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## Turkey in the Global Economy: Neoliberalism, Global Shift, and the Making of a Rising Power

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By Bülent Gökay

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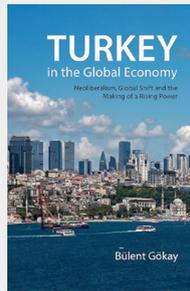
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The central aim of the author is to study Türkiye's political economic transformation into a medium-sized emerging power during the 20 years under AK Party rule and examine the channels of global development that have affected Türkiye's economy. The secondary aim of the author is to find out whether Türkiye's impressive economic growth is connected to the AK Party regime's decisions, policies, and performance, or did the country just find itself in the right place and conditions.

The author divides the 20 years into two sub-periods. The first sub-period covers 2002-2010, called the first AK Party era. According to the author, in this first sub-period, the AK Party government pursued neoliberal economic policies and made regulatory changes that created a favorable economic condition for foreign investment and the initial policy of regulatory liberalism was in the line of Western democracies. The AK Party wanted to revive the Turkish economy with export-led industrialization in parallel to liberal economic and regulatory reforms. Türkiye managed to establish a well-functioning and resilient banking system with regulations in comparison to other emerging economies.

During this period, Western economies with stable economies and low-interest rates were attracted to emerging economies. AK Party's neoliberal economic policies created a fa-



vorable environment for long and short-term Western investment in the country. A large amount of Western capital with low-interest rates flowed to Türkiye which helped the AK Party regime achieve its goal of rapid economic development and become one of the more promising investment destinations with a fast-growing economy and stable economic conditions characterized by one-digit inflation. AK Party's economic policies and favorable global conditions led to the fast industrialization and economic development of Türkiye. This transformation resulted in better economic and social conditions for the Turkish people.

The second sub-period according to the author was 2010-2020. This is when the golden age of the Turkish economy, was hit by the Global Financial Crisis of 2008. Financial crises and economic recession in Western economies diminished the demand for Turkish exports to the Western market and created a shortage of foreign investment needed for Türkiye to sustain its economic development. During this period, several local and global events negatively impacted Türkiye's economy.

The Arab Spring resulted in the loss of some export markets that narrowed down the size of Türkiye's alternative export markets. In Türkiye the first Taksim Gezi protest, and then later the coup attempt in 2016 created political instability in the country. In addition, the

Israeli raid of the ship *Mavi Marmara*, the inflow of millions of Syrian refugees, and Türkiye's raising disagreements with the European Union and the U.S. led to further concerns among Western investors.

The author argues that lacking much-needed low-interest Western capital, and market demand decreasing in the West, Türkiye turned to the East in search of alternative investment and new markets. The AK Party looked to China and Russia to stabilize the economy and sustain economic development. Türkiye thus attended the meeting of the Shanghai Cooperative Organization and then increased the level of partnership with both Russia and China. The author argues that despite the undisputed support from Russia and China for the Turkish Government, condemnation from Western countries after the failed coup came too late and not in the desired format and Türkiye hence drifted further to the East.

This stand-off with the U.S. government resulted in a big blow to the Turkish economy. The author characterizes this period as the worsening of Türkiye's economic, social, and political conditions. However, the author argues that it would be simplistic and misleading to associate all the problems and worsening conditions with only one person or one political party. National and global conditions significantly influenced such an outcome. On the other hand, Türkiye's long-standing structural problems should not be underestimated, in the outcome of this situation.

The Global Financial Crisis of 2008 (GFC) and the economic downturn resulted in a volatile and chaotic international situation. In addition, underlying conditions and long-term historical factors affected the world economic system and balance of power. The world economy has reacted with austerity

measures, economic nationalism, and other forms of policies leading to a rise of conservative policies in the U.S., Europe, Brazil, India, and other countries. Despite the negative impact of the GFC, in comparison to many other emerging economies, the Turkish banking system was not badly damaged due to the implementation of previous reforms.

The author of this book successfully provides a historical perspective of the transition of Türkiye's economy into the list of emerging economies by analyzing both domestic political and economic development and the impact of global influence and movements. This is a unique study that fulfills the gap in the existing literature that mainly focuses on internal political and economic development and does not give enough weight to the impact of global influences. In addition, the author provides key aspects of Türkiye's political economy before the AK Party's policies that would help the reader to understand the preconditions of AK Party's political-economic strategy. Therefore, this book would be useful for academics, researchers, and policymakers in the field of Turkish and emerging markets studies.

One of the topics that the author does not discuss broadly is Türkiye's economic policies towards the Turkic states of Central Asia and Azerbaijan. The establishment of the Turkic Council and ambitious calls for closer economic and cultural cooperation with Azerbaijan and Turkic states of Central Asia are priorities in Türkiye's foreign economic policies and require a comprehensive study. Turkic countries of Central Asia are a potential export market for Turkish goods. In addition, the case of Azerbaijan demonstrates that they could also be the source of much need investment to achieve economic objectives in the country.