



IS INTERNATIONAL TRADE AN INDISPENSABLE INSTRUMENT OF FOREIGN POLICY?

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Abstract:

The article proposes that international trade is an indispensable instrument of foreign policy and DEİK's governmentalization is the epitome of this instrumentalization. The case is unique in that a state appropriates an NGO whose mission is international trade. The research enquires about the validity of the assumption of trade's indispensability for foreign policy and vice versa. An in-depth interview methodology is assumed to configure causality. The hypothesis argues, that if institutionalized international trade's indispensability for foreign policy is true, then this direct state intervention is suggestive of the degree of importance, that international trade and foreign policy have, vis-à-vis each other. This act of governmentalization, again by the unique way it was effectuated, the new status created, seems to render all underlying causes other than the significance given to institutionalized trade as an instrument of foreign policy and vice versa, rather marginal. The case is not only a de facto but also a de jure act of instrumentalization.

Keywords:

International Trade, TFP, TFT, DEİK, Governmentalization

1. Introduction

The research question of whether institutionalized international trade is an indispensable instrument of foreign policy was the principal drive that inspired the Ph.D. Thesis, which is the source of this article. (Aykut, 2019) The intention was to study a unique case, DEİK's governmentalization, to uncover the extent to which the above assumption could be validated in Turkey's Foreign Policy (IFP) and Trade (TFI). The article argues that when employed with or instrumentalized by the other, both foreign policy and international trade outgrow their otherwise individual impact because of the possibility of complex interdependency that exists between the two.

It is beyond doubt both concepts have interchangeably been practiced on an array since the beginning of diplomacy. From a historical perspective, the proposition's underlying assumption can be found deeply rooted in the origins of diplomacy itself considering the first permanent embassies could be Venice's commercial agents in the Ottoman Empire called the baiulo. (Hamilton, Langhorne, 2011) Foreign policy as statecraft and diplomacy as a métier, therefore, might have, in their DNA, an inherent, commercial component redefined, today, within the fields of economic/commercial diplomacy. While this instrumentalization may not be something new, today, globalization is assumed to be the catalyzer that renders it paramount.

Ample evidence on this relationship and its nature was uncovered to claim that trade's instrumentalization in foreign policy and vice versa does profoundly exist. The ultimate relevance of the research could, in return, be proposed as its unique policy advocacy potential for the balance of power configurations among states (and non-state actors alike) in general, Turkey in particular. Instrumentalization is observed to take both benign along with malign forms pertaining to its use as power within the government apparatus in the form of carrots and sticks. In instances whereby a state is required to take a bitter course of action against another state, this instrumentality, in the embodiment of sanctions, is used as an indispensable strategy, an "action-of-first-resort or its threat thereof" (Kerry, 2014) before reaching out for coercive, unilateral, or multilateral force. Understanding the motivations behind such instrumentalization is, therefore, crucial to study state behavior. The research aims to suggest that with deductive explanations from Turkey and the world.

To achieve such aim, the inquiry starts by tackling the agency-versus-structure (Giddens, 1986) problem to understand the units and the systems involved. The theoretical assumptions enable it to abstract the unitary state into its components. The study argues that it was possible to articulate a wide spectrum of actors' agency (Hollis, Smith, 1992) as they assumed roles (Aykut, 2019:60) in economic diplomacy. Individual human actors and their collectivities, such as NGOs, are assumed to have agency as they interact with both material and nonmaterial factors. In our case, DEİK, an NGO, is a non-state actor from the business community, whose members range from multinational corporations to small businesses, as well as their collective associations. Identifying the units and the systems provided valuable insight but they would have fallen short without the application of a multi-theory approach. A pluralistic view of theory is assumed to explain the underlying causes why DEİK, the NGO that it is, was, hence, governmentalized. As such, Neoliberal Institutionalism, Global Political Economy, and Economic Diplomacy's assumptions (Aykut, 2019:72-88) were used. DEİK was deemed an appropriate fit to be "an empirical venue for applying a particular theory". (Moses, Knutsen, 2012:137)

Neoliberal institutionalism was the expedient framework in the inquiry. It assumes that states are non-unitary actors, negotiators do not have full knowledge of national policy preferences, preferences are not steady nor are they immune to developments in the market. (Bayne, Woolcock, 2011:5) Using trade as an instrument of foreign policy was also assumed to be a systemic social construction. To theorize about it, the research contends that starting with taking preferences seriously, (Moravcsik, 1997) Neoliberal Institutionalism provided many tools to explain and understand the phenomenon of DEİK's governmentalization. Neoliberal institutionalism assumes a two-way communication and interaction between NGOs and governments. Businesses insert pressure on governments through lobbying. Transnational networks of business associations, chambers of commerce and stock markets interact and socialize. They import and export ideas and norms besides material goods and services as they operate in what is coined as economic interconnectedness, a key area where governments are involved to a considerable extent as direct players, motivators, facilitators, and regulators. The theory enables an inside-out approach whereby a state-society level of analysis is put forward as a game-changer, as opposed to the structural realist approach, where anarchy and the distribution of power are the major determinants. For the neoliberal institutionalist, organizations and institutions matter and have causality in international relations. Trade is not only materially important, but also ideationally relevant to governments.

Ideas are also valuable when considered from a Wendtian window of Constructivism in IR, under the assumption that actors' interests, identities, key structures in the states' system are not given, based on human nature, or domestic politics but perceived inter-subjectively by actors through the manipulation of ideas in social interactions. (Wendt, 1994:385). Trade could similarly be defined as an ideational social construct. helping form the identity and interests of a state and its actors. It arguably cultivates interdependence. Increased complex interdependence between states, in return, is expected to construct a mixed cobweb of inter-subjective relations, identities, and interests. Such complex interdependence is ultimately likely to contribute to the institution of peaceful international relations. The prevalence of economic issues among high politics is, therefore, imperative. (Nye, Keohane, 1987) They can help broaden the agenda of international relations without limiting it to cutthroat cycles of the military security domain alone. They nurture the prospects of multiple channels connecting societies.

The rational actor model inherent in neoliberalist assumptions, argues for state interests and their maximization through the instrumentalization of actors like DEİK. Neoliberalism proposes that governments need institutions because they enable them to do things, they could otherwise not do themselves. Institutions help monitor and enforce mutually advantageous rules based on reciprocal contributions and concessions. (Goldstein, Pevehouse, 2014) Reputation, reduced transactional costs, and reciprocity are all-important values of institutions that enable rational actors to achieve enhanced cooperation and mutual gains. It also contends for complex interdependence in a world where national economies and technologies have become increasingly one with the international in the form of global value chains and MNCs .

Under the theory, institutions, like regimes, are thought to be developed so that actors could speak the same language and regulate cooperation through widely agreed rules and principles. Neoliberalism agrees, however, that the international system is still anarchic, i.e., there is a lack of a central world authority to enforce the order. Yet, when states come to share common interests - in this case, the management of international trade - they opt for the construction of international institutions that make and administer norms and rules to foster cooperation. As states

and agents iteratively and regularly meet over trade, like in DEİK, they also socialize. While the potency of institutions in eliminating misperceptions is not a priori, (Jervis, 1976) institutionalism's potential benefits often outweigh its shortcomings. Institutions like DEİK may not be omnipotent nor perfectly functioning mechanisms, but they seem to help deliver information to encourage learning, build trust, help socialization (Johnston, 2008) of actors and lessen the likelihood of misperceptions.

Neoliberal institutions also provide a much-needed legitimate social purpose base for the political authority. (Ruggie, 1982:382) State interests can no longer be defined only in the narrow sense of mere survival and power. However, with an increase in non-state actors with potential agency, states cannot help but see their authority erode. Nowadays, state sovereignty is also under increasing scrutiny and regarded even as what is called "hypocrisy". Krasner (1999) claims that as far as both the state and its sovereignty are concerned, neither can be considered as given under a constructivist lens. Sovereignty has become a contested concept that is constructed and deconstructed. It is no longer sacred since the once sacred established agreements can be annulled overnight. Interactions among agents and between agents and structures constantly alter the world. Non-state actors like NGOs, such as DEİK may also be perceived as threats by the state undermining their authority, hence their governmentalization.

While Neoliberal Institutionalism provided an abundant inventory of tools to understand and explain DEİK's governmentalization, the Economic Diplomacy theory was also used with a valuable perspective to offer. An act of statesmanship that is performed by both government and non-government actors alike, usually in close coordination and/or equally in conflict (Bayne, Woodcock, 2011), economic diplomacy is often conducted in what are called forums. Woodcock identifies a checklist of six systemic and domestic key factors that shape economic diplomacy. As far as the process of decision-making and negotiation is concerned (1) relative economic power, (2) international institutions or regimes, (3) markets, (4) interests, (5) domestic decision-making and institutions, and (6) ideational factors affect a state's ability to effectively use economic diplomacy. (Woodcock, 2011:18-25) The theory is concerned also with the markets' impact and treats them as endogenous factors influencing economic diplomacy. The article observed the effects of the market developments, to identify their unique contribution to the case; aiming to distinguish whether the markets impacted the government's final decision to governmentalize DEİK. Theory also allows some room for misperception and changing preferences, and a lack of information on national policy inclinations. The research inquired if such misperceptions and changing policy preferences applied to DEİK's case. The focus was not, however, on the process of decision-making or the negotiation/bargaining models of economic diplomacy. The quest stayed within the restricted issue area of bringing to the surface the underlying reasons why and methods how of a particular government policy, which has foreign economic policy implications.

Finally, the assumptions of Strategic Trade Theory within the context of the Global Political Economy were employed. This final theoretical lens was used in unearthing how a nation's capacity helps to interfere effectively and gain disproportionately in strategic trade in certain industries, such as exports, under the assumptions of relative gains. (Gilpin, 2001:216) The article's inquiry inquisitively tackles Gilpin's three conceptions for:

- whether economics should determine politics (liberalism) versus
- whether politics should determine economic (mercantilism) versus
- economics does (in fact) determine politics (Marxism and class interests). (Gilpin, 2014:526)

Gilpin challenges the conventional trade theory and its undeniable commitment to free trade. Imperfect competition, economies of scale and scope, learning by doing, R&D, and technological spillovers (Gilpin, 2001:214), arguably give an excuse for the proponents of protectionism. The strategic trade view is not uncommon in practice. The European Union is a means, for instance, of European capitalism arranged to compete more effectively with competitors in world markets. (Bache, et al., 2011:47)

In the Cold War World Order, the General Agreement on Tariffs and Trade (GATT) and its follower World Trade Organization (WTO) were reinstated as the new strategic institutions that have helped lower trade barriers, paving the way for freer international trade. The intention was to increase national efficiency based on the notion of comparative advantage. This has surely not been an easy task, given mercantilist tendencies. Mercantilism purports for exports rather than imports. The liberals claim that self-interest in perfect competition will produce the greatest good for the greatest number both internationally and domestically. Mercantilists, however, argue for economics being conflictual (Gilpin, 2014:527) to start with. The article proposes that organizations like DEİK, as well as their

counterparts in diplomatic trade missions and corresponding chambers of commerce, intend to foster two-way trade and investment between states. Nevertheless, mercantilist expectations shape any negotiation, such that, asymmetrical relative gains, more often than not, win over absolute ones.

Nevertheless, regardless of such mercantilist attitudes (Gilpin, 2001:219), global political economy assumes that trade and its varied uses enable cooperation among states even when a security dilemma (Jervis, 1978) prevails as a pretext. In line with the strategic trade theory, the research shows that, in Turkey's case, by 1980s, exports were chosen as a strategically valuable sector for both the economy and for foreign policy. DEİK uniquely proved to be a worthy means to leverage this strategic move. The article contends that beginning with the 1980s, the export promotion strategy replacing the import substitution (Pamuk, 1981) economy model which gave wings to DEİK, was pre-planned to make Turkey's domestic economic policies more compatible with the changing world tendencies. Based on the "Washington Consensus", the epitome of liberalization and privatization, the Turkish economy was given no choice but to adapt to the world, no matter how harsh its terms were. The context was nurturing given the economic crisis of the late 1970s and the coup d'état that followed. Prime Minister Özal could arguably implement this liberal regime with little worry about the next elections.

The article posits institutions like DEİK right in the middle of both domestic and international concerns, as well as public and private spheres. Theory cautions us to be constantly reminded that the interaction between domestic and global political economy is a reciprocal, a two-level game. In Putnam's words, governments seek to satisfy domestic pressures at the international level, while curtailing the effects of international developments at home. (Putnam, 1988:434) Institutions like DEİK, serve a critical purpose of carefully evaluating the needs of both spheres, acting as both mediators and arbitrators between conflicting interests. Their value stems from their experience and expertise accumulated through decades of contacts and networks developed with relevant partners in a series of overlapping multi-dimensional strands of mutual understandings and acquiesce. They manage perceptions and misperceptions and help shape and build trust in foreign economic interactions. Policy advocating is at the heart of such institutions as they maintain a constant channel of communication between the public and private spheres of influence.

To sum up, to test the hypothesis, the research assumes that neo-liberal institutions which give birth to organizations like DEİK not only matter but are essential for effective cooperation in a world of complex interdependency. Moreover, states need more than material power to have a say in the international system and legitimacy is that soft power, institutionalized trade, as well as collaboration with non-state actors it necessitates, can provide, to enhance global economic governance. (Aliu et al., 2016) DEİK is an established non-state actor who has agency. It is affected by the system/structure, but it can also perform economic diplomacy apart from the state mechanism. It derives its strength from three decades of institutionalized norms and rules it exercised in a very important policy area; international trade. Such institutionalized knowledge and experience in a reputable area of interest is professedly a precious attribute. It proposes legitimacy to enable the state to achieve what it cannot do alone. The research argues that the state, having seen this inherent strategic trade value in DEİK, has taken a critical action to contain it in 2014 by way of governmentalization. DEİK's capabilities in fostering economic and political ties with its counterparts around the world, is now at the service of the state, along with its legitimacy.

The research problematized DEİK specifically because this case, possibly delineated a unique incidence in which a state appropriated a three-decade-old NGO. Arguably, because of its significance, as an indispensable instrument of foreign policy, DEİK was brought under the Ministry of Economy on 11 September 2014, by direct government intervention, the enactment of Law no. 6552 (Aykut, 2019:236). DEİK's case is thus claimed to be the epitome of the instrumentalization the hypothesis is after. The hypothesis is unique as it contends that, if the indispensability of international trade as an instrument of foreign policy is true, then this extreme case of direct state intervention through the appropriation of a business NGO suggests the importance, to the point of indispensability, international trade has vis-à-vis foreign policy and vice versa. The thesis maintains that a state would only take an action as governmentalization (as with DEİK through an overnight omnibus bill) so long as it regards institutionalized international trade in the embodiment of an NGO like DEİK, crucially vital to its interests defined in terms of economic power. The control, or its loss thereof, of a valuable organization like DEİK, an NGO, must have been perceived as critical to these interests, making its conquest imminent. (Aykut, 2019:27)

Besides the theoretical explanations, as a method, the research adopts the “generalizing case study” approach (Aykut, 2019:89-95). It pursues a “deductive model” to test the claim; trade’s indispensable instrumentality in foreign policy and vice versa, using a single case. The model is congruent with a “fitting” or “theory confirming” case study (Moses, Knutsen, 2012:137). The “elite interviewing method” under Harold Eckstein’s “plausibility probe”, (Eckstein, 1975:109) which questions whether painful efforts to test the validity of a hypothesis is worth it to find a clear empirical instance of it, has been applied. “Semi-structured interviews” (Burnham et al., 2008:231) were conducted with chosen DEİK members and their counterparts in bilateral councils residing in foreign missions to meticulously account for contrasting views. The study’s intent for testing the hypothesis is not generalization. Further research, however, holds the potential for new hypothesis generation and generalization. As the findings reveal, future quantitative and qualitative research could extend the scope of theory and strengthen its validity. Questions like “Is this a general trend?” “Can such governmentalization be repeated in other states or in other contexts?” could be starting points. Broadening the scope of the study to more interviewees in DEİK, as well as extending the study to other institutions in trade such as TİM, TÜSİAD, MÜSİAD, and TOBB, promises to test the possibility of generalization.

The research has uniquely attempted to solve a puzzle (Baglione, 2012:75); namely the rationale behind what must have been the governmentalization of DEİK. The importance of TFP and TFT were found among the underlying causes. DEİK, the embodiment of institutionalized trade, by being exposed to this act of governmentalization, was the instrumentalized variable. Such instrumentalization entices measures akin to once inconceivable “state capitalism” (Musacchio, Lazzarini, 2014:57-8) in what are presumably the so-called liberal markets. (Aykut, 2019:247) The uniqueness of the research also lies in its intended quest to find out the extent, such instrumentalization can go as in this specific case. On a spectrum analogy, there is a degree of importance each state gives to international trade; some governments use it more than others for foreign policy. The same is true for international relations. An NGO’s governmentalization, at least at this scale and manner, is arguably a first in the Turkish political economy. Being cautiously aware of epistemology, the interviewees were believed to have spoken candidly and expressed their genuine opinions. The intention was not to evaluate either the effectiveness or the efficiency of this state action, which could be the core of future research. Time is needed to observe the evolution of the new DEİK. The research also uncovered, possibly based on the economic nature of DEİK and the choice of interviewees, more examples of trade being used as an instrument rather than those of foreign affairs. Future research could be designed to interview more foreign affairs subjects to see if there is a shift in this balance for foreign policy.

2. Major Findings

In a nutshell, the research, using DEİK’s governmentalization as a case and based on historical data, found trade to be an essential instrument of foreign policy, and likewise, foreign policy an essential instrument of trade. It proposes that both have become intrinsically linked over the centuries, ever since sovereigns and states have engaged in commercial relations with each other. In line with the world, TFP and TFT are found to be intertwined in parallel complex interdependency and instrumentalization. This instrumentalization may take both benign and malign forms, such as incentives and sanctions. (Masters, 2017) The inquiry contends that governmentalization is the epitome of such instrumentalization. The resultant phenomenon of governmentalization shows the extent of not only a de facto but also a de jure instrumentalization by the state of an economic actor, an NGO, whose main purpose is the development of international trade for the purposes of foreign policy. (Aykut, 2019:14) The act of governmentalization imposed on a business NGO, due to the unique way it has been effectuated and the new pseudo-political status created consequently out of an economic legal entity, seems to render all underlying causes other than the importance given to institutionalized trade as an instrument of foreign policy, relatively marginal.

While governmentalization is an extreme measure showing how far such instrumentalization can go, trade and foreign affairs are naturally found officially embraced in some governance systems by their merger at the ministerial level. Such governance models could be perceived as the perfect embodiment of the thesis’ proposition, but they are not the norm. In addition, it is the institutionalized, rather than ad hoc trade, which is of interest to the research. Viotti and Kauppi (2012:149) claim that institutions encompass worldviews and beliefs, which are cognitive roadmaps that impact policymaking. Ideas, when institutionalized, become social norms with a life of their own. When ideas are then linked to interests, they equally influence foreign policy choices. What makes its

instrumentalization unique and irreplaceable under the assumptions of neoliberal institutionalism are the norms, rules, regulations, and values, trading relations culminate over decades of iteration, experience, know-how and informed learning. Organizations like DEİK become deeply rooted in the world of trade and foreign affairs among developed nations. Such organizations may even assume roles in the instigation of new diplomatic relations performing economic diplomacy per se. They are recognized even before formal diplomatic relations, as embassies, have been established. DEİK's endeavors in Africa, Latin America, the former Eastern Bloc countries and Turkic Republics in the 1990s were found to be corresponding examples. (Aykut, 2019:143)

One accelerating force behind this instrumentality today, maybe globalization, which is hardly living its glory days. New protectionist strategies acting as guardians of national interest seem to nurture isolationism rather than globalization. Today, it is to the astonishment of believers in liberalism that such is the trend to act as a shepherd by the United States. (O'Grady, 2017) Gilpin purports that whether it is called nationalism, or protectionism, the subservience of the economy to the state and its interests is mercantilism in essence. (Gilpin, 2014:468-475). How this change towards protectionism today may affect the instrumentalization of trade and foreign policy is the subject of further inquiry. The research reiterates, however, that the retreat of democracy and liberalism in the 1930s was, in part, a result of the political turmoil produced by the Great Depression. The second World War was the ultimate result that followed the rise of fascist and imperialist states besides the emergence of rival economic blocs in its aftermath. (Deudney, Ikenberry, 1999:192). The strength of world peace as it correlates with today's protectionist tendencies in trade since the Great Recession of 2007-2009 appears, therefore, similarly fragile.

The research proposes that the survival of liberalism may lie in holding onto institutionalism itself and the legitimacy it promises. Scholars liken the institutionalization of the European Union, regardless of countless setbacks, such as Euro-sclerosis, for instance, to the strength it derives from the notion of its social legitimacy rather than efficiency. (Bache et al., 2011:26-7) Aiming to achieve both social legitimacy and efficiency appears to make institutions like DEİK, even more, valuable for those who stand to benefit from assuming their control. Irrespective of the legitimacy they derive from their institutionalized nature, manifestly, such institutions are not without fault. Their effectiveness may depend on their capability to adapt to changing preferences of states and non-state actors alike. As Stiglitz (2002:241) argues, even for a giant like the World Bank, reform is an option. Governmentalization as strategy, on the other hand, is allegedly unorthodox. As per Foucault's governmentality, non-state actors, by way of engaging in governance are not necessarily transferring power from the governments. Such engagement is simply an expression of the changing logic and rationality of the act of government whereby civil society become both the object and subject of governance. (Sending, Neumann, 2006)

To understand the application of this instrumentalization and to historically comprehend the governmentalization of DEİK, the research analyzes TFT and TFP in 4 distinct periods. (Aykut, 2019:96-187) The results imply that Turkey does not differ from the rest of the developing and emerging markets as regards such instrumentalization. While having been around since the debut of the young Republic, instrumentalization appears to have reached significant levels during the Menderes Administration of the 1950s. After the turbulent 1970s that shook Turkey even more than the world economies because of her own particularities, it seems to attain a peak in the 1980s, coinciding with Prime Minister Turgut Özal and Turkey's liberalization experiment. (Öniş, Bakır, 2007:149) The 1980s appears to provide a fertile atmosphere for the institutionalization of Turkey's liberal trading efforts. DEİK, a part of these efforts, is found to be established to formalize Turkey's trading relationships. While intended by both the government and the private sector as the sole point of contact harmonizing Turkey's uncoordinated foreign economic relations (Altun, 2009:82), DEİK is observed to have had its rise and fall analogous to the domestic, international economic, and political context until the 2000s. It is after 2005, however, things appear to take a different turn for DEİK, leading to its eventual governmentalization.

2.1. Turkish Foreign Policy And Trade – Four Distinct Eras

The young Republic's beginning years was witness to the instrumentalization between TFT and TFP shaped by the trauma inherited from the Ottoman debts. The experience from the Ottoman Empire's "Council of Public Debt" (Krasner, 2004:109) which had exclusive authority over the revenue of the Empire, was traumatic. Economic sovereignty was, therefore, a matter of life or death during the early years for Atatürk. Having hardly preserved her neutrality during WWII, with the start of the Cold War, Turkey was to enter the multi-party era. The second era was

witness to volatile liberalization experimentation led by the Menderes Administration. It was not until the 1980s, the third era, however, in a post-coup d'état Turkey, that trade assumed its leading role in TFP. The crisis appears to instigate a radical break with previous models of accumulation (Öniş, 2009:410). Embracing the “Washington Consensus” (Reinert et al., 2009) Turkey, hoping to achieve a jump-start growth through the promotion of exports, opened its economy which was based on import-substituting-industrialization and autarky model (Aykut, 2019:233), albeit a little too fast. (Stiglitz, 2002:177-185).

Under the leadership of Özal, Turkey’s institutionalization went through an imperative revision. DEİK’s birth coincides with these times. DEİK, a model imported from the United States, Japan, and Korea (Aykut, 2019:111) was envisaged at a crucial moment as Turkey mobilized for global business. DEİK became a pedestal of Turkey’s economic diplomacy initiative, conceptualized as pivotal statecraft for the national interest. Its establishment was significant as an institutional platform for public-private sector dialogue (Soobramanien, 2011:198). Its unique mission was to coordinate the Turkish business community’s activities globally. The strategic intent was appearing as a single voice and the elimination of duplication of scarce resources. (Aykut, 2019:234)

In sum, DEİK was intended by the nine founding father associations to coordinate and harmonize Turkey’s efforts as a united body, aspiring to represent a significant portion of the Turkish business community. Marshalling resources for DEİK’s formation by the private sector is analogous to neoliberalism’s harmony of interests for technical expertise and specialist, instead of generalist, diplomacy. (Soobramanien, 2011:199-200) Not only did DEİK have the green light from the government to assume this umbrella role based on the proposal made by TÜSİAD, Özal, the Head of State, was the main catalyst (Arat, 1991:144) behind the initiative. According to Özal, to the astonishment of many others, foreign policy had to be organized to nourish foreign trade (Altun, 2009:65). The article argues DEİK to be a first in the legitimization of the public-private dialogue enabling commercial diplomacy and participatory governance (Bache et al., 2011:28). Assuming a respected role amongst Turkey’s foreign affairs agents; an area previously strictly confined to career diplomats, DEİK appeared to breach the sacred void between bureaucracy and the business world. (Aykut, 2019:121) Notwithstanding, the fragile bonds balancing the private/public spheres were to be woven carefully. This critical rapprochement dismantling the long-established negative perceptions between the two spheres was a part of Turkey’s liberalization experiment. Thanks to the government elite’s involvement going beyond a supporting role, the dialogue between the private and public sectors thrived under DEİK’s roof.

Among other reasons, this was possible since DEİK was a consensual arrangement with established roles and responsibilities (Aggarwal, Dupont, 2017:66). However, Özal also dictated sternly that DEİK was to be formed under TOBB, which was, in fact, a semi-official body. This was against the staunch position of TÜSİAD who advocated for DEİK’s civil society nature to be preserved at all costs. Ties to TOBB were surely a major drawback for the independent nature of DEİK. While DEİK, was fabricated as a voluntary NGO (Aykut, 2019:13) encompassing values such as civil participation, pluralism and altruism (DiMaggio, Anheier, 1990:153), acquiring its legal status under TOBB, de jure affected its impartiality and civil society standing and hence all those values intended for an NGO. The primary objection raised by Sakıp Sabancı against TOBB, at the time of DEİK’s enactment, became pertinently noteworthy today, given the counter arguments on behalf of DEİK’s governmentalization in 2014.

Whereas the third era was witness to DEİK’s rise, the fourth one concurs with AKP’s rise to power in 2002 and DEİK’s alleged fall from grace. From 2005 onwards, DEİK’s fate was subject to a serious challenge from a new rival called TUSKON. TUSKON’s members were composed mainly of Anatolian Tigers, a new cadre of business elites, who had been arguably excluded from the benefits of the state mechanism, benefits allegedly provided to others, such as DEİK members, until then. These business elites supported the state in its endeavors to project influence and impact Turkey’s new neighborhood in the Middle East and Africa and beyond for the sake of their interests. (Kutlay, 2011:77) The shift from the West to the East in markets was not peculiar to Turkey alone. A gradual “axis shift” on a global scale was taking place in the 2000s. (Babacan, 2011:135)

As novel as they seemed, these elites did not just appear in a vacuum. They had resulted from alternative models of modernity of the 1990s accommodating tradition in their assumptions. The so-called “Islamic Capital” as a powerful economic actor was on a speedy rise. (Keyman, Koyuncu, 2005:112) All the same, the post-2001 era coined as the third phase of the Turkish neoliberal experiment, was as a dramatic departure from the earlier two phases which saw

the emergence of a regulatory state. (Öniş, 2009:410) TUSKON's advent could be read within these lines, as a strategy with the significant political and distributional consequences associated with the regulatory state inherent in this third phase.

TUSKON's arrival produced a sudden existential crisis (Aykut, 2019:208) for DEİK since its economic diplomacy endeavours were drastically curtailed. The enigma behind the prerequisite for a totally new organization to supersede and duplicate DEİK appeared contrary to DEİK's establishment principles. When compared to disputes and accusations of co-optation for civil society organs, (Green, Bloomer, 2011:115) the circumstances in TUSKON's strategic rise fall short of rational economic modelling and turf fights. Findings suggest they are more indicative of an ideological and political *raison d'être* based on deeply rooted beliefs of Turkey's ruling elite. Instead of joining forces with DEİK, with its two decades of institutionalized power, to enhance Turkey's capabilities for potential commercial diplomacy opportunities in unchartered territories in Africa and Latin America as argued, certain segments of the Turkish business world, had established and associated with a new organization, TUSKON, instead (Aykut, 2019:240).

2.2. Governmentalization

A key departure from liberalism as a concept, governmentalization, nonetheless, seems to suggest continuity in Turkey's strong state and statism tradition. Coupled with the fragility of its liberalization experiment, (Öniş, Bakır, 2007:149) just as Özal had ordered DEİK's formation under TOBB, the governmentalization in 2014 could be interpreted, on a policy continuum, as a preeminent grip to contain DEİK. TOBB, being a semi-public organization, may have already given the ANAP government, the tight leash it mandated, to instrumentalize DEİK, as the desires of the TFP elites dictated. A loose connection through the semi-public TOBB may have worked in the interim. Yet DEİK apparently became a persistent institution authoring its own synergies, a life of its own, devised through years of connection and networking in foreign affairs and international trade. (Thun, 2017:186) It unavoidably must have given to its parent body, TOBB, powers that may have proven to be anathema and threatening to the very government that induced them. By 2014, the government, evidently becoming anxious about no longer being "aware" (Levent, 2014) of DEİK's activities under TOBB, chose to governmentalize and contain it. It appears DEİK's affiliation with TOBB as the parent organization had also increased its vulnerability as a target. It must have disturbed the delicate balance of power calculations between the public and private actors which, by 2014, jeopardized DEİK's ongoing concern. The sensitive balance of power between TOBB and the government bureaucracy must have been irreparably disturbed. (Aykut, 2019:242) Such loss of control seems to have constituted one of the major reasons that contributed to DEİK's inescapable fate.

While in the beginning, underpinning DEİK's alternate TUSKON may have posed as an attractive strategy, but as TUSKON reneged on its assigned role, a decade was also foregone in furnishing the much-needed international networks in trade and foreign politics that DEİK possessed. When the TUSKON experiment failed, a new strategy was needed to tilt the balance of power away from DEİK and its parent organization, TOBB. Given the exhaustion of the substitute path, taken to replace it, DEİK, itself, was to be transformed at all costs. They could not forfeit another decade. (Aykut, 2019:242)

The context was also nurturing as markets were once again in turmoil. Turkey's trading state status applauded only a couple of years before, was in danger of reversal. In the post-Arab uprisings, Turkey's trade-driven integration strategies in foreign policy were forestalled in line with both external and internal state capacity-related problems. The instability in the trading partners and neighboring export routes was substantial. (Kutlay, 2016) Turkey's middle power aspirations for regional leadership, based on an economic machine claim aiming to project integration and growth and bring stability to the region (Oran, 2013:236) were in disarray. As the Arab Spring turned into Arab Winter, Turkey was also driven into the Syrian quagmire in its southern border.

In a nutshell, within its first 20 years of existence, DEİK had its share of rise-and-fall, self-doubt, and self-congratulation (Green, Bloomer, 2011:125), like any other NGO. With the sudden arrival of TUSKON, an ideological rival, (Aykut, 2019:149) it had faced an existential crisis more serious than self-doubt; this time little to do with her own capabilities. The governmentalization of 2014, however, was to change it forever. DEİK was once again without direct competition, but this time in a state of the search for its soul. Institutionalization in any field appears to be an arduous long-term engagement, and not easily reproducible to say the least. Moravcsik (1997)

argues for taking state preferences underlying the strategic calculations of governments seriously, assuming that they are influenced by societal ideas, interests, and institutions. Similarly, we can contend that the state elites, formulating their fundamental social purpose, could have preferred that if ties with DEİK were not familial, bureaucratic, or economic enough until then, this time they had to be made so. The chances of rebuilding an alternate equal organization i.e., MUSKON, once again, were not great. DEİK's governmentalization was collateral damage, a sacrifice for the greater good.

2.3. The Day After

Nevertheless, the state preference for the sudden and unilateral decision to tie DEİK under the Ministry of Economy through an overnight omnibus bill did not come without repercussions. TÜSİAD resigned from its founding association status, regretting DEİK's loss of civil society character. TOBB remained. Some clearly interpreted this operation as a move away from the liberal market economy towards state intervention and statism. Following the *fait accompli* that arguably traumatized DEİK members and counterparts, DEİK's new restructuring took place with around 100 associations joining DEİK as the new founders (Aykut, 2019:213). Yet, TÜSİAD's refusal to join in the new DEİK weighed heavily over the governmentalized new entity. DEİK's new chairperson was appointed by the economy minister, Zeybekçi, who had extensive authority over DEİK.

Paradoxically, the interim period was subject to a series of what appears to be new power struggles between Vardan and Zeybekçi (Patronlar Dünyası, 2017), between bureaucracy and civil society, that finally ended in the former's replacement by Olpak on 25 September 2017. (Aykut, 2019:184) Now that DEİK was under the Ministry of Economy, it had become quite possible, this time by law, to appoint a new chairperson.

The governmentalization was presented as a routine operation made to bolster DEİK. Ties to the ministry, according to the government and DEİK's new management, did not damage its civil society character. The mainstream conviction, according to the findings, however, suggests that DEİK was now perceived as a public institution, a governmental organization. (Aykut, 2019:210) There appeared no obscurity in terms of division of labor. (DiMaggio, Anheier, 1990:146). Governmentalization made roles very formal and stable, rendering the private, the public beyond doubt. One might argue that, as long as politics safeguards life in its broadest sense (Arendt, 2005) as an end purpose, it does not matter whether the new DEİK is in public or private sphere. One argument raised by the interviewees held DEİK had never been a civil society organization to start with because of its TOBB connection in the first place. While TOBB had always been there ever since DEİK's legal status was formulated in the late 1980s, and Özal had especially mandated TOBB as the parent organization, agency seem to have mattered and who led TOBB and/or DEİK apparently had implications in the delicate power dynamics (Aykut, 2019:12).

The article contends that not only the change per se, but also the way they imposed the new status has implications for the hypothesis in understanding the extent of the instrumentalization. Nobody had barely any clue of this upcoming change, why it had been done or what it really entailed. The day after, all operations had been frozen, ongoing meetings suspended and programs canceled. Interviewees express (Aykut, 2019:237) the despair they felt when they heard about the law that transformed DEİK, with no prior consultation or notification. Most importantly, however, the government must have seen that it was in its capacity to go it alone in a matter of a *fait accompli*. Presuming the private sector would anyhow adapt, given Buğra's self-image findings for the Turkish business world, policymakers must have strategically calculated the consequences and unhesitatingly taken the risk. To observe the market's defenselessness when facing the Leviathan is rather salient. Zeybekçi's short but blunt explanation "We were not aware of its activities" (Levent, 2014) to justify DEİK's governmentalization, shows the need to exert overwhelming control by the government apparatus. In short, being unaware of an NGO's activities in trade and foreign policy posed a risk to the government's balance of power calculations, leading to its containment in the form of expropriation. Looking at DEİK, from Herz' view of idealist internationalism, (Herz, 1950:176) when faced with a dire security dilemma, the government's intervention, no matter how counterintuitive it may sound at first for the sake of liberalism, might be read easily as power politics.

2.4. What Does the Future Hold for Deik?

DEİK was now officially crowned, again as it was in the 1980s, as the organization responsible for commercial diplomacy (Aykut, 2019:243) Following the redistribution of power and wealth arguments, (Gilpin, 2014:468-475), administrations seem to produce their own structure of economic relationships with groups that are more apt to their policies. DEİK, apparently belonged to the previous era, the Old Turkey's entourage, yet policymakers could

not ignore its value as an instrument of foreign economic policy either. Essentially, it had to be brought into the sphere of government influence, expressly since the TUSKON experiment had grossly failed. (Aykut, 2019:244)

To reiterate, measuring the effectiveness of this state behavior, requires further deliberations in time, and could be the subject of future research. Still, if NGOs, as alternative sources of trusted, informed opinion compared to the government, are expected to affect the legislature, the media, and the public (Bayne, Woolcock, 2011:372), this de jure governmentalization may have damaged DEİK as an alternative source, representing freely the demands of the market. In addition, if NGOs are expected to bring antiseptic sunlight in the form of scrutiny and activism to keep the demos (Green, Bloomer, 2011:116), a governmentalized DEİK cannot be classified as one. Intrinsically, the interviewees relay mixed conclusions about DEİK's future. Those who declare today's DEİK to be a better version compared to the immobilized DEİK of the TUSKON era, commend DEİK for having more space to maneuver since it had now more budget and the full backing of the government. Similarly, rather than being arguably de facto TOBB's Istanbul branch, being connected to the Ministry of Economy is considered a better ordinance by some. (Aykut, 2019:245)

The foreign missions in Istanbul perspicuously see the new DEİK as a government entity. Some unquestionably articulate it as the "business world's official link to the government". (Aykut, 2019:218) While some in the West, like the German-Turkish Business Council, have objected to this mandatory status, refusing to deal with DEİK initially, today it is back to business as usual. It is also possible to assess this turn-around as compartmentalization of interests in foreign policy i.e., support for civil society versus economic interests. Ironically, the newly appointed officials in foreign missions have almost no recollection of DEİK's governmentalization and having had a civil society claim to start with, let alone its effectiveness. (Aykut, 2019:246) While the new DEİK is inarguably in a state of soul-searching (Aykut, 2019:180) trying to mend its reputation in a denial of its governmentalization, its foreign counterparts appear rather clear about its new status as a government entity.

DEİK might be designated once again as the sole point of coordination of Turkey's institutionalized commercial diplomacy yet inevitably other organizations like TÜSIAD have boldly gone alone in re-making their bilateral connections with foreign counterparts. Arguably, in a complex social world (Viotti, Kauppi, 2012:161), dictating a single channel for the totality of TFT is unrealistic. The interviewees stated one of the major domestic problems of Turkey as "polarization". (Aykut,2019:211) The need to allow for diverse views and means to achieve the ends is, therefore, apparent. They argue that they should give no one organization, the monopoly to assume the reins of commercial diplomacy single-handedly. If DEİK is to be repositioned as a roof organization, a certain tension could similarly be felt from within the new DEİK itself, in the acceptance of this preeminence and pledge of allegiance. (Aykut, 2019:218) One such organization is TİM, whose members present themselves as the "real experts of exports" (TİM, 2018) A claim for expertise resonating with Peter Haas' (1992) "epistemic communities" appears to already produce clashes for DEİK's umbrella role, and its members' like-for-like aspirations. How the new DEİK will resolve this remains to be seen. Since a one-size-fits-all structure (Soobramanien, 2011:195-8) is a highly contested notion in today's complicated society, how much buy-in from the non-monolithic business world, both domestic and international, the new DEİK's role will get is uncertain. Some find the new DEİK's character to be more compatible than before with the less developed markets such as it was in the early 1990s post-Cold War former Soviet markets. Calibrating a different strategy based on the level of development of liberal democracy and civil society of the foreign counterparts is a likely scenario with the possibility of a second-tier organization such as DEİK-Public and DEİK-Private. (Aykut, 2019:248) Time will show and future research could follow it up.

3. Conclusion

On an end note, the research suggests that to explain and understand DEİK's governmentalization, while a Keynesian perspective, whereby smoothing out the business cycle and providing social equity/security as well as maintaining full employment are the main reasons for state interventions, seems farfetched (Burchill, 2005:71), Musacchio and Lazzarini's "path-dependence-view" for the reinvention of "state capitalism" may help. The thesis argues that the Turkish State's historical need for absolute control in TFT and TFP, as tools enhancing its balance of power in the international system, may have manifested in the ideological preference for a strategy of path dependence for state capitalism. The resultant intervention, governmentalization, was not an economic necessity, but more a result of inherited, resilient institutional conditions that are difficult to change. The research by

problematizing DEİK's governmentalization may have opened the future debate for its policy ramifications as regards Turkey's liberalization experiment and civil society, its Europeanization (Bache et al., 2011:63) efforts, and the validity of Turkey's historical path-dependence.

The article attempts finally to compare an NGO's governmentalization by the state to a city's conquest by Machiavelli's the Prince and theorize about the future. Machiavelli's proposals which are instructional guidance to the Prince, who has just conquered a city, suggest three viable strategic options. The third option, creating an oligarchy of proxies to keep the city, in our case DEİK, ideologically more favourable, could be the strategic path taken by the state. The thousands of new members made to join DEİK could be likened to proxies. However, the government's financial grip (Green, Bloomer, 2011:117) as the new patron, risks downgrading DEİK to a service delivery apparatus, ripping it off the freedom to imagine freely TFT's capabilities and hence jeopardizing its inherent values and eventually destroying it. (Aykut, 2019:250) Therefore, a reroute to Machiavelli's first option, i.e., destruction, remains an imminent danger.

DEİK's governmentalization bears resemblance, on an endnote, to Smith's dignified statism (2012:732), to the exercise of duty that the executive power presumably undertook, to defend her commonwealth, expressed in terms of trade and foreign relations. The article has argued that liberal institutionalized trade, such as the one intended by DEİK, and foreign policy are two instruments at the disposal of policymakers. Either may be instrumentalized by the omnipotent State (Aykut, 2019:152) and its agents or the structure of the international system to serve the other, in the end, to defend the commonwealth.

Through theory, the article, in line with the scientific realism's proposition (Wendt, 1999:47), has humbly tried to reflect reality pertaining to a particular case to test its hypothesis, i.e., the governmentalization of DEİK. While each case of instrumentalization is specific and necessitates a precise inquiry to determine the underlying causes and effects and measuring its effectiveness may be hard, this does not diminish its significance in terms of understanding state behavior. The potential impact of the instrumentalization of foreign policy and trade to policymakers is extensive. Their instrumentalization can benefit as well as damage ultimately the balance of power between states in the anarchical international system. Hence, any related strategic preference should entail a meticulous planning stage with no room for a whim. Needless to mention, an extreme intervention by the state to foreign trade in the form of governmentalization, such as in the case of DEİK, implies a tilt towards state capitalism and a move away from liberalism. The article advocates that whether such a strategy is beneficial to state and interests is something policymakers should meticulously contemplate upon, when opting for strategies that instrumentalize foreign trade in foreign policy and vice versa.

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