic interdependence with neighboring countries through water and energy pipeline projects, regional arrangements such as the Organization of the Black Sea Economic Cooperation (BSEC), expansion of export markets, and relaxation of visa requirements to increase cross-border mobility (Kirişçi 2005). The gradual rise of “Anatolian tigers” as an export-oriented entrepreneurial group was a consequence of the accelerated economic liberalization and this assertive foreign policy.

In the 1980s, Rosecrance referred to a state form dubbed the “trading state,” the foremost principle of which was to “set free the productive energies of people and merchants who would find markets for their goods overseas” (1986, p. 48). Resolving disputes with neighbors and galvanizing relations of economic interdependence were seen as being among the fundamental priorities of this state form. Following Rosecrance, some students of Turkish foreign policy have claimed that Turkey has recently been transformed into a trading state (Kirişçi 2009). In fact, Turkey’s exports increased from \$21.6 billion in 1995 to \$132 billion in 2008, with the overall proportion of trade as a percentage of GDP increasing from 23 percent to 42 percent, signaling rapid global integration (TurkStat). Yet the notion of the competition state undoubtedly offers a more modern and comprehensive conceptual framework to explore the dynamics of global integration than that of the trading state. Specifically, JDP governments under the direction of Ahmet Davutoğlu (first as the chief advisor to the prime minister and then as the foreign minister) strengthened the new orientation in Turkish foreign policy toward a more proactive and multidimensional form. Davutoğlu has argued in *Strategic Depth* that countries going through transitions from import-substitution to export-promotion regimes need proactive economic diplomacy; and that in practice, Turkey adopted a “zero-problems with neighbors” policy to reposition itself as a central state in its region (2001, p. 181). In this vein, in addition to Turkey’s traditional trade routes toward the Balkans, Central Asia, the Middle East, and Western Europe, new trade openings were realized in East/Southeast Asia, Latin America, North Africa, and sub-Saharan countries through coordinated public and private initiatives. Following the global crisis in 2008, foreign policy represented the area

in which Turkey displayed the most carefully choreographed crisis response strategy. In line with the general foreign policy orientation, the conduct of foreign economic policy focused on intensifying South–South cooperation to generate new export markets and reduce energy dependency. The new foreign policy line, augmented with clear economic objectives, complemented the JDP administration’s desire to acquire policy autonomy from the global powers and transform Turkey into a “regional playmaker” (Ünay 2010, p. 38). Hence, the ending of credit relations with the IMF was also presented as a sign of national strength and autonomy from global influences.

Turkey’s foreign economic policy openings have however remained relatively isolated from the global business strategies, financing arrangements, and partnership preferences of the leading business groups, as the Turkish state still lacks sufficient degrees of policy autonomy and capacity to form relations of governed interdependence with the captains of industry (Weiss 1998). Historical evidence from the *keiretsu* (business conglomerates in Japan), *chaebol* (large holding companies in Korea), and National Champions (state-supported industrial companies in postwar France) illustrate that transitions from industrial to knowledge-intensive economic frameworks necessitate massive R&D and human capital investments that could be realized by large-scale business groups and through extensive public–private partnerships (Ünay 2011). Consequently, Turkey’s ascendancy as a trading state with increased economic interdependence and involvement in global/regional fora cannot yet be interpreted as the emergence of a full-fledged competition state.

Conclusions

This paper was predicated on a theoretically informed political economy analysis concentrating on the various manifestations of the competition state with specific reference to Turkey. A concise overview of the competition state literature was presented and the four crucial policy shifts stressed in that literature to explain the dynamics of political globalization under increased economic integration were evaluated. An external dimension was also added to these shifts, namely the transition from a geopolitically determined national security mentality to the dominance of economic diplomacy and international competitiveness in the formulation and implementation of foreign policy.

Following a thorough evaluation of Turkey’s neoliberal transformation since the 1980s in light of these five paradigmatic shifts, it was concluded that the Turkish state could at best be described as a “nascent competition state” with varying levels of advancement in each of the studied dimensions. The analysis demonstrated that Turkey’s progress toward becoming a market-friendly competition state is most advanced in the shift toward neoliberal monetarism and the emphasis on noninflationary growth, thanks to the legacy of the twin crises and the imperatives of the postcrisis recovery program. It was also stated that the transition from macroeconomic to microeconomic forms of governance was at a relatively advanced stage, especially in the banking and financial sectors. Yet, these shifts have to be substantially strengthened in terms of the design and implementation of effective strategies for industrial/technological upgrading. Regarding the shift from the maximization of welfare to entrepreneurship and profitability, it was indicated that the transition was almost complete at the level of public discourse. But practical necessities of electoral politics and the JDP’s strategy of balancing market-augmenting policies with measured social programs produced mixed results. Finally, the transition from the national security–based foreign policy outlook to economic diplomacy and the quest for expanded

global market share has accelerated in recent years, but also remains incomplete due to coordination problems between the economic visions of the public and private actors.

On a more critical note, it was stressed that Turkey's economic bureaucracy traditionally lacked the capacity and key instruments to effectively monitor trends in the critical sectors of the world economy and coordinate domestic technological upgrading through public–private partnerships. Therefore, owing to the structural deficiencies of the Turkish state and insufficient levels of policy autonomy, the shift from extensive interventionism to strategic targeting remained at a preliminary level. In order to pursue competitive advantage through flexible sectoral responses to global conditions, both the state and the private sector in Turkey still have a long distance to cover. The foremost indication of this concerns the country's low levels of competitiveness and export potential in the high-technology sectors.

Preliminary conclusions of our research illustrate that the adoption of *raison du Monde* by the political elite for swift integration into global trade, finance, and investment networks is practically complete. But there is a high degree of ambiguity in terms of sectoral specialization and targeting strategic sectors in which international competitiveness will be sought, regional development policies related to sectoral alignments, and the complementary education/human resource policies. Moreover, rather than a development/competition-oriented compact based on closely knit state–business relations, there is an apparent disjuncture between the politico-economic engagements of the Istanbul-based bourgeoisie around the Association of Turkish Industrialists and Businessmen (TÜSİAD) and the JDP administration's preference for diplomatically forged openings in new markets through small and medium-sized enterprises. Time will show whether Turkey's enthusiasm for the global market rationality and transforming the political apparatus into a market-augmenting competition state will be supported by the long-term dynamics of structural transformation. Equally important is the formation of an elite-level consensus to back up the proactive foreign policy, which is aimed at regional leadership and playmaking in the international arena, with systematic and strategically coordinated socioeconomic policies.

Notes

1. See the articles in the special issue of *Policy Studies* on the “competition state,” vol. 31, no. 1 (2010).

2. The “developmental state” literature attracted contributions from political theory, international political economy, and development studies following the seminal work of Johnson (1982). See Woo-Cumings (1999) for a more recent collection of analyses.

3. See table 10.1 in Pamuk (2007), in which he outlines the main economic and human development indicators between 1913 and 2005.

4. As of 2007, Turkey was the seventeenth-largest economy in the world in GDP figures, while it trailed at a disappointing eighty-fourth in the United Nations Human Development Index (HDI), behind many comparable countries (see United Nations Development Programme 2007).

5. For pioneering studies on the political economy of statism, see Boratav (1982) and Tezel (1982).

6. Nobel prize–winning economist Jan Tinbergen played a prominent role in the foundation of the planning regime in line with the structuralist approach.

7. For analyses elaborating on Turkey's ISI-cum-planning strategy from various perspectives, see Barkey (1990), Eralp (1990), Keyder (1987), METU Studies in Development (1981), and Ünay (2006).

8. For historically informed accounts of major transformations in Turkey's political economy, see Öniş and Şenses (2007) and Pamuk (2007).

9. For a comprehensive survey of early Turkish neoliberalism with special reference to the economic preferences and personalized policymaking style of Turgut Özal, see Öniş (2004).

10. Kemal Derviş successfully prepared the groundwork for a “post-Washington Consensus” form of neoliberal restructuring through regulatory reforms and a comprehensive institutional overhaul aimed at increasing the resistance of the domestic economy to international shocks. In the post-2002 era, the JDP governments closely adhered to the economic restructuring program.

11. For a comprehensive analysis on the populist cycles before the 1980s, see Öniş and Riedel (1993).

12. On premature financial liberalization and the return of populism to Turkish political economy, see Öniş and Rubin (2003).

13. On various aspects of economic performance under Özal, see Arıcanlı and Rodrik (1990).

14. For instance, the average value per kilogram of production in the Turkish machinery industry is around \$4.60, whereas the same value for the Japanese machinery sector stands above \$100 (interview with Adnan Dalgakıran, Chairman of Turkish Exporters Assembly, Machinery Exporters Group, October 21, 2010).

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